

Auditor's Annual Report on Staffordshire Commissioner Fire and Rescue Authority

2021/22

22 February 2023



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary



Value for money arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Authority's arrangements under specified criteria and 2021/22 is the second year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Criteria	Risk assessment	2020/21 Auditor Judgment		2021/22 Auditor Judgment		Direction of travel
Financial sustainability	Risk identified because of the Authority's low level of reserves		No significant weaknesses in arrangements identified, but improvement recommendations made		No significant weaknesses in arrangements identified, but improvement recommendations made.	↔
Governance	No risks of significant weakness identified		No significant weaknesses in arrangements identified, but improvement recommendation made.		No significant weaknesses in arrangements identified	↑
Improving economy, efficiency and effectiveness	Risk identified because of procurement issues affecting vehicle purchases		No significant weaknesses in arrangements identified		No significant weaknesses in arrangements identified, but improvement recommendation made.	↓

Opinion on the financial statements and use of auditor's powers

We bring the following matters to your attention:

Opinion on the financial statements

Auditors are required to express an opinion on the financial statements that states whether they : (i) present a true and fair view of the Authority's financial position, and (ii) have been prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22

We have completed our audit of your financial statements and issued an unqualified audit opinion on 24 November 2022, following the Audit Committee meeting on 31 October 2022. Our findings are set out in further detail on page 17.

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly

We did not issue any statutory recommendations.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue any public interest reports.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make any applications to the Court.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

We did not issue any advisory notices.

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not apply for judicial review.

Securing economy, efficiency and effectiveness in the Authority's use of resources

All Fire and Rescue Services are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Authority's responsibilities are set out in Appendix A.

Fire and Rescue Services report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial Sustainability

Arrangements for ensuring that the Authority can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Authority makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Authority makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Authority delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Our commentary on the Authority's arrangements in each of these three areas, is set out on pages 6 to 15. Further detail on how we approached our work is included in Appendix B.

Financial sustainability



We considered how the Authority:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Financial Pressures

The Authority identifies future financial pressures as part of its annual budget setting process. Budget holders participate in this process, which is also informed by the announcements from central government and information from Staffordshire billing authorities for Council Tax and Business Rates.

Annual budgets are included in the Medium Term Financial Strategy (MTFS), which is refreshed annually and incorporates the identified future financial pressures. The MTFS for 2022-23 to 2026-27 was approved by the Police, Fire and Crime Panel (PFCP) in February 2022.

The Authority has identified the most significant financial pressures it faces as increases in staff costs (including the costs relating to pensions), capital financing costs and utilities costs. Assumptions in relation to these pressures, as well as other assumptions relating to grant and precept income, have been included in the MTFS. We have reviewed the assumptions and have concluded that they are not overly optimistic, and were based on the latest available details of the Local Government Finance Settlement.

We judge that the Authority has a good understanding of budgetary pressures it faces, together with the uncertainties arising from the single year funding settlements seen in recent years.

Financial planning and resilience

The Authority has clearly articulated its understanding of financial risks and uncertainties in the MTFS. The MTFS is reviewed and updated at the mid year point to reflect any changes in funding from central government, pay award and pension announcements, and inflationary price rises in non-pay operating costs.

To illustrate potential risks, the Authority has estimated the impact of a 1% change in some of its key cost and income areas such as pay costs and the council tax base.

The Authority has a general reserve which the Section 151 Officer has assessed as being sufficient to meet the highest risk financial pressures such as additional pay costs and failure to deliver planned efficiency savings. In addition, specific reserves have been earmarked to allow the Authority to manage variances against planned outturn.

The Authority's total available reserves (general reserve plus the unringfenced earmarked reserves) as at 31st March 2022 were £10.2m (2021: £9.4m), which is approximately 24% of the annual revenue budget for 2021-22 (2021: 22%) and suggests that the Authority has sufficient financial resilience in the short to medium term.

The MTFS is supplemented by the Authority's Treasury Management Strategy, Capital Strategy and Capital Programme and Reserves Strategy, which are also refreshed annually so that the overall financial strategy remains consistent with the supporting elements.

We made an improvement recommendation in the 2020/21 AAR that the Authority should consider developing a stand alone workforce plan to ensure that there is a focus on workforce issues at a strategic level outside of the MTFS. In 2022/23, the Authority established a Workforce Development Board and is currently developing a workforce plan to cover the next 4-5 years. This will be supported by performance measures and data analytics which are currently in development. The objective is to enable the Authority to identify potential retirements and areas where development or recruitment will be required, and to highlight skills gaps in the workforce. This project forms part of the response to recommendations made by HMICFRS in 2022.

Pension liabilities and costs

The Authority has a significant pension liability within its Balance Sheet, amounting to £510m at 31 March 2022 (£500m relating to Firefighter Pension Schemes (FFPS) and £10m relating to the Local Government Pension Schemes).

Pension costs in 2021/22 Statement of Accounts amounted to £22m, accounting for more than a third of the Authority's expenditure during the year.

Following a long-running dispute and legal proceedings undertaken after changes were made to pension schemes in 2015, the Public Service Pensions and Judicial Offices Act received Royal Assent in March 2022. The Act addresses the aspects of the 2015 changes were ruled discriminatory by the Supreme Court. However, the process for implementing the remedy for FFPS members will be complicated, involving further legislation, agreement with HMRC about appropriate tax treatments, and provision of information to affected members. Consequently, the implementation of the remedy is not expected to start until later in 2023.

Implementation of the remedy is likely to result in higher costs and liabilities for the Authority, but the amounts involved are not yet known. In addition, there is further uncertainty arising from the expected changes in the employer contribution rates based on the 2020 valuation of the FFPS, which were due to be implemented from April 2023 but have now been delayed.

The uncertainty and potential pressures relating to Firefighter pensions is acknowledged in the Authority's MTFS. The Authority has established a pensions reserve, which amounted to £1.8m at the end of 2021/22, and has assumed that pension contributions will increase by 5% from 2024/25. The Authority's MTFS also assumes that the Home Office will continue to support 90% of the additional costs to the Authority, as has been the case since 2019/20.

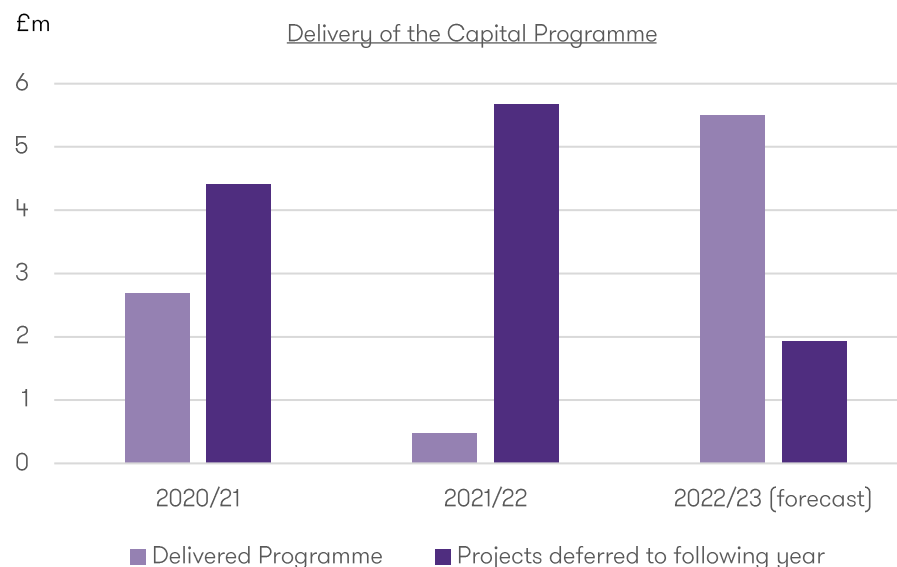
Delivery of the capital programme

As the Authority itself has acknowledged, there were some delays in the delivery of the capital programme in 2020/21 and 2021/22. However, there is evidence that capital spending has recovered to some extent during the first three quarters of 2022/23, with some major capital projects now complete, such as the refurbishment of Abbots Bromley Fire Station and the purchase of two Aerial Ladder Platforms. The level of capital spending re-profiled to future years is expected to be £1.9m for 2022/23, as compared to £5.7m in 2021/22 and £4.4m in 2020/21.

During 2021/22, the Authority's Capital Review Group met quarterly to review progress in the delivery of the capital programme. Some of the projects were delayed due to issues within supply chains, which impacted on procurement timelines. Other projects have been paused to reflect on alternative options in the face of spiralling costs, which demonstrates prudence and control over capital spending.

Improvement Recommendation 1:

Whilst the rationale for the delays in delivery of the capital programme is reasonable, we have included an improvement recommendation that the Authority should continue to carefully manage its capital projects with a view to reducing the backlog of projects even further. See page 9 for more details.



Service Transformation and sustainable delivery of services

The MTFS for 2022/23 to 2026/27 shows a balanced budget for the Authority over the five year period to 2026/27, but this is based on assumed net use of reserves of £0.3m and total efficiency savings of £7.6m over the period.

The Authority has sufficient reserves available to meet this budget gap, but has also put in place a Transformation Board to develop options for savings and efficiencies in order to limit the need to draw upon reserves, and rebuild any reserves which are drawn down.

The Service Transformation project is designed to support the sustainable delivery of core and discretionary services, as set out in the Fire and Rescue Services Act 2004, by supporting a balanced-budget MTFS.

More information on the Service Transformation project is included on page 14.

In an update to the PFCP in October 2022, the Authority reported that £0.8m of savings were expected to be achieved in 2022/23. Options to deliver recurrent savings amounting to £0.9m in 2023/24 and £1m in 2024/25 onwards have been identified by the Service Transformation project.

Updates to the MTFS to reflect financial developments since the budget was set in February 2022, mean that the expected budget gap has increased to £15m over the period of the MTFS – due to the impact of inflationary pressures on pay and non-pay costs.

Improvement recommendation 2:

With £1m of annual savings identified so far, this means that the Authority will need to identify and develop more options for savings and efficiencies in order to ensure financial sustainability and balanced budgets in the medium term. See page 10 for more details.

Savings	2022/23	2023/24	2024/25	2025/26	2026/27
Required savings £m	1.2	2.9	3.8	3.9	3.9
Identified savings £m	0.8	0.9	1.0	1.0	1.0
Savings gap £m	0.4	2.0	2.8	2.9	2.9



Improvement recommendations



Financial sustainability

Recommendation 1

The Authority should continue to carefully manage its capital projects, with a view to reducing the backlog of projects even further.

Why/impact

Prolonged delays in necessary capital investment could impact on service provision.

Auditor judgement

Although the Authority has been able to reduce the value of projects being deferred into future years, an estimated 20% of projects in 2022/23 are expected to be deferred.

Summary findings

Delays due to supply chain issues and other external factors led to high values of projects being deferred to future periods, in 2020/21 and 2021/22. There has been some recovery in 2022/23 to date.

Management Comments

Whilst good progress has been made during 2022/23, particularly with the vehicle procurement for the two Aerial Ladder Platforms and two Heavy Rescue Tenders, there is still a substantial programme to be delivered in future years which will require some improvements to programme scrutiny.



The range of recommendations that external auditors can make is explained in Appendix C

Improvement recommendations



Financial sustainability

Recommendation 2

The Authority will need to identify further efficiency savings in order to deliver a balanced budget in the medium term.

Why/impact

If savings are not identified, the Authority will need to use reserves to support its revenue budget, which is not sustainable beyond the short term.

Auditor judgement

The Authority's reserves are designed to support the management of uncertainties and unexpected fluctuations in financial performance and position, but should not be used to bridge budget gaps.

Summary findings

Savings of £1m per year have been identified, but an increasing budget gap is forecast from 2024/25 onwards.

Management Comments

The Authority has a good track record of delivering savings and will continue to work with the Commissioner in order to deliver the required efficiencies into the Medium term. As part of the Local Government Finance Settlement the Authority will be required to submit an Efficiency Plan by the end of March 2023 which will reference the savings pipeline as developed by the Transformation Board.



The range of recommendations that external auditors can make is explained in Appendix C

Governance



We considered how the Authority:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour (such as gifts and hospitality or declaration/conflicts of interests) and where it procures and commissions services.

Risk Management and internal controls

Risk Management

During 2021/22, the Authority refreshed its Risk Management and Policy Framework, which replaced the former suite of risk management policy documents and separated out the Business Continuity Framework into a standalone document.

The revised framework document clearly sets out how risks should be identified, recorded, escalated and reported within the Authority. Risks are recorded in project, department, directorate and strategic risk registers using a standardised template. All risks are now linked to the objectives of the Safety Plan, as recommended by Internal Audit in 2020/21.

Directorate and Strategic risks were reviewed quarterly by the Strategic Risk Board during 2021/22., and biannually by the Ethics, Transparency and Audit Panel, in accordance with the Framework.

Strategic risks were an agenda item for the Strategic Governance Board (SGB) from January 2022 onwards, and for the Strategic Delivery Board (SDB) from December 2022.

Although the review and discussion of risks at the strategic level was not always evidenced during 2021/22, we are satisfied that arrangements have been improved in 2022/23 in this regard.

Internal controls

The Fire Governance Framework established by the Police, Fire and Crime Commissioner (PFCC) sets out the corporate governance arrangements put in place at the Authority.

Arrangements include:

- Code of Conduct
- Whistleblowing Policy
- Counter-Fraud and Corruption Policy
- Anti-Money Laundering Policy
- Gifts and Hospitality Policy
- Information Security Policy

The above policies were all refreshed during 2020/21 or 2021/22, except for the Code of Conduct, which was last updated in 2014 (but has since been replaced by a new Core Code of Ethics, in December 22).

The Authority's internal audit plan identified seven key areas of focus for 2021/22. The planned work was completed, and the Head of Internal Audit Opinion for 2021/22 confirmed that "The organisation has an adequate and effective framework for risk management, governance and internal control."

HMICFRS Report

In Autumn 2021, HMICFRS carried out an inspection of the Authority, focusing on effectiveness, efficiency and people. HMICFRS's report, published in July 2022, included some Areas for Improvement related to the Authority's leadership and workforce, such as:

- Ensuring that all staff understand and demonstrate the Authority's values
- Monitoring of working hours and reduction in overtime, to prevent overwork and increase efficiency
- Proactively managing workforce changes such as retirement and recruitment so that service provision is protected
- Review of arrangements for promoting the Authority's values on diversity and inclusion

The Authority has accepted these recommendations, and is on track to deliver the planned actions by the end of 2022/23.



Decision making

Key decisions are defined in the Fire Governance Framework as:

- A decision resulting in incurring expenditure or savings outside of the approved budget that is considered contrary to or not wholly in accordance with the Fire & Rescue Plan, the Integrated Risk Management Plan or the budget,
- A decision resulting in incurring expenditure or savings outside of the approved budget where no delegated authority exists to make that decision,
- A decision deemed by the responsible officer to be significant in terms of impact on one or more of the following:
 - Reputation
 - Community Safety
 - Environment
 - Economy
 - Human Rights
 - Equal Opportunities

All key decisions are considered by the PFCC at a meeting of the Strategic Governance Board. An additional level of scrutiny is provided by the Police, Fire and Crime Panel, which has the ability to review and scrutinise key decisions made by the PFCC. There were three key decisions made in 2021/22, two in relation to firefighter pensions, and one pertaining to the purchase of aerial ladder platforms.

A Scheme of Delegation permits some decisions to be delegated by the PFCC to the CFO or Deputy CFO. These are reported to the SGB if considered appropriate to do so.

Improving economy, efficiency and effectiveness



We considered how the Authority:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Assessing Performance

The Authority has a Performance and Assurance Team within the Strategy and Intelligence Directorate. The team produces quarterly performance reports for the Strategic Delivery Board and Strategic Management Board, as well as the performance reports for the biannual Public Performance Meetings. These meetings, alongside monthly Directorate performance meetings, are a key part of the Performance Management Framework.

Performance is analysed under each of the priorities set out in the Safety Plan 2020-24. Over time, the reporting has shown increased use of trend data, which provides greater context to the performance reported, such as the impact of Covid-19 and seasonal variations.

The data used to measure and report performance comes from a range of sources, and much of the reporting is automated using an SQL database.

The Authority also uses external data to understand its performance. This includes Home Office Fire Statistics, HMICFRS statistics and CIPFA Family Group statistics.

Based on benchmarking via the CIPFA Family Group 4 data for 2021/22, the Authority is performing better than the average on a majority of measures, although performance was below average for the number of deaths in accidental dwelling fires, fires in non-domestic premises, the number of home fire safety assessments delivered and the number of Safe and Well checks delivered.

Improvement Recommendation 3:

We understand that the Authority is considering actions to improve performance in these areas and we recommend that this is formally reported to and monitored by the Service Delivery Board. See page 15 for more details.

HMICFRS data suggests that the Authority operates with a relatively low cost per head of population, compared to other Fire and Rescue Authorities in England.

Performance and activity data is also being used by the Authority to improve services by:

- pinpointing elements of some workstreams within the Service Transformation project, so that opportunities for improvements are targeted appropriately, for example to specific fire stations or staff groups.
- developing campaigns to target specific service user groups e.g. the January 2022 Living Alone campaign.

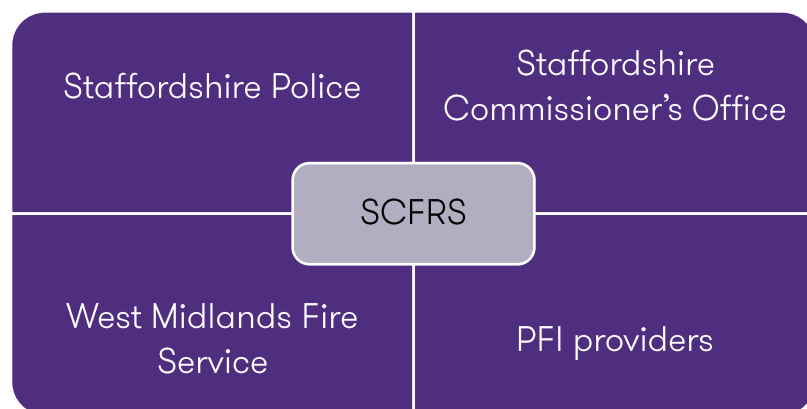
HMICFRS Report

In Autumn 2021, HMICFRS carried out an inspection of the Authority, focusing on effectiveness, efficiency and people. The report, published in summer 2022, included 20 areas for improvement. The Authority has developed a tracker to monitor progress in achieving the improvements, and is currently track to deliver 18 of the 20 improvements by their due date.

Partnership working and collaboration

The Authority continues to collaborate closely with Staffordshire Police, to increase efficiency by sharing estates and support services. The collaboration is overseen by the PFCC via a specific Strategic Governance Board (SGB Collaboration) which meets quarterly and is supported by joint Estates Collaboration and Shared Services Collaboration management groups which meet monthly.

The Authority estimates that the collaboration project is currently generating savings of around £0.5m per year.



The Authority also contracts with West Midlands Fire Service (WMFS) for the provision of incident control services, and with two PFI providers for the PFI estate.

- The Authority is actively represented on a Incident Control governance board and management board established by WMFS.
- A dedicated contract management team is in place to manage the two PFI contracts.

Other contracts are managed by budget managers and their teams, supported by and overseen by the shared commercial services team. This ensures key contracts are scrutinised effectively when underperformance is found. No issues were reported during the year.

Officers of the Authority also collaborate and engage with Officers of other Fire and Rescue authorities via the National Fire Chiefs Council Workplace forum, for example to explore policies and procedures used by other authorities to feed into development of new policies and procedures at SCFRA.

Service Transformation

The aim of the Service Transformation project is to ensure that Staffordshire Fire and Rescue Service “is able to provide a modern, efficient and sustainable level of service to the public which does not compromise the safety of staff or communities.”

The Transformation Board is chaired by the Deputy CFO, and has met at least monthly since March 2022. There are 18 workstreams within the Service Transformation project, with each workstream being overseen by a senior manager and involving a range of staff and union representative to ensure that stakeholders within the Authority are involved in development of the plans. A tracker has been created to monitor the workstreams and savings identified.

The Authority has focused on workstreams which will allow cost savings and efficiencies to be bought into the budget, but which have minimal impact on service provision. The Authority is keen to avoid any changes in provision of discretionary services, but this is an option which could be considered if the financial forecasts deteriorate further.

Improvement recommendations



Improving Economy, Efficiency and Effectiveness

Recommendation 3

The Authority should ensure that members of the Service Delivery Board consider the Authority's performance as compared to other Authorities in Family Group 4, and that SDB monitors progress in addressing areas of relative weakness.

Why/impact

Without formal discussion and monitoring of the Authority's performance in comparison to other similar bodies, there is a risk that opportunities for improvement will be missed.

Auditor judgement

The Authority's performance against some measures is below the average for Family Group 4.

Summary findings

Discussion of the Family Group 4 data for 2021/22 was planned to be discussed at the June 2022 Service Delivery Board, but this agenda item was deferred and not revisited.

Management Comments

The Authority accepts the recommendation and will review the most appropriate board to present this information for Family Group 4 as it may be more relevant to present to the Strategic Governance Board or alternatively include within Public Performance meetings held by the Commissioner.



The range of recommendations that external auditors can make is explained in Appendix C

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1 The Authority should continue to identify and develop savings plans which are sufficient to avoid depletion of General Fund reserves to an unacceptable level.	Improvement	February 2022	Savings options are being explored in the Service Transformation project. So far, annual savings of around £1m have been identified, but more savings need to be made in order to balance the revenue budget for 2023/24 onwards.	Partly	The Authority needs to continue to consider options to reduce costs in the medium term. See improvement recommendation 1.
2 The Authority should consider developing a stand alone workforce plan.	Improvement	February 2022	In 2022/23, the Authority established a Workforce Development Board and is currently developing a workforce plan to cover the next 4-5 years.	Yes	The workforce plan should be kept under regular review.
3 The Authority should consider whether medium and high level risks are reviewed with sufficient frequency.	Improvement	February 2022	Risks at departmental level are reviewed every 3 to 6 months, as determined to be appropriate by department managers.	Yes	No
4 The Authority should ensure that key policies and procedures are reviewed on a regular basis.	Improvement	February 2022	All older key policies and procedures have been reviewed in 2021 and 2022.	Yes	No
5 The Authority should undertake a review of the capacity of the finance team to ensure that it is adequate to meet the Authority's needs.	Improvement	February 2022	A finance systems admin support post has been created to support the capacity of the finance team. Further changes to increase capacity are due to occur in 2023/24.	Partly	The Authority should continue to keep the team's capacity under review.
6 The Authority should carefully consider the timing and resources required for the change in financial systems expected in 2022, as well as the any factors which could impact on financial recordkeeping and access to information for audit purposes.	Improvement	February 2022	The new financial system is due to go live in late February 2023.	Partly	We will consider the arrangements relating to the upgrade, in our work relating to 2022/23.

Opinion on the financial statements



Audit opinion on the financial statements

We gave an unqualified opinion on the Authority's financial statements on 24 November 2022.

Other opinion/key findings

We have not identified any significant unadjusted findings in relation to other information produced by the Authority, including the Narrative Report, Annual Governance Statement or the Pension Fund financial statements.

Audit Findings Report

More detailed findings can be found in our AFR, which was published and reported to the Ethics, Transparency and Audit Panel on 31 October 2022. An updated version of the AFR was finalised on 24 November 2022.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts (WGA), we are required to review and report on the WGA return prepared by the Authority. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

We will complete our work on the Whole of Government Accounts consolidation pack in line with the national deadline.

Preparation of the accounts

The Authority provided draft accounts in line with the national deadline and provided a good set of working papers to support it.

Issues arising from the accounts:

All adjusted and unadjusted misstatements identified for the Authority's 2021/22 financial statements were disclosed in the 2021/22 Audit Findings Report, Appendix B.

Grant Thornton provides an independent opinion on whether the accounts are:

- True and fair
- Prepared in accordance with relevant accounting standards
- Prepared in accordance with relevant UK legislation



Appendices

Appendix A – Responsibilities of the Authority

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) or equivalent is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Authority's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B – Risks of significant weaknesses, our procedures and findings

As part of our planning and assessment work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we identified are detailed in the table below, along with the further procedures we performed, our findings and the final outcome of our work:

Risk of significant weakness	Procedures undertaken	Findings	Outcome
Delivery of the capital programme was identified as a potential significant weakness in financial sustainability.	We have: <ul style="list-style-type: none"> • Interviewed members of the CRG • Reviewed minutes and Terms of Reference of the CRG • Reviewed minutes of SDB and SGB to consider whether the governance framework has been adhered to. 	<ul style="list-style-type: none"> • There has been an improvement in delivery of the capital programme during 2022/23. • The Authority does have appropriate arrangement in place to monitor and oversee capital investment. • Delays in delivery of the capital programme were due to external factors rather than being driven by the Authority itself. • The Authority has been decisive in taking action to revisit plans set out in the capital programme, when circumstances have changed. 	<p>We have concluded that there are no significant weaknesses in arrangements.</p> <p>We have made one improvement recommendation – see page 9 for more details.</p>

Appendix C – An explanatory note on recommendations

A range of different recommendations can be raised by the Authority's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference
Statutory	Written recommendations to the Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	n/a
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Authority. We have defined these recommendations as 'key recommendations'.	No	n/a
Improvement	These recommendations, if implemented should improve the arrangements in place at the Authority, but are not a result of identifying significant weaknesses in the Authority's arrangements.	Yes	Pages 9, 10 and 15

Appendix D – Sources of evidence



Staff involved

Staffordshire Commissioner's Office:

- Ben Adams, Police Fire and Crime Commissioner
- Vic Farrar, Head of Governance and Assurance
- Helen Booth, Head of Performance

Fire and Rescue Authority:

- David Greensmith, Section 151 Officer
- Corrina Bradley, Deputy Section 151 Officer
- Glynn Luznyj, Deputy Chief Fire Officer
- James Bywater, Response Director
- Victoria Adams, Strategic Risk Manager
- Will Parkinson, Performance and Assurance Manager



Documents Reviewed

- Minutes and papers of the
 - Strategic Governance Board (Fire)
 - Strategic Governance Board (Collaboration)
 - Service Delivery Board
 - Performance Assurance Board
 - Police, Fire and Crime Panel
 - Capital Review Group
 - Strategic Risk Board
 - Ethics, Transparency and Audit Panel
 - Fire Finance Panel
 - Police Fire and Crime Panel
 - Public Performance Meetings
- Transformation Tracker and project log
- HMICFRS Tracker
- Resource Control Reports
- Policy and procedure documents
- Internal audit reports
- Safety Plan 2020-24



Meetings Observed

- Ethics, Transparency and Audit Panel meetings in 2020/21, 2021/22 and 2022/23

Appendix E - Key acronyms and abbreviations

The following acronyms and abbreviations have been used within this report:

CRG	Capital Review Group
FFPS	Firefighter Pension Scheme
HMICFRS	His Majesty's Inspectorate of Constabulary and Fire and Rescue Services
MTFS	Medium Term Financial Strategy
PFCC	Police, Fire and Crime Commissioner
PFCP	Police, Fire and Crime Panel
PFI	Public Finance Initiative
SDB	Service Delivery Board
SGB	Strategic Governance Board
SQL	Structured Query Language
WMFS	West Midlands Fire Service

