

OFFICIAL

Agenda item: 06

Informing the Audit Risk Assessment for West Yorkshire Fire & Rescue Authority

Audit Committee

Date: 24 October 2025

Submitted by: Director of Finance and Procurement

Purpose: The report updates Members on the final accounts and audit processes for 2024/25.

Recommendations: That Members agree the risk assessment document and for it to be formally submitted to Grant Thornton.

Summary: The management questionnaire supports the external audit of West Yorkshire Fire and Rescue Service for the year ended 31 March 2025. It documents management's responses to auditor inquiries across key risk areas, ensuring robust governance and compliance with auditing standards.

Local Government (Access to information) Act 1972

Exemption Category: None

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**Background papers
open to inspection:** Nil

Annexes: Appendix A – Inquiries of Management and those charged with Governance

1. Introduction

- 1.1 The purpose of this report is to contribute towards the effective two-way communication between West Yorkshire Fire and Rescue Service's external auditors and West Yorkshire Fire and Rescue Service's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where Grant Thornton are required to make inquiries of the Audit Committee under auditing standards.
- 1.2 Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.
- 1.3 This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.
- 1.4 To comply with this requirement, the Authority's external auditor Grant Thornton has asked that management complete a document called "Inquiries of Management and those charged with Governance", which consists of a schedule of questions and management responses.
- 1.5 This enables Grant Thornton to make an audit risk assessment for the Authority before it commences the audit of the Statement of Accounts 2024/25 and they will use the Inquiries response to support their overall opinion on the Audited Statement of Accounts and Annual Governance Statement

2. Information

- 2.1 The Inquiries of Management and those charged with governance document includes questions of management in the following areas:
 - General Enquiries of Management
 - Fraud
 - Laws and Regulations
 - Related Parties
 - Going Concern
 - Accounting Estimates

This document has been completed by the Financial Accountant in conjunction with other relevant officers within the organisation. The responses are attached in Appendix A

- 2.2 The Audit Committee should consider whether the responses are consistent with its understanding and whether there are further comments it wishes to make.

3. Financial Implications

- 3.1 There are no financial implications

4. Legal Implications

- 4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

5. People and Diversity Implications

- 5.1 There are no People and Diversity implications.

6. Equality Impact Assessment

- 6.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? No

7. Health, Safety and Wellbeing Implications

- 7.1 There are no Health, Safety and Wellbeing implications.

8. Environmental Implications

- 8.1 There are no environmental implications.

9. Risk Management Implications

- 9.1 There are no risk management implications

10. Duty to Collaborate Implications (Police and Crime Act 2017)

- 10.1 There are no duty to collaborate implications arising directly from this report.

11. Your Fire and Rescue Service Priorities

- 11.1 This report links with the Community Risk Management Plan 2025-28 strategic priorities below:

- Use resources in an innovative, sustainable, and efficient manner to maximise value for money.

12. Conclusions

12.1 The Authority demonstrates strong governance, effective risk management, and compliance with regulatory requirements. No material issues have been identified that would adversely affect the financial statements for 2024/25 or ongoing operations.

West Yorkshire Fire and Rescue Service

Year ended: 31/03/2025



Inquiries of management and those charged with governance

Purpose

The purpose of this report is to contribute towards the effective two-way communication between West Yorkshire Fire and Rescue Service's external auditors and the Authority's Corporate Governance and Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Corporate Governance and Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Corporate Governance and Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Corporate Governance and Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Corporate Governance and Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Corporate Governance and Audit Committee and supports the Corporate Governance and Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures, we are required to obtain an understanding of management processes and the Authority's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

This report includes a series of questions on each of these areas and the response we have received from West Yorkshire Fire and Rescue Service's management. The Corporate Governance and Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make. This report also includes a follow up of prior year recommendations.

General inquiries

1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2024/25?	<p>Same as prior year being:</p> <p>The cost of living crisis and resulting budgetary pressures (including significantly increased energy costs, fuel inflation and pay award).</p> <p>The other pressures facing the Authority, include the outcomes of the HMICFRS inspection, the issues identified in the HMICFRS State of Fire report and national recommendations and the implementation of the Fire Reform Agenda.</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by West Yorkshire Fire and Rescue Service?</p> <p>Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>The Authority uses the accounting policies in the CIPFA Code Guidance as a starting point, assuming all are material. The accounting policies that are not material to the Authority are then discounted.</p> <p>The Director of Finance and Procurement takes an update of the significant accounting policies for inclusion in the Statement of Accounts to the Audit Committee. This was last undertaken on the 25th April 2025.</p> <p>At this meeting it was noted that there has been one material change in the accounting standard policies included within the 2024/25 Statement of Accounts, relating to the treatment of leases under IFRS16.</p>
3. Is there any use of financial instruments, including derivatives? If so, please explain	<p>The Authority uses the following categories of financial instruments:</p> <p>Financial Assets – The Authority manages its cash balances through deposits with Money Market Funds and through investments with other Local Authorities. The Authority also recovers costs for services provided through the raising of invoices to customers.</p> <p>Financial Liabilities – The Authority has loans through the Public Works Loan Board (PWLb) at fixed rates and a Lenders Option, Borrowers Option (LOBO) loan which remains at a fixed rate of interest for 5 years, whereby the lender may decide to exercise their option and increase the interest rate. The Authority receives invoices for the provision of goods and services from suppliers.</p>
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	<p>Impairment provisions have been made in the 24/25 financial statements for the new Headquarters (£9.4m), Training Centre (£0.9m) and Spen Valley Fire Station (£1.6m) as a result of their costs being higher than their DRC valuation as at 31st March 2025.</p>
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	<p>No new changes.</p>

6. Are you aware of any guarantee contracts? If so, please provide further details	No
7. Are you aware of the existence of loss contingencies and/or unasserted claims that may affect the financial statements? If so, please provide further details	Public liability claims relating to the period when the Authority's public liability insurers were Independent Insurers, which has gone out of business. The Authority is not aware of any such claims.
8. Other than in-house solicitors, can you provide details of those solicitors utilised by West Yorkshire Fire and Rescue Service during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Solicitors instructed are primarily selected using EM Lawshare framework arrangements. This includes Weightmans (Leeds) which have been utilised.
9. Have any of the West Yorkshire Fire and Rescue Service's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	The Authority has used the following advisors in 2024/25: Treasury Management Services – MUFG Corporate Markets (formerly Link Group) Employment Taxation and VAT - PSTAX MMI Uninsured Liability – Marsh Limited
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	The Authority receives a monthly investment report from its treasury partners which provides information on historic risk of default and any expected credit loss on its investments. The Authority does not have a bad debt provision due to the low level of amounts written off in year in relation to the non-payment of debtor invoices to customers which are not viable to pursue.
Fraud inquiries	
12. Has West Yorkshire Fire and Rescue Service assessed the risk of material misstatement in the financial statements due to fraud? How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process? How do The Authority's risk management processes link to financial reporting?	There are limited areas where accounting estimates and judgements are used. These areas are identified and reviewed in conjunction with the external auditor to mitigate risk. The Authority has a written constitution which is reviewed annually by the Executive Leadership Team and is formally approved by the Authority at its Annual General Meeting. This document forms the basis of the Governance Framework and sets out the way the Authority is governed. The constitution includes details of the Anti-fraud and corruption strategy.

	<p>The Authority also has a routine internal audit plan to provide assurance which includes assessment of fraud risk. Fraud risk assessments exist for most activities. Internal Audit investigate customer, internal and supplier fraud.</p> <p>The Authority has an established risk management system whereby the Authority's risks are recorded on a corporate risk matrix whereby each risk is ranked in order of priority, based severity and likelihood. This is reported at the quarterly Risk Management Strategy Group (RMSG) which is chaired by the Deputy Chief Fire Officer, attended by senior managers, the internal audit manager and has a dedicated member champion. Each risk is formally reviewed annually by the responsible officer and new risks are added to the matrix if identified during the year. The corporate risk matrix and risk management strategy is approved annually at Audit Committee. The General Fund balance is based on uninsured risks detailed on the Risk Management Matrix.</p>
13. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	<p>Treasury Management - borrowing and investments</p> <p>Customer fraud</p> <p>Cash fraud</p> <p>Supplier fraud</p>
14. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within West Yorkshire Fire and Rescue Service as a whole, or within specific departments since 1 April 2024? If so, please provide details	No
15. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	Issues would be investigated by Internal Audit. A very significant fraud would be reported through Senior Management and Committee on an urgent as appropriate basis.
<p>16. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within West Yorkshire Fire and Rescue Service where fraud is more likely to occur?</p>	<p>Specific risks identified in part 2.</p> <p>No – appropriate control measures including the segregation of duties are in place. This is reviewed and an assessment made by Internal Audit regarding the effectiveness of the control measures.</p> <p>No.</p>
17. What processes do West Yorkshire Fire and Rescue Service have in place to identify and respond to risks of fraud?	The Authority has a routine internal audit plan designed to provide assurance which includes the assessment of fraud risk.

	Segregation of duties of employees, publishing of the Anti-Fraud and Bribery Corruption Strategy on the website, responsibilities are included in the Authority's constitution.
<p>18. How do you assess the overall control environment for West Yorkshire Fire and Rescue Service, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>The Authority procures its internal audit service from Kirklees Council which reports to the Audit Committee and to management, operating in compliance with the Public Sector Internal Audit Standards (PSIAS). There is an agreed risk-based audit plan which is approved initially by Executive Leadership Team and then at Audit Committee in April.</p> <p>All internal audit reports include an assessment of the internal controls and a prioritised action plan to address any areas needing improvement which is reported on quarterly. If an internal audit receives a limited assurance opinion, a follow up audit is carried out within the next twelve months to ensure that actions have been implemented.</p> <p>The work of internal audit extends well beyond the normal probity audits and includes examination of the key financial systems as well as verification work on the Authority's risk management and governance frameworks.</p> <p>The risk of override of controls is deemed minimal. Senior Management are not incentivised based on financial performance and do not have direct access to input on to the financial ledger.</p>
19. Are there any areas where there is potential for misreporting? If so, please provide details	See response to question 2. The risk of material misstatements is deemed small.
<p>20. How does West Yorkshire Fire and Rescue Service communicate and encourage ethical behaviours and business processes of its staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>The Authority's sets out expectation on staff conduct and ethical behaviour in the constitution and internal policies (available on the Authority's intranet and external website).</p> <p>There are whistleblowing arrangements that are well publicised and used. Whistleblowing is subject to triage, assessment, investigation and reporting back.</p> <p>There are procedures intended to detect inappropriate actions, such as money laundering and terrorism (as required by legislation).</p> <p>Contractual documents, tenders etc, recognise the importance of fraud mitigation and control, and procurement staff have specific training regarding this matter.</p> <p>Customer complaints processes.</p> <p>Nothing of material significance reported in year.</p>
<p>21. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Treasury Management employees</p> <p>Any roles handling cash</p> <p>Procurement role / contractor supervision</p> <p>The risks are reviewed annually and appropriate control measures put in place including the segregation of duties, multiple authorisations required for changes in banking arrangements and authorisation limits in the procurement of goods and services.</p>

<p>22. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>Related parties are recognised and assessments made. The nature of the related parties should not create any unusual risk of fraud as related party transactions are generally performed in accordance with normal procedures.</p>
<p>23. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>This is reported as a matter of routine to the Audit Committee. Please refer to previous responses.</p>
<p>24. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>All Whistleblowing complaints are investigated, including those that are anonymous.</p>
<p>25. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No</p>
<p>Laws and regulations</p>	
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does West Yorkshire Fire and Rescue Service have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to The Authority's regulatory environment that may have a significant impact on the Authority's financial statements?</p>	<p>The Monitoring Officer (Director of Corporate Services) and the Director of Finance and Procurement have procedures in place to monitor statutory compliance on all obligations, proposals and initiatives.</p> <p>Regular review of policies and procedures in consultation with external specialists.</p> <p>No.</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>Reports are provided to the Audit Committee.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2024 with an on-going impact on the 2024/25 financial statements? If so, please provide details</p>	<p>No</p>

4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details	No
5. What arrangements does West Yorkshire Fire and Rescue Service have in place to identify, evaluate and account for litigation or claims?	FRIC provide updates on ongoing and potential litigation and claims. HSE updates are also reported to Senior Leadership Team (SLT). Heads of departments will inform SLT of any national litigation in their area of specialism.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	No
Related parties	
1. Have there been any changes in the related parties including those disclosed in West Yorkshire Fire and Rescue Service's 2024/25 financial statements? If so, please summarise: <ul style="list-style-type: none"> the nature of the relationship between these related parties and West Yorkshire Fire and Rescue Service whether West Yorkshire Fire and Rescue Service has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	Related parties as disclosed in the financial statements include: Central Government Members Officers Entities with Control or significant influence to the Authority (Kirklees Council).
2. What controls does West Yorkshire Fire and Rescue Service have in place to identify, account for and disclose related party transactions and relationships?	Declaration of interest forms for Members and ELT which are issued on an annual basis. Gifts and Hospitality Register which is reviewed annually. Service level agreement with Kirklees Council reviewed annually and performance against targets is reviewed quarterly.
3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	These controls arise through the normal course of business.
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	The Authority does not undertake transactions outside of the normal course of business.
Going concern	

1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by West Yorkshire Fire and Rescue Service will no longer continue?	Monthly financial monitoring is produced, alongside KPI monitoring and specific monitoring on a rating basis against income and expenditure budgets. Budget reviews are held during the year to identify changes and any savings identified are either allocated to other projects or moved to contingencies.
2. Are management aware of any factors which may mean for West Yorkshire Fire and Rescue Service that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	No
3. With regard to the statutory services currently provided by West Yorkshire Fire and Rescue Service, does West Yorkshire Fire and Rescue Service expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for West Yorkshire Fire and Rescue Service to cease to exist?	Yes, the Authority expects to continue delivery of all its statutory services.
4. Are management satisfied that the financial reporting framework permits West Yorkshire Fire and Rescue Service to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes, management are satisfied that the Authority continues to be a going concern
5. Are you aware of any Climate related matters, legislation or regulation that may impact the Authority?	<p>The service has already experienced and expects to continue experiencing, a range of issues linked to climate change which impact upon our operational effectiveness. The issues linked to climate change are well rehearsed and we experience them in the same way as many others, however it is our role to respond when these issues manifest as emergency incidents. At the most simplistic level we are evidentially experiencing longer, hotter and dryer periods of weather. Our wildfire season starts in late winter/early spring and extends well into the autumn. The scale of wildfire incidents can be significant and the high level of resource deployment is often measured in days/weeks. Extremes of wet weather leading to rapid, wide area flooding are also being noticed. The FRA has invested in specific equipment and training to improve our response to these incident types, but it is also the case that cold weather and wind related events often lead to intense periods of mobilising activity and we make choices, for example, around the procurement of fleet to include more 4x4 capability to enable our staff to remain mobile and support partners.</p> <p>A change to alternative energy systems and alternatively fuelled vehicles is also presenting a challenge to the wider sector. The proliferation of mobile battery technology means that high energy power sources are emerging on a scale ranging from an e-vape cigarette substitute to battery energy storage sites spread over a number of hectares. The science that makes such technology possible is such that the traditional application of water to a fire when faults/damage occur does not usually have the same effect as water on most other materials. There is worldwide research ongoing into the best firefighting</p>

	<p>techniques and this service is trialling a number of different approaches. We are also starting to see the development of urban hydrogen refuelling sites as a further example of how the UK is shifting to a different energy mix.</p> <p>These different types of firefighting all have an impact on our firefighting staff and we invest heavily in alternative, additional Personal Protective Equipment to ensure that they are protected to a high standard in the course of their response duties.</p> <p>Our Procurement Strategy (available on our website) also has a section for sustainability.</p>
Accounting estimates	
1. What are the classes of transactions, events and conditions that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Valuation, depreciation and impairment of non-current assets. Valuation of defined benefit net pension liability.
2. How does The Authority's risk management process identify and address risks relating to accounting estimates?	Annual risk assessment, identifying and addressing risks as part of closedown processes.
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Use of guidance materials: CIPFA Code of Practice, RICS.
4. How do management review the outcomes of previous accounting estimates?	Assessed as part of annual closedown procedures. Historic valuations assessed against subsequent sales proceeds as part of year-end assurance/valuation process.
5. Were any changes made to the estimation processes in 2024/25 and, if so, what was the reason for these?	No
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Technical experts utilised where appropriate e.g. use external experts for land/property valuations.
7. How does the Authority determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	In discussion internally within the finance function and externally with Fire Finance Network colleagues, regional technical accountants groups, audit and CIPFA FAN.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Management review the output and the underlying assumptions underpinning them, challenging any discrepancies.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:	Accounting estimates are discussed at Audit Committee, as part of the approval of financial statements. External audit reports also provide a focus on the key areas (asset valuations and pensions liability).

<ul style="list-style-type: none"> • Management's process for making significant accounting estimates • The methods and models used <p>The resultant accounting estimates included in the financial statements.</p>	
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	No
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Accounting estimates are kept under review throughout the year by the Financial Accountant and, formally reviewed each year by the Head of Finance and Director of Finance and Procurement in preparation of the financial statements.
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate?	Covered as part of the external audit work and reporting

Appendix A – Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	CIPFA Code of Practice and RICS valuation guidance.	Valuations compared to net book values.	Yes, Avison Young.	No uncertainty or alternative estimate.	No
Depreciation	CIPFA Code of Practice.	Comparatives each year.	No	No uncertainty or alternative estimate.	No
Valuation of defined benefit net pension fund liabilities	The liability estimate is calculated by an actuarial expert, taking into account changes in retirement ages, mortality rates and discount rates.	The actuary selects the assumptions and management reviews the reasonableness of these assumptions. An actuary advises on the accounting estimates	Yes LGPS – Aon FPS - GAD	For both Local Government Pension Scheme (LGPS) and the Firefighters Pension Scheme (FPS) – West Yorkshire Pension Fund provides data on pension benefits and membership numbers, to enable the actuary to undertake their estimate. An actuary advises on the accounting estimates. Management review the assumptions and officers discuss these assumptions and underlying estimation techniques with the West Yorkshire Technical Accountants Group, to ensure a consistent view.	
Fair value disclosure relating to debt instruments and short-term investments	Fair values calculated using discounted rates for debt instruments.	Officers review reasonableness of fair values to book values.	Yes, MUFG Corporate Markets	No uncertainty or alternative estimate.	

(deposits with counterparties)					
Fair value estimates/measurements of Financial Assets	Estimates are based on the price that would be received to sell an asset.	The price is based on market price.	Yes, MUFG Corporate Markets for financial instruments	Quoted market prices are used.	No
Provisions	CIPFA Code of practice	Uninsured Liability – estimate based on annual report and Accounts from MMI Officers review reasonableness of Provision.	Yes – Marsh Ltd	No alternative estimate for uninsured liability. Estimates based on the provision of data from Authority departments.	No
Accruals	CIPFA Code of practice	Officers review reasonableness of Provision.	No	Estimates based on the provision of data from Authority departments to support services supplied.	No
Credit loss and impairment allowances	CIPFA Code of practice	Officers review reasonableness of Provision.	No	Estimates based on assumptions of likely cashflows and probabilities of default. Degree of uncertainty limited to knowledge of current defaults.	No
Right of use assets & lease liabilities (IFRS 16)	CIPFA Code of practice	Officers review reasonableness of Provision.	No	No uncertainty or alternative estimate.	First year of adoption.

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Agenda item: 07

Revised Statement of Accounts 2024/25

Audit Committee

Date: 24 October 2025

Submitted by: Director of Finance and Procurement

Purpose: The report presents a revised Statement of Accounts for 2024/25.

Recommendations: That Members approve the revised Statement of Accounts.

Summary: Since the Statement of Accounts 2024/25 were approved in July there has been some amendments relating to the accounting of leases. As there have been changes, members are requested to approve the revised Statement of Accounts.

Local Government (Access to information) Act 1972

Exemption Category: None

Contact Officer: Emma Ayton, Head of Finance
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Background papers open to inspection: Nil

Annexes: Statement of Accounts 2024/25

1. Introduction

- 1.1 The Draft Statement of Accounts were published on the Authority's website on the 25th June 2025, meeting the statutory deadline for publication of the 30th June. The accounts are subject to change following the conclusion of the external audit by Grant Thornton. The deadline for the completion of the audit and the consequent approval of the Statement of Accounts is the 28th February 2026.
- 1.2 Since the draft accounts were published a review was undertaken on the working papers relating to the accounting treatment of leases and it was identified that there was an error in its application. There has been a significant change in the way leases are accounted for in 2024/25, previously leases were treated as a revenue expense in the accounts, they are now capitalised and treated as an asset on the Balance Sheet.
- 1.3 The Head of Finance identified that the Minimum Revenue Provision (MRP) charge relating to the capitalisation of leases had been accounted for twice in error. This has had the effect of increasing usable reserves by £644,000.

2. Information

- 2.1 The correction of the duplicate MRP charge has resulted in amendments to a number of statements and notes in the accounts.
- 2.2 These amendments are listed below, to assist members follow the changes to the accounts the corresponding page number has also been included:
 - a. Narrative Statement - Movement in Reserves table (page 22)
 - b. Movement in Reserves Statement (page 57)
 - c. Balance Sheet (page 60)
 - d. Expenditure and Funding Analysis – reduction in direct revenue contribution (additional voluntary MRP) – (page 82)
 - e. Note to the Expenditure and Funding Analysis - reduction in direct revenue contribution (additional voluntary MRP) – (page 84)
 - f. Adjustment between Accounting and Funding Basis - reduction in direct revenue contribution (additional voluntary MRP) – (page 87)
 - g. Usable Reserves – movement between usable and unusable reserves relating to MRP - (page 109)
 - h. Transfer to/from earmarked reserves - movement between usable and unusable reserves relating to MRP - (page 110)
 - i. Unusable Reserves - movement between usable and unusable reserves relating to MRP - (page 113/115).
 - j. Capital Expenditure and Capital Financing – reduction in direct revenue contribution (additional voluntary MRP) – (page 122)

3. Financial Implications

3.1 There are no financial implications

4. Legal Implications

4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

5. People and Diversity Implications

5.1 There are no People and Diversity implications.

6. Equality Impact Assessment

6.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? No

7. Health, Safety and Wellbeing Implications

7.1 There are no Health, Safety and Wellbeing implications.

8. Environmental Implications

8.1 There are no environmental implications.

9. Risk Management Implications

9.1 There are no risk management implications

10. Duty to Collaborate Implications (Police and Crime Act 2017)

10.1 There are no duty to collaborate implications arising directly from this report.

11. Your Fire and Rescue Service Priorities

11.1 This report links with the Community Risk Management Plan 2025-28 strategic priorities below:

- Use resources in an innovative, sustainable, and efficient manner to maximise value for money.

12. Conclusions

- 12.1 Whilst reviewing the working papers following the publishing of the draft accounts and prior to the commencement of the external audit, an error was identified in the application of the MRP charge relating to leases. This has been corrected which has resulted in a number of amendments to the statements and notes to the Statement of Accounts.

West Yorkshire Fire & Rescue Authority

Interim Auditor's Annual Report
Year ending 31 March 2025

14 October 2025



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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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01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for West Yorkshire Fire & Rescue Authority during 2024-25 as the appointed external auditor. The core element of the report is the commentary on the value for money (VFM) arrangements. The responsibilities of the Fire & Rescue Authority (the Authority) are set out at Appendix A. The Value for Money Auditor responsibilities are set out at Appendix B.

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Authority as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024-25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Auditor's powers

Auditors of a local authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

Value for money

We report our judgements on whether the Authority has proper arrangements in place regarding arrangements under the three specified criteria:

- financial sustainability
- governance
- Improving economy, efficiency and effectiveness.

The Value for Money auditor responsibilities are set out at Appendix B.

The NAO has consulted on and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement is introduced from 30 November 2025 and applies to 2024-25 audits.

02 Executive Summary

Executive Summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the Authority's arrangements is set out below. Further detail can be found on the following pages.

Criteria	2023-24 Assessment of arrangements	2024-25 Risk assessment	2024-25 Assessment of arrangements
Financial sustainability	G No significant weaknesses identified, and no improvement recommendations raised.	No risks of significant weakness identified.	G No significant weaknesses identified and no improvement recommendations raised.
Governance	A No significant weaknesses identified; improvement recommendations raised in relation to internal audit reporting and Fire Authority reporting templates.	No risks of significant weakness identified.	G No significant weaknesses identified and no improvement recommendations raised. The two prior improvement recommendations have been implemented.
Improving economy, efficiency and effectiveness	A No significant weaknesses identified; improvement recommendations raised in relation to reporting of performance and collaboration activities, and contract management arrangements.	No risks of significant weakness identified.	A No significant weaknesses in arrangements identified and no new improvement recommendations made. One prior improvement recommendation has been closed and one is partly implemented. We have noted that reporting of collaboration activities to the Fire Authority remains outstanding.

G

No significant weaknesses or improvement recommendations.

A

No significant weaknesses, improvement recommendation(s) made.

R

Significant weaknesses in arrangements identified and key recommendation(s) made.

Executive Summary

We set out below the key findings from our commentary on the Authority's arrangements in respect of value for money.



Financial sustainability

The Authority continues to demonstrate sound financial management, delivering a surplus of £0.9m in 2024-25 and setting a balanced budget for 2025-26. The refreshed Medium Term Financial Plan (MTFP) is supported by reasonable planning assumptions and quantified sensitivity analysis. While budget gaps totalling £0.1m have been identified in the later years of the MTFP, we do not consider this to indicate a weakness in the Authority's financial arrangements. Reserves remain at adequate levels with £5.7m held in general reserves and £2.0m in the Medium-Term Funding Impact Reserve at the end of 2024-25.

Financial plans are aligned with the strategic objectives set out in the Community Risk Management Plan 2025-28 (CRMP) and appropriately reflect key areas of financial risk.



Governance

The Authority has established robust governance arrangements, with clear structures and processes supporting effective decision-making, risk management, oversight of internal controls, financial sustainability and performance and standards of behaviour. Appropriate arrangements are in place to prevent and detect fraud. The Authority's governance framework is set out in the Constitution and includes a suite of policies and other documents designed to enable effective decision-making, uphold appropriate standards and ensure compliance with legal and regulatory requirements.

Some 2024-25 capital projects, including the new command and control system, have been delayed to 2025-26, and the Authority should continue to monitor progress of this key project. No instances of inappropriate decision-making were identified during our audit work.



Improving economy, efficiency and effectiveness

The Authority monitors operational and corporate performance including the delivery of the CRMP objectives, with quarterly reports to the Fire Authority supporting assurance and oversight. The Authority's strong approach to delivering CRMP objectives is recognised as notable practice (see page 22).

The Service collaborates well with local partners. However, we continue to recommend that the Fire Authority receives an annual update on Tri-Service Collaboration activities.

Contract management arrangements have been refreshed and strengthened, and oversight arrangements are in place for major capital projects, ensuring transparency and accountability.

03 Value for Money commentary on arrangements

Value for Money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

The Authority is the statutory governing authority responsible for overseeing fire and rescue services across West Yorkshire. West Yorkshire Fire & Rescue Service (the Service) carries out day-to-day operations, whilst the Authority sets the strategic direction for the Service and is responsible for governance and oversight of the Service.

All Fire & Rescue authorities 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. Fire & Rescue Authorities report on their arrangements, and the effectiveness of these arrangements, as part of their individual Annual Governance Statements.

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 (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring 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 budget management, risk management, and making 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.

Financial sustainability – commentary on arrangements

We considered how the Authority:	Commentary on arrangements:	Rating
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	<p>The Authority continues to maintain strong financial performance, with a surplus of £0.9m reported against its £112.9m revenue budget for 2024-25. The outturn includes increased contributions to capital and reserves, enabled by underspends on staffing due to vacancies and lower-than-expected pay awards. Capital expenditure totalled £24.5m in 2024-25 from a capital budget of £39.9m, including the completion of the Fire Service Headquarters redevelopment and progress on the vehicle replacement programme. Some planned capital projects were delayed and have been reprofiled into the 2025–26 capital plan, including the new command and control system which was originally planned to be completed in January 2025. Officers have confirmed that new command and control system is expected to go live in mid November 2025. Authority members approve the rescheduling of capital spending and understand the reasons for project delays, while actively challenging officers on delivery progress.</p> <p>The Authority approved a balanced revenue budget of £117.2m for 2025-26 in February 2025, alongside a refreshed Medium Term Financial Plan (MTFP) to 2028-29. No new savings schemes were required to balance the 2025–26 revenue budget. However, a budget gap of £0.3m is projected in the later years of the MTFP. Given the relatively small scale of the gap and the Authority’s strong track record in delivering savings, we do not consider this to be significant.</p> <p>Financial planning is based on reasonable assumptions, with quarterly base budget reviews and ongoing revision to both revenue and capital budgets informed by budget monitoring. Sensitivity analysis is used to assess the impact of key variables such as pay awards, and findings are reported to members. The Authority’s reserves remain adequate, with the general reserve planned to be maintained at £5.7m (4.9% of the 2025-26 net revenue budget) throughout the medium-term financial planning period.</p>	G

- G

 No significant weaknesses or improvement recommendations.
- A

 No significant weaknesses, improvement recommendations made.
- R

 Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
plans to bridge its funding gaps and identify achievable savings	<p>The Authority set balanced budgets for 2024–25 and 2025–26, with no funding gaps identified. Recurrent cost savings are embedded within the revenue budget, with any new savings identified during the year through regular budget reviews adjusted for in-year.</p> <p>The Authority estimates that £2.8m of cashable savings were achieved in 2024-25, well above the £0.9m forecast in the Efficiency & Productivity Plan. Approximately 95% of these savings are expected to be recurrent, with £1.9m attributed to procurement efficiencies achieved from the use of national procurement frameworks and local procurement reviews. An internal audit review of the 2024–25 plan provided substantial assurance over the completeness and accuracy of reported data and narrative information, as well as the reasonableness of savings estimates.</p> <p>The MTFP to 2028-29 identifies minor budget gaps totalling £0.1m over the three-year period which is approximately 0.03% of the net budget requirement. We do not consider this to be significant given the small scale and the Authority’s strong track record of delivering savings. The Authority has identified a risk of reductions to central government funding following the conclusion of upcoming spending and funding reviews but has established a medium-term funding impact reserve of £2.0m to mitigate this risk, as well as undertaking proactive work in 2024–25 to identify future savings options for development, if required.</p>	G

- G

 No significant weaknesses or improvement recommendations.
- A

 No significant weaknesses, improvement recommendations made.
- R

 Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>Financial planning is strategically aligned with the Community Risk Management Plan (CRMP) 2025-28, the annual Programme of Change and supporting strategies such as the five-year capital plan. The MTFP underpins delivery of strategic priorities, with targeted investment in areas such as training, fire station refurbishment and replacement of vehicles and equipment. The five-year capital plan totals £65m which will be funded through a mix of capital receipts (including the sale of Cleckheaton fire station which was completed in May 2025), capital reserves, revenue contributions and an estimated £51.4m of borrowing over the period.</p> <p>Since 2011, the Authority has used internal borrowing to fund capital projects and reduce financing costs. However, external borrowing is anticipated from 2025–26, marking the first such transaction in recent years. The Authority should seek appropriate advice to support this process. The new borrowing is considered affordable, with capital financing costs projected to remain below 10% of net revenue through to 2028–29. We suggest that, given the reliance on internal borrowing in recent years, the Authority should also ensure that cash balances are actively monitored to confirm that earmarked reserves remain fully cash-backed and available when needed.</p>	G

- G

 No significant weaknesses or improvement recommendations.
- A

 No significant weaknesses, improvement recommendations made.
- R

 Significant weaknesses in arrangements identified and key recommendation(s) made.

Financial sustainability – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
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	The Authority's financial plans are consistent with workforce, capital, investment, and operational strategies such as the CRMP 2025-28 and the annual Programme of Change. Changes in workforce establishment, which in 2025-26 included the creation of a permanent post for a Positive Action and Community Engagement within the Diversity, Equity, and Inclusion team, are approved by the People & Culture Committee following approval of a budget bid as part of the budget setting process. The five-year capital plan is refreshed annually as part of the budget setting process, with revenue implications included in the revenue budget and MTFP. All projects in the capital plan must be appropriately approved before projects commence, and any amendments to the capital plan are identified from budget monitoring processes are approved by the Authority during the year. Environmental sustainability is embedded within capital projects, and associated revenue impacts, such as financing and maintenance costs and savings from energy efficiency, are incorporated into the MTFP.	G
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	Risks to financial resilience are identified and reported through quarterly budget monitoring reports presented to the Finance & Resources Committee. These reports highlight significant variances from the approved budget and outline mitigating actions. The MTFP includes quantified sensitivity analysis for key assumptions such as pay awards and precept increases, demonstrating the Authority's understanding of financial risk. For example, a 1% increase in the pay awards adds an estimated additional cost of £0.7m per year. Financial planning assumptions are reviewed annually and adjusted to reflect emerging risks, including macroeconomic uncertainty and changes in government funding. To manage unforeseen financial pressures, the Authority maintains general reserves at £5.7m (equivalent to 4.9% of 2025-26 annual revenue expenditure) and holds £2.0m of earmarked reserves to support the management of short-term budget shortfalls arising from funding fluctuations.	G
<div data-bbox="104 1172 173 1225">G</div> No significant weaknesses or improvement recommendations. <div data-bbox="104 1225 173 1278">A</div> No significant weaknesses, improvement recommendations made. <div data-bbox="104 1278 173 1315">R</div> Significant weaknesses in arrangements identified and key recommendation(s) made.		

Governance – commentary on arrangements

We considered how the Authority:	Commentary on arrangements:	Rating
monitors and assesses risk and how the Authority gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	<p>The Authority has arrangements in place to identify and manage risks. Risks are evaluated using a standard scoring matrix and monitored by the Risk Management Strategy Group (RMSG) which meets quarterly and provides regular updates to the Audit Committee. The Authority's Risk Management Strategy and Policy outlines its approach to risk, including roles and responsibilities of both members and officers and details of risk identification, analysis, evaluation, treatment, review and reporting procedures. The Risk Management Matrix (RMM) captures risk descriptions, inherent risk scores, direction of travel and existing and proposed control measures, as well as estimated financial impacts where relevant. At the end of 2024–25, 43 risks were recorded on the RMM, including six rated as very high and 18 as high. Audit Committee reporting appropriately focuses on very high risks, with more detailed reviews carried out by officers through the RMSG. A risk summary is presented to the Audit Committee quarterly, with a more detailed RMM report provided annually.</p> <p>Internal Audit provides assurance over the internal control framework. The Annual Internal Audit Report for 2024–25 concluded that the Authority has a sound control environment. In 2024–25, nine reviews were completed, with no significant issues identified. Planned reviews of the Keighley fire station rebuilding project and the implementation of Grenfell Tower Inquiry: Phase 2 recommendations were deferred due to delays in the underlying activities identified for review. These deferrals were discussed at the February 2025 Audit Committee meeting, and the reviews are included in the 2025–26 internal audit plan. Regular progress reports are submitted to the Audit Committee, and our recommendation from 2023–24 has been implemented, ensuring that these reports now include details of open recommendations, including classification and due dates.</p> <p>Procedures to prevent and detect fraud are in place, including a Whistleblowing Policy and an Anti-Fraud, Theft and Corruption Strategy and Response Plan.</p>	G
G	No significant weaknesses or improvement recommendations.	
A	No significant weaknesses, improvement recommendations made.	
R	Significant weaknesses in arrangements identified and key recommendation(s) made.	

Governance – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
approaches and carries out its annual budget setting process	<p>The Authority has a well-established annual budget-setting process for both revenue and capital expenditure, which informs the annual refresh of the MTFP and capital plan. The process begins each October and is led by the Executive Leadership Team. It includes the identification and scrutiny of growth bids, cost pressures and investment proposals. A standstill budget, based on the prior year’s net revenue expenditure and adjusted for pay, price inflation, and technical changes is prepared to show the baseline position. Approved budget developments are incorporated into the proposed budget, which is reviewed by the Finance & Resources Committee before final consideration by the Fire Authority in February of each year. The process allows sufficient time for consultation with budget holders, Authority members, and the public, including a formal consultation on the proposed precept.</p>	G
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	<p>The Finance & Resources Committee receives quarterly budget monitoring reports that provide a forecast of the year-end revenue position, including analysis of projected under and overspending and a summary of key variances. Meeting minutes indicate that discussions are focused on the areas of greatest variance, demonstrating a clear understanding of issues requiring attention. Any transfers to or from contingency budgets arising from cost pressures or savings identified through budget monitoring are reported to the Committee. No significant variances against revenue budgets have been reported in 2023-24 or 2024-25.</p> <p>Capital spending is reported alongside revenue, with narrative updates on project progress—including £11.4m (29%) slippage into future years in 2024–25—and details of virements approved by the Executive Leadership Team under delegated powers. An appendix provides scheme-level analysis of slippage and budget variances by directorate. Treasury Management updates are provided twice a year, covering investment performance, debt position, and compliance with prudential indicators.</p>	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	<p>The Authority has established arrangements to ensure that appropriate and properly informed decisions are made. The structure of the Fire Authority and its Committees is clearly defined within the Constitution, which sets out the principles and guidance for transparent, accountable and risk-aware governance. Reports presented to the Fire Authority and its Committees are sufficiently detailed to promote transparency and facilitate effective scrutiny, challenge and debate. No evidence of inappropriate decision-making has been identified, and all meetings of the Fire Authority and Committees were quorate during 2024-25.</p> <p>We previously recommended that the Authority consider enhancing its standard report cover template to include explicit references to risk management implications and the statutory duty to collaborate. We found that the standard report cover template had been updated with effect from the September 2025 meeting of the Fire Authority, and have therefore closed this improvement recommendation.</p>	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Governance – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	<p>Codes of Conduct set out clear expectations for standards of behaviour. The July 2024 HMICFRS inspection report noted that the Authority has well-defined values, which are understood by staff, and that values reflect the principles of the National Fire Chiefs Council Core Code of Ethics. Registers of interests are maintained, with member declarations published online and declared as a standing item at all meetings. Officers also make annual declarations of interest.</p> <p>The Authority’s Procurement Strategy provides a clear framework for compliant procurement, supported by Contract Procedure Rules (CPRs). CPRs were updated during 2024–25 to incorporate changes required by the Procurement Act 2023. Exemptions to the CPRs are permitted only in exceptional circumstances; those exceeding £0.075m must be approved by the Chief Fire Officer and reported to the Finance & Resources Committee. No inappropriate use of CPR exemptions was identified during 2024–25.</p> <p>Corporate Health is monitored through an annual report to the Fire Authority, which includes data on compliments and complaints, customer service standards, whistleblowing reports, and anonymous concerns raised via the “Say So” initiative. In 2024–25, the Authority received 25 “Say So” reports (up from 19 in 2023–24) and 40 complaints (compared to 38 in the previous year). Of these, only one complaint was referred to the Local Government Ombudsman, which was not progressed.</p>	G

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Authority:	Commentary on arrangements:	Rating
uses financial and performance information to assess performance to identify areas for improvement	<p>Operational performance is overseen by the Executive Leadership Team, with quarterly reports presented to the Fire Authority providing a summary analysis against key indicators, including direction of travel and comparisons to previous periods, followed by more detailed breakdowns. In our 2023–24 Auditor’s Annual Report, we recommended consideration of enhanced analysis in performance reports presented to the Fire Authority where indicators showed underperformance or decline. Although this has not yet been implemented, the current reporting is sufficient to support Member scrutiny, and we have not repeated the recommendation.</p> <p>Operational performance data is sourced from the National Incident Reporting System and integrated into the OneView system. Managers and staff can monitor incident activity using real-time datasets. The Authority has a Data Quality Policy and an Information Governance Strategy. A dedicated data quality team undertakes validation checks, although ultimate responsibility for data quality rests with Information Asset Owners. To further strengthen assurance over data quality, this could be considered as a future area for internal audit review.</p> <p>Corporate Health is also monitored by the Authority, with an annual report presented each autumn. For 2024-25, this report covered compliments and complaint, seven corporate health indicators (including conformity to the Fire & Rescue Service Equality Framework, the average number of working days / shifts lost to sickness, health and safety injuries, forecast budget variance and capital payments, aged debt and customer satisfaction metrics), customer service excellent, “Say So” concerns, complaints to the Local Government Ombudsman, and whistleblowing complaints. Corporate health indicators showed slight improvements in 2024–25 compared to the previous year, including reductions in sickness absence, health and safety injuries, and improvements in domestic customer satisfaction. These indicators continue to reflect appropriate standards of corporate health.</p>	G
G	No significant weaknesses or improvement recommendations.	
A	No significant weaknesses, improvement recommendations made.	
R	Significant weaknesses in arrangements identified and key recommendation(s) made.	

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
evaluates the services it provides to assess performance and identify areas for improvement	<p>In its most recent HMICFRS inspection report (published July 2024), the Service was assessed as "good" in seven areas and "adequate" in two areas and "requires improvement" in one area. The Authority has effective arrangements in place to address areas identified for improvement, including an improvement action plan developed to ensure that areas for improvement identified by HMICFRS inspections are addressed, alongside internally-generated improvement actions. Progress is tracked through quarterly workshops led by senior officers and action owners, with formal progress reporting to the Fire Authority introduced in February 2025. The latest update, presented in June 2025, confirmed that one of the eight HMICFRS actions had been completed, alongside two of the ten internal improvement actions. All remaining actions were reported to be on track, with completion dates ranging from June 2025 to March 2026.</p> <p>The Authority has also completed all actions arising from HMICFRS thematic reviews, including <i>Values and Culture in Fire and Rescue Services</i> (2023) and <i>Standards of Behaviour: The Handling of Misconduct in Fire and Rescue Services</i> (2024).</p>	G

- G

 No significant weaknesses or improvement recommendations.
- A

 No significant weaknesses, improvement recommendations made.
- R

 Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
ensure they deliver their role within significant partnerships and engages with stakeholders they have identified, in order to assess whether they are meeting their objectives	<p>The Authority consulted with the public, staff and stakeholders in developing the CRMP 2025-28, which includes collaboration and partnership working as core themes. Formal partnerships such as the Tri-Service Collaboration (TSC) with West Yorkshire Police and Yorkshire Ambulance Service, and participation in the West Yorkshire Resilience Forum (WYRF) support delivery of CRMP priorities. Fire Authority Members are represented on the TSC Executive Board, with Officers representing the Authority on the TSC Steering Group which supports the Executive Board. The Authority led the Steering Group until June 2024, when West Yorkshire Police assumed this role. An annual report on WYRF activity was presented to the Community Safety Committee in October 2024. However, no updates on the TSC have been provided to the Fire Authority since 2023. We previously recommended that the Fire Authority should receive an annual report on the work of the TSC. Officers have confirmed that a collaboration log is being developed to track all partnership activity and annual reporting to the Audit Committee or Fire Authority is under consideration. While progress has been made, we consider that the previous improvement recommendation regarding reporting of collaboration and partnership work (see page 24) has not yet been fully addressed and is therefore retained.</p> <p>The 2024 HMICFRS inspection report confirms that the Service works effectively with other fire & rescue services and has strong arrangements in place to respond to emergencies with WYRF partners.</p> <p>As part of the proposals for Local Government Reorganisation (LGR), responsibility for the strategic direction, governance and oversight of the Service may transfer from the Authority to the Mayor of West Yorkshire, with the Chief Fire Officer retaining operational independence. The timeline for any changes arising from LGR is not yet clear, although no changes are currently expected before 2028.</p>	A

- G

 No significant weaknesses or improvement recommendations.
- A

 No significant weaknesses, improvement recommendations made.
- R

 Significant weaknesses in arrangements identified and key recommendation(s) made.

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Authority:	Commentary on arrangements:	Rating
<p>commissions or procures services, assessing whether it is realising the expected benefits</p>	<p>The Authority has enhanced its contract management with an update to the Contract Procedure Rules (CPRs) in February 2025, reflecting requirements from the Procurement Act 2023. The CPRs clarify contract managers’ responsibilities for monitoring and reporting supplier performance. To support implementation, the procurement team has introduced formal post-award contract implementation meetings with contract managers to establish expectations and developed standardised contract management meeting agendas and KPI templates. A Contract Management Assurance Log, introduced in March 2025, records details of all contract management meetings, including issues raised, actions taken, and any unresolved matters. A summary will be included in the next Annual Procurement Update to the Fire Authority, scheduled for January 2026. Based on the progress made, we consider the previously reported improvement recommendation in this area to be addressed and closed. The Authority is committed to securing value for money in procurement, with significant savings identified in its 2024–25 and 2025–26 Efficiency & Productivity Plans (as noted on page 11). A collaborative procurement approach was recognised as a strength in the 2024 HMICFRS inspection report, reflecting effective partnership working and strategic sourcing practices.</p> <p>Major projects, such as the Fire Service Headquarters redevelopment (completed October 2024), are overseen by the Major Project Strategic Finance Group. Other projects are monitored by the Budget Management Monitoring Group. The Change Management Board also monitors progress against projects included in the Programme of Change. Several projects planned for delivery in 2024-25 have been reprofiled into the 2025–26 capital plan. The command and control system, originally due to be in place by January 2025, is now expected to be operational by mid November 2025. To maintain service continuity, the existing system’s contract has been extended. The Authority should continue to monitor this critical project closely to ensure timely delivery and mitigate any further delays.</p>	<p>G</p>
G	No significant weaknesses or improvement recommendations.	
A	No significant weaknesses, improvement recommendations made.	
R	Significant weaknesses in arrangements identified and key recommendation(s) made.	

Grant Thornton Insights – notable practice

Priorities from the Authority's Community Risk Management Plan 2025–28 (Your Fire and Rescue Service) are driven forward through a focused annual Programme of Change.



What the Authority is doing well

- The Authority delivers the strategic priorities set out in the CRMP through a coordinated set of projects known as the Programme of Change. This programme is designed to enhance economy, efficiency, and effectiveness, while ensuring the continued safety of the public.
- Oversight is provided by the Change Management Board, with progress reported quarterly to the Full Authority, ensuring transparency and accountability. The Programme is refreshed annually to remain aligned with evolving priorities and operational needs.
- Funding for implementation is drawn from both revenue and capital resources, as outlined in the 2025-26 budget and capital plan. Projects with multi-year timelines are integrated into the Medium-Term Financial Plan, supporting long-term financial sustainability.



What is the impact of having a Programme of Change?

- The Programme of Change plays a critical role in supporting the strategic delivery of the Authority's priorities. By translating priorities into targeted, well-managed projects, it drives continuous improvement across the organisation.
- The Programme of Change approach promotes appropriate financial planning and financial sustainability by aligning project funding with both the annual budget and the Medium-Term Financial Plan, supporting informed decision-making and enabling a strategic view of investment and resource management.

04 Summary of Value for Money Recommendations raised in 2024/25

Improvement recommendations raised in 2024/25

	Recommendation	Relates to	Management Actions
IR1	<p><u>2023-24 Improvement recommendation:</u></p> <p>The Authority should report annually to members on the progress of collaboration activities implemented via the West Yorkshire Tri-Service Collaboration.</p>	Improving economy, efficiency and effectiveness (page 20)	<p>Actions: We will ensure a report is submitted to the Authority during its next cycle of meetings and is a feature moving forwards.</p> <p>Responsible Officer: Area Manager Toby May</p> <p>Due Date: During the next cycle of Fire Authority meetings</p>

05 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 Finance and Procurement Officer 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 Finance and Procurement Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance and Procurement Officer 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 Finance and Procurement Officer 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 their use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Authority’s Value for Money arrangements

Phase 1 – Planning and initial risk assessment


As part of our planning, we assess our knowledge of the Authority’s arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor’s professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.

**A range of different recommendations can be raised by the auditors as follows:**

Statutory recommendations – recommendations to the Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Authority where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Authority’s arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to Senior Officers and the Authority
Interviews and discussions with key stakeholders	External review such as by CIPFA
Progress with implementing recommendations	Regulatory inspections such as from HMICFRS
Findings from our opinion audit on the accounts	Annual Governance Statement, including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2023-24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR1	<p>Internal Audit reports to the Audit Committee could be improved by:</p> <ul style="list-style-type: none">• Including a summary of the number of recommendations raised following each audit and their implementation status (e.g. the number implemented versus outstanding, the timeline for implementation, and the responsible action owner);• Ensuring that reports and appendices are internally consistent; and• Ensuring that the outcome of all reviews is reported to the Audit Committee <p>This would also increase consistency in Internal Audit reporting across West Yorkshire local authorities.</p>	2023-24	<p>A table was included in the Q4 2024–25 Internal Audit Progress Report, detailing all open recommendations. The table set out each recommendation’s classification, agreed implementation date, and current progress status.</p>	Implemented	No further action required.

Appendix C: Follow up of 2023-24 improvement recommendations (continued)

	Prior Recommendation	Raised	Progress	Current position	Further action
IR2	<p>The Authority should consider expanding the standard reporting template to include:</p> <ul style="list-style-type: none"> • Risk management implications • Implications for the duty to collaborate 	2023-24	<p>We reviewed the papers presented at recent Fire Authority meetings. We found that reports presented to the Fire Authority in September 2025 included sections for reporting on implications for risk management and the duty to collaborate.</p>	Implemented	No further action required.
IR3	<p>The Authority could improve its reporting processes by:</p> <ul style="list-style-type: none"> • Enhancing quarterly performance reports to include detailed information on areas of worsening or underperformance, such as underlying reasons and remedial actions being taken, and linking to strategic priorities in the CRMP; • Reporting annually to members on the progress of collaboration activities implemented via the West Yorkshire Tri-Service Collaboration. 	2023-24	<ul style="list-style-type: none"> • Enhanced reporting of operational performance where indicators show underperformance or decline would represent good practice, however, we consider the current level of information provided to members to be sufficient to support appropriate challenge and discussion and we have closed this part of the improvement recommendation. • The Fire Authority did not receive any information on the work of the Tri-Service Collaboration in 2024-25. 	Partly Implemented	<p>Improvement recommendation re-raised in respect of Tri-Service Collaboration reporting.</p> <p>See page 24.</p>

Appendix C: Follow up of 2023-24 improvement recommendations (continued)

	Prior Recommendation	Raised	Progress	Current position	Further action
IR4	<p>The Authority should consider whether it is sufficiently assured that contract management activity is robust and consistently applied. This could be demonstrated by regular reporting of contract management activity to members of the Fire Authority or Finance & Resources Committee to confirm that:</p> <ul style="list-style-type: none"> • Regular reviews of existing contracts are taking place; • Monitoring of contract performance and deliverables against key performance indicators and other measures is being undertaken; and • Action is being taken to address any areas where performance issues have been identified. 	2023-24	<p>The Authority has strengthened its contract management arrangements following the February 2025 update to its Contract Procedure Rules. Standardised templates for contract management and a contract management assurance log have been introduced, aimed at improving consistency and oversight.</p> <p>Summary information on contract management activity is scheduled to be included in the next Annual Procurement Update to the Fire Authority, due in January 2026. <u>We will confirm this prior to issuing a final version of this report for the Audit Committee in February 2026.</u></p>	Implemented	No – subject to the confirmation noted in the middle column



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Agenda item: 06

Abridged Performance Management Report

Audit Committee

Date:	24 October 2025
Submitted by:	Head of Corporate Services
Purpose:	To inform Members of the Authority's performance against Key Performance Indicators where targets are not being achieved.
Recommendations:	That Members note the report
Summary:	The Performance Management and Activity Report which is presented to Full Authority outlines the Authority's performance against key performance indicators thereby enabling the Authority to measure, monitor and evaluate performance against targets. This report highlights the key performance indicators where targets are not being achieved.

Local Government (Access to information) Act 1972

Exemption Category:	None
Contact Officer:	Alison Davey, Head of Corporate Services. Email: alison.davey@westyorksfire.gov.uk ; Tel: 01274 682311
Background papers open to inspection:	None
Annexes:	Abridged Performance Management Report – 1 April 2025 to 14 September 2025

Introduction

- 1.1 The Performance Management and Activity Report, which is presented to each Full Authority meeting outlines the Authority's performance against key performance indicators thereby enabling the Authority to measure, monitor and evaluate performance against targets.
- 1.2 A traffic light system is used to provide a clear visual indicator of performance against each specific target and comparison is made with the same period the previous year to indicate whether performance has improved, remained the same or deteriorated.

2. Information

- 2.1 The attached report highlights the key performance indicators where the targets are not being achieved.

3. Financial Implications

- 3.1 There are no financial implications arising from this report.

4. Legal Implications

- 4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

5. People and Diversity Implications

- 5.1 There are no people and diversity implications arising from this report.

6. Equality Impact Assessment

- 6.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance?: No

7. Health, Safety and Wellbeing Implications

- 7.1 There are no health and safety implications arising from this report.

8. Environmental Implications

- 8.1 There are no environmental implications associated with this report.

9. Risk Management Implications

- 9.1 None

10. Duty to Collaborate Implications (Police and Crime Act 2017)

10.1 None

11. Your Fire and Rescue Service Priorities

11.1 This report links with the Community Risk Management Plan 2025-28 strategic priorities below:

- Further develop a culture of excellence, equality, learning and inclusion
- Provide a safe, effective and resilient response to local and national emergencies
- Focus our activities on reducing risk and vulnerability
- Enhance the health, safety and wellbeing of our people
- Prioritise a people first mindset through ethical and professional leadership and management
- Work with partners and communities to deliver our services
- Use resources in an innovative, sustainable and efficient manner to maximise value for money

12. Conclusions

12.1 That Members note the report.



Abridged Performance Management Report Audit Committee

Period Covered:

01 April 2025

14 September 2025



This report provides a summary of our progress across the Service based on the date ranges below.

Period Covered:

Financial Year	2025-26	
Date Range	01 April 2025	14 September 2025

IMPORTANT:

The data provided is based on incident reports that have been completed and/or checked but will not include data from incident reports which have not been completed.

Data may change due to incident reports that have been updated due to amendment. The data is accurate at time of creation of the report.

This report is comparing the date range above against:

Previous Year Comparison Date Range	01 April 2024	14 September 2024
3 Year Average Comparison Period	01 April 2024 01 April 2023 01 April 2022	14 September 2024 14 September 2023 14 September 2022
Colour Key	<div> <div>Positive Arrows</div> <div>Negative Arrows</div> <div>Positive Charts</div> <div>Negative Charts</div> </div> <div> <p>*When doing a comparison the key above is used. In all other cases graphs, charts and visuals are using contrasting colours to support accessibility.</p> </div>	

Due to seasonality **Previous Year** and **3 Year Average** comparison are based on selected range and not the whole of the previous year.

Performance Summary

Arrows display percentage(%) increase/decrease on previous year to current financial year.
Borders display the 10% tolerance based on the 3 year average of the selected date range.

The comparison range is based on selected date range.

This report is comparing:

01 April 2025

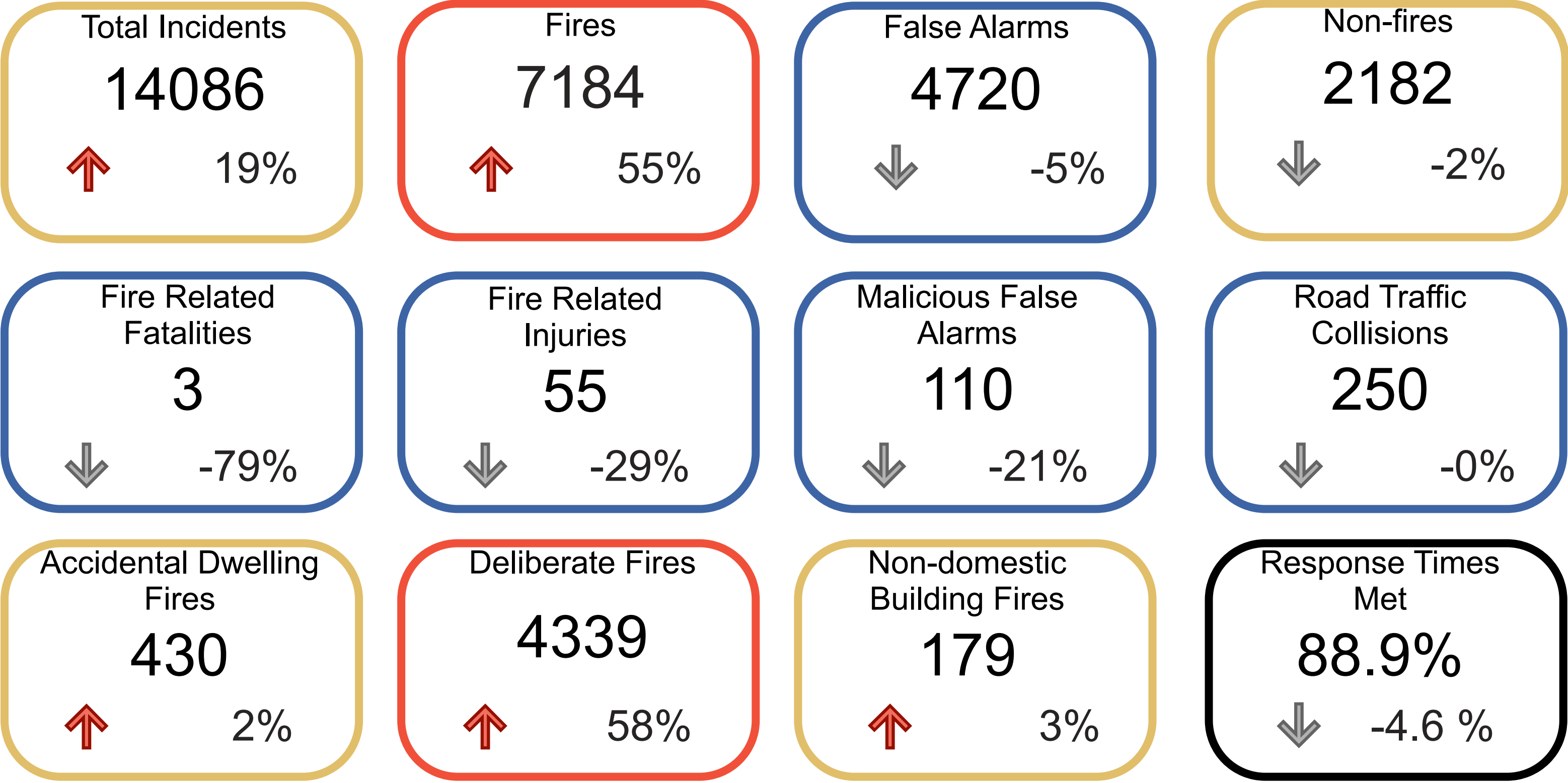
14 September 2025

Against:

01 April 2024

14 September 2024

Blue	Achieving or exceeding target
Amber	Satisfactory performance (within 10% of target)
Red	Not achieving target (by more than 10%)



Monthly 3 Year Average

District, Ward

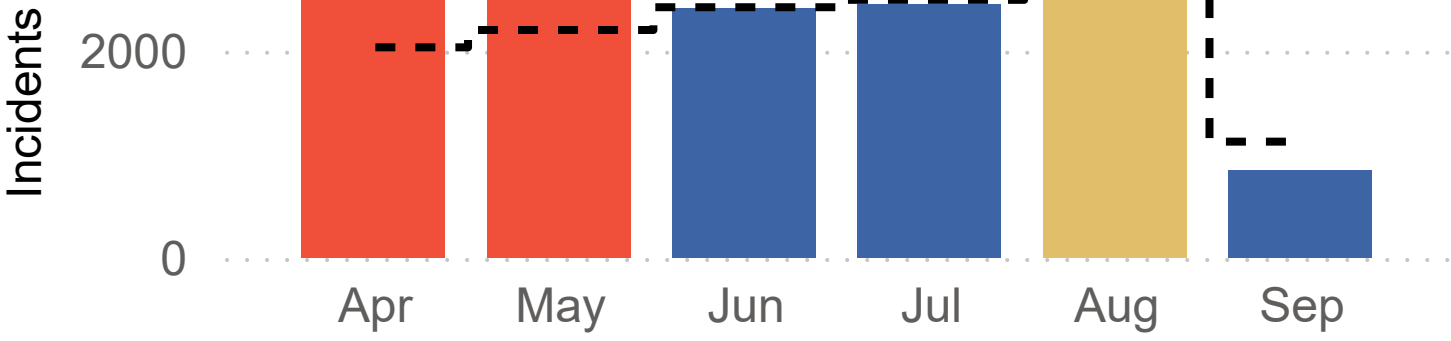
01 April 2025

14 September 2025

All



Total Activity



Legend:



3 Year Average

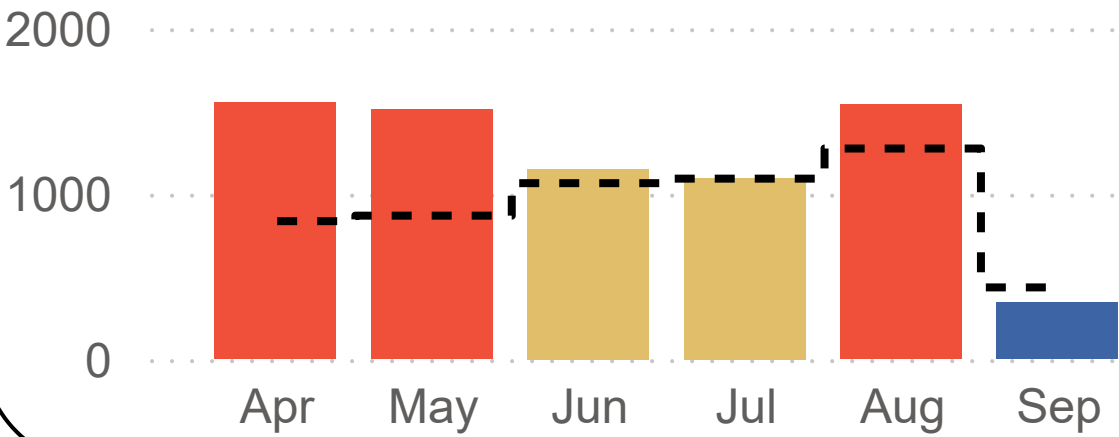
Achieving or exceeding target

Satisfactory performance (within 10% of target)

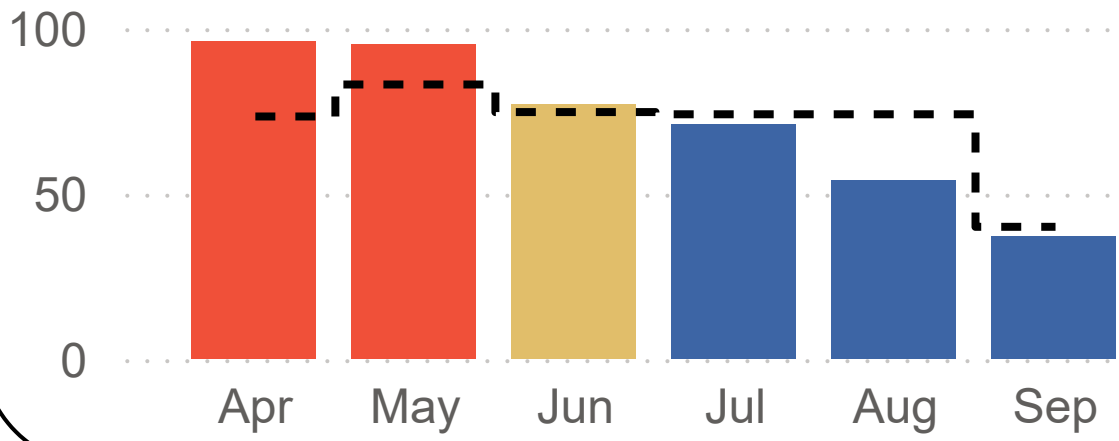
Not achieving target (by more than 10%)

Fires

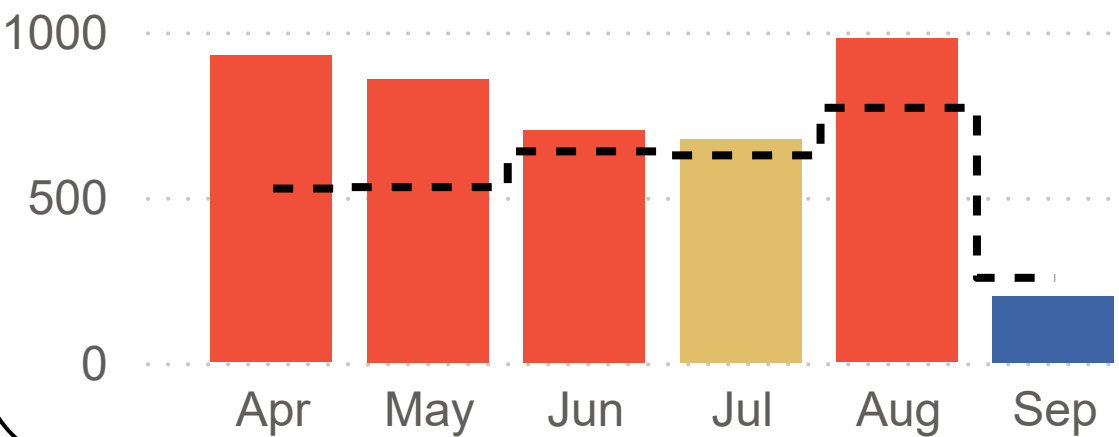
Fires



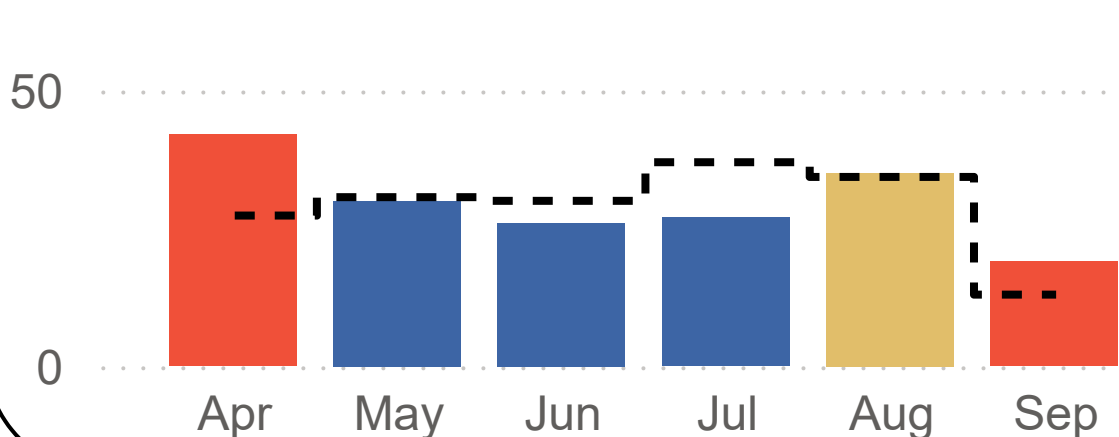
Accidental Dwelling Fires



Deliberate Fires

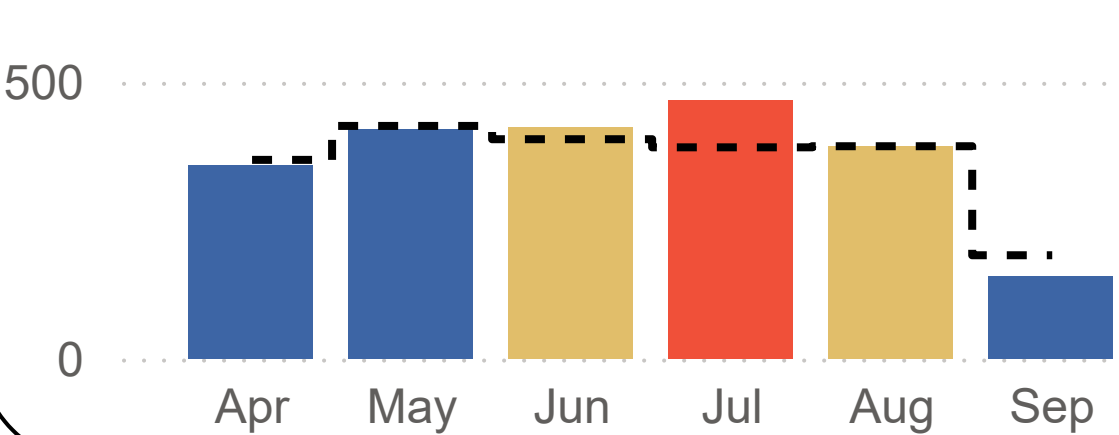


Non-domestic Building Fires

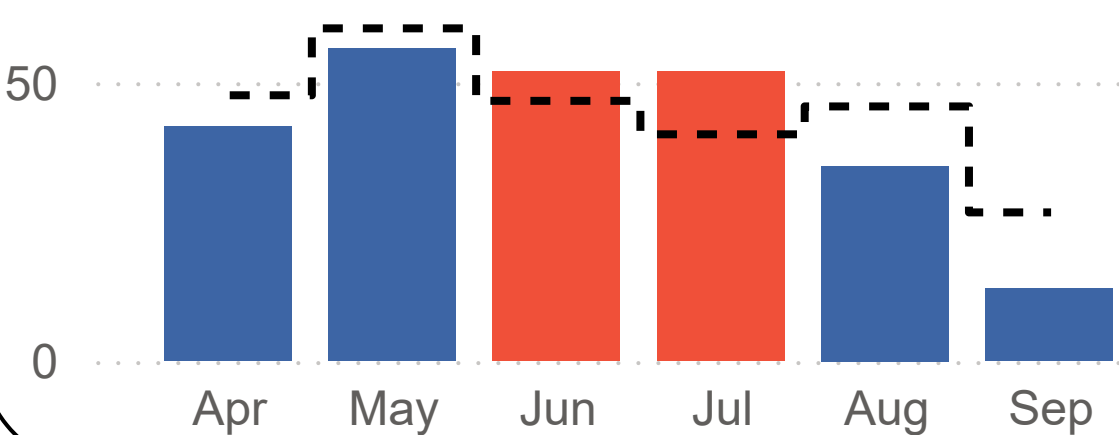


Non-fires

Non-fires



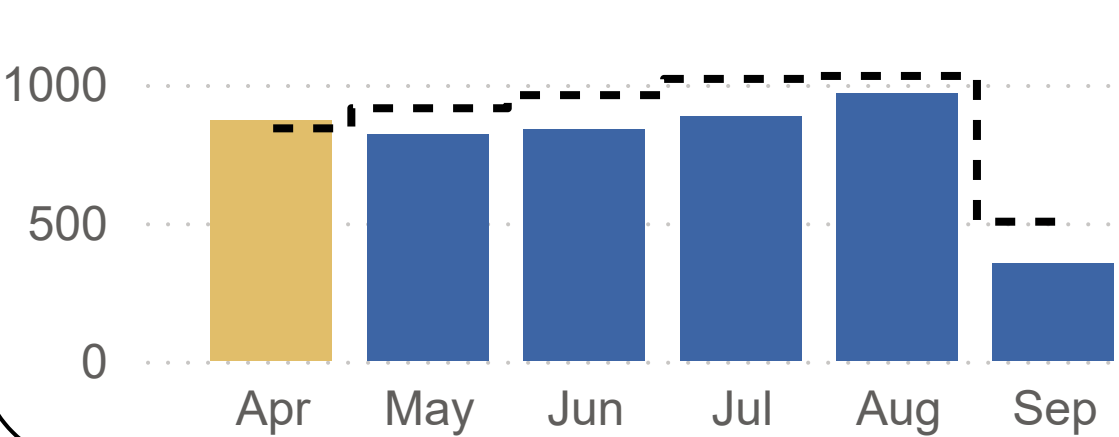
Road Traffic Collisions



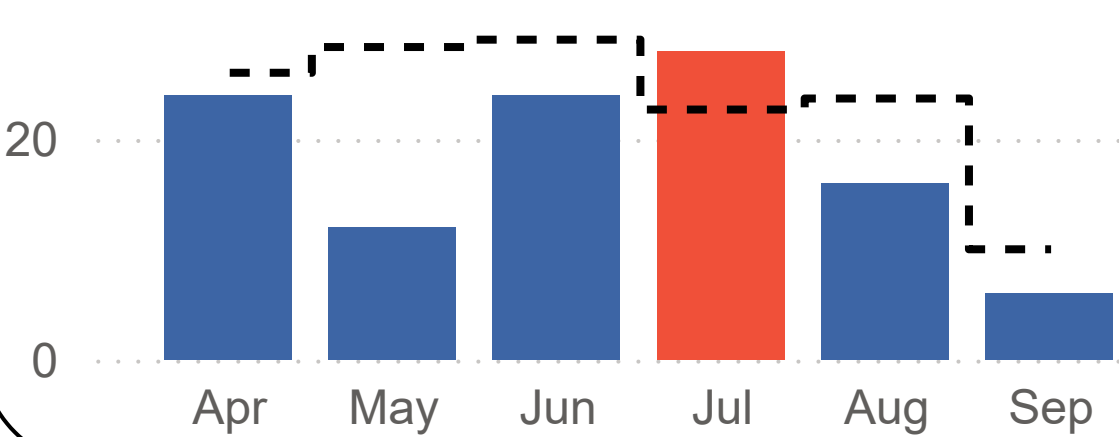
*Road Traffic Collisions are a subset of Non-fires

False Alarms

False Alarms



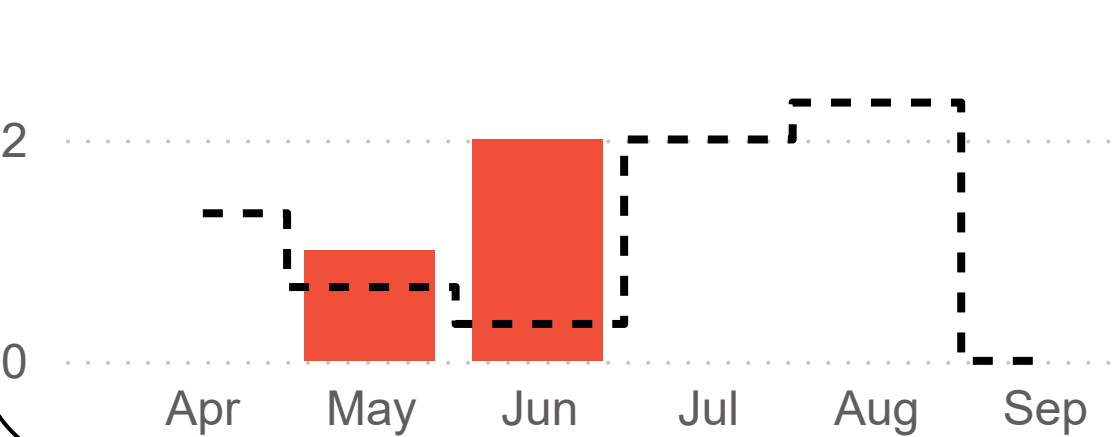
Malicious False Alarms



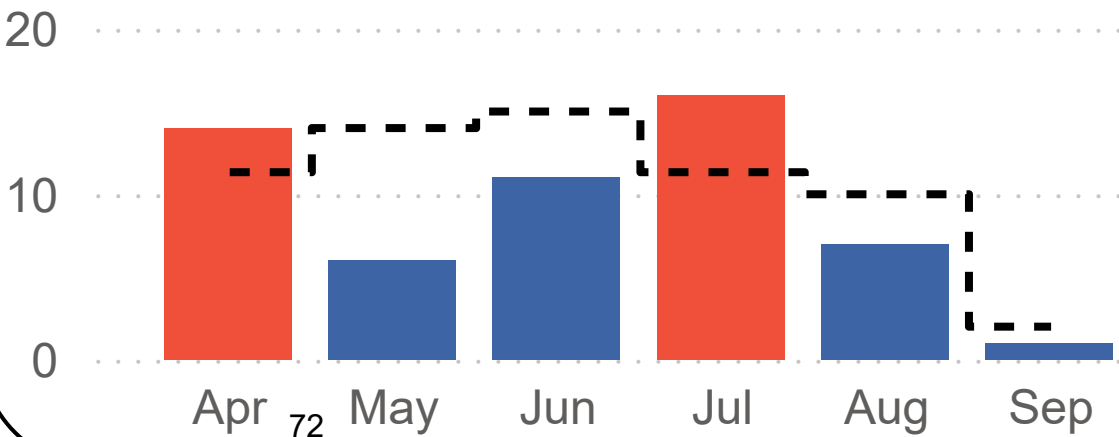
*Malicious False Alarms are a subset of False Alarms

Fire Related Injuries and Fatalities

Fire Related Fatalities



Fire Related Injuries



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Agenda item: 10

Internal Audit Quarterly Report

Audit Committee

Date: 24th October 2025

Submitted by: Director of Finance and Procurement

Purpose: To present the Internal Audit Quarterly Report July to September 2025

Recommendations: That members note the content of the report

Summary: This report provides a summary of the audit activity for the period July to September 2025 and to report the findings to the Committee

Local Government (Access to information) Act 1972

Exemption Category: Nil

Contact Officer: Alison Wood, Director of Finance and Procurement
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07500 075362

Simon Straker, Internal Audit Manager
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01484 221000

Background papers open to inspection: Individual Internal audit reports

Annexes: Internal Audit Quarterly Report

1. Introduction

- 1.1 This Committee has the responsibility for monitoring the work of internal audit. In order to facilitate this, Internal Audit provide a quarterly report of its progress which includes a summary of the work completed and an assessment of the level of assurance provided by the systems examined. This report covers the period from July to September 2025.
- 1.2 On completion of each audit the Auditors provide an assessment of the level of assurance that the control systems in place provide. There are four rankings as detailed below:

Substantial assurance

Adequate assurance

Limited assurance

No assurance

This report includes a detailed explanation of action which has been taken on any audits which are ranked as providing either limited assurance or no assurance.

2. Information

2.1 Audit Work

This report contains an update on audit work included within the 2025/26 audit plan.

In the period July to September, four audits have been completed, one received a substantial assurance opinion and the other three received an adequate opinion.

- 2.2 As agreed with the Audit Committee, the report has been expanded to include details of the key recommendations applicable to each audit that does not result in a formal follow up visit and the action taken by management regarding their implementation.

3. Financial Implications

- 3.1 There are no financial implications associated with this report.

4. Legal Implications

- 4.1 The Monitoring Officer has considered this report and is satisfied it is presented in compliance with the Authority's Constitution.

5. Human Resource and Diversity Implications

- 5.1 There are no human resource and diversity implications associated with this report.

6. Equality Impact Assessment

- 6.1 Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance? No

7. Health, Safety and Wellbeing Implications

- 7.1 There are no health, safety and wellbeing implications associated with this report.

8. Environmental Implications

- 8.1 There are no environmental implications associated with this report.

9. Risk Management Implications

- 9.1 There are no risk management implications

10. Duty to Collaborate Implications (Police and Crime Act 2017)

- 10.1 There are no duty to collaborate implications arising directly from this report.

11. Your Fire and Rescue Service Priorities

- 11.1 This report links with the Community Risk Management Plan 2025-28 strategic priorities below:
- Provide ethical governance and value for money.

12. Conclusions

- 12.1 This report has updated members with the internal audits conducted within the second quarter of 2025/26, July to September 2025.



INTERNAL AUDIT QUARTERLY REPORT

2025/26

July to September 2025

Simon Straker: Audit Manager

ABOUT THIS REPORT

This report contains information about the work of the Authority's Internal Audit provided by Kirklees Council. The 2025/26 Audit Plan was approved by this Committee at the start of the year covering a variety of areas enabling an annual opinion to be formed on the Authority's governance, risk management and internal control arrangements.

For ease of reference the audits are categorised as follows:

1. Summary
2. Major and Special Investigations
3. Key Financial Systems
4. Other Financial Systems & Risks
5. Locations and Departments
6. Business Risks & Controls
7. Follow Up Audits
8. Recommendation Implementation
9. Advice, Consultancy & Other Work
10. Audit Plan Delivery

Investigation summaries may be included as a separate appendix depending upon the findings.

When reports have been agreed and finalised with the Director concerned and an Action Plan drawn up to implement any improvements, the findings are shown in the text. Incomplete audits are shown as Work in Progress together with the status reached: these will be reported in detail in a subsequent report once finalised.

Good practice suggests that the Authority's management and the Audit Committee should receive an audit opinion reached at the time of an audit based upon the management of risk concerning the activity and the operation of financial and other controls. At the first meeting of the Audit Committee, Members resolved to adopt an arrangement relating to the level of assurance that each audit provides.

As agreed with the Audit Committee, the report has been expanded to include details of the key recommendations applicable to each audit that does not result in a formal follow up visit and the action taken by management regarding their implementation.

The final section of the report concerns Audit Plan delivery.

It is the practice of Internal Audit to undertake follow up audits to ensure that agreed actions have been undertaken. Any audits that produce less than "adequate assurance" will be followed up, together with a sample of the remainder and a new opinion will be expressed about the level of assurance that can be derived from action taken by management to address the weaknesses identified.

Explanation of Recommendations and Assurance Levels

Classification of Recommendations

Each recommendation is classified as follows:

Fundamental – A recommendation, often requiring immediate action that is key to maintaining an appropriate control environment and thereby avoiding exposure to a significant risk to the achievement of the objectives of the system, process, or location under review.

Significant – A recommendation requiring action that is necessary to improve the control environment and thereby avoid exposure to a risk to the achievement of the objectives of the system, process, or location under review.

Merits Attention – A recommendation where action is advised to enhance control or improve operational efficiency.

Assurance Level

The number and classification of recommendations determines the opinion on the level of assurance derived from the audit as follows:

Assurance Level	Recommendation Classification		
	Fundamental	Significant	Merits Attention
Substantial	There are no fundamental recommendations	There are no more than one significant recommendation	There are no more than 5 merits attention recommendations.
Adequate	There are no fundamental recommendations	There are 2 – 4 significant recommendations	There are 6 – 10 merits attention recommendations
Limited	There is 1 or more fundamental recommendations	There are more than 4 significant recommendations	There are more than 10 merits attention recommendations
No Assurance	The number of fundamental recommendations made reflects an unacceptable control environment	N/A	N/A

The opinion reflects both the adequacy of the control arrangements and the extent to which they are applied as follows:

Assurance Level	Control Adequacy	Control Application
Substantial	A robust framework of all key controls exists that are likely to ensure that objectives will be achieved.	Controls are applied continuously or with only minor lapses.
Adequate	A sufficient framework of key controls exists that are likely to result in objectives being achieved but the overall control framework could be stronger.	Controls are applied but with some lapses.
Limited	Risk exists of objectives not being achieved due to the absence of a number of key controls in the system.	Significant breakdown in the application of a number of key and / or controls.
No Assurance	Significant risk exists of objectives not being achieved due to the absence of key controls in the system.	Serious breakdown in the application of key controls.

1. **SUMMARY**

This report contains details of work planned and completed during the second quarter of 2025/26, covering the current Plan approved by the Committee at the start of the year, that includes three audits brought forward from last year with the agreement of management.

Three audits were originally scheduled for this Quarter (see Section 10), of which two have been completed, plus two more originally scheduled for Quarter 1, and each has produced a positive opinion, albeit a number of recommendations have been agreed to strengthen the internal control environment further.

No new agreed recommendations were due to have been implemented by 30 September; several remain outstanding with planned dates later in the year.

2. **SPECIAL INVESTIGATIONS & REVIEWS**

None during this period.

3. **KEY FINANCIAL SYSTEMS & RISKS**

Director of Finance & Procurement		
Bank Reconciliation	<p>Reconciliation of the bank account to the financial ledger is a key control to ensure income and expenditure are occurring as expected and the production of timely Reconciliation Statements helps reduce the risk of fraud, unauthorised withdrawals or bank errors.</p> <p>Audit testing of processes and records provided assurance that the controls in place are effective. That said, areas for further improvement that merit attention were identified, including aligning the direct debit reconciliation process with the other bank account type ones, ensuring sufficient training is provided especially given a relatively high turnover of finance staff recently and formatting of working papers to strengthen the audit trail.</p>	Substantial Assurance

4. **OTHER FINANCIAL SYSTEMS & RISKS**

None during this period.

5. **LOCATION & DEPARTMENT AUDITS**

None during this period.

6. **BUSINESS RISK AUDITS**

This category of audits reflects the Audit Strategy to incorporate coverage of the controls and management actions to respond to the key risks to the Authority's objectives as codified in the Corporate Risk Matrix.

Director of Service Delivery		
Wide Area Flooding & Swift Water Rescue Risk	<p>The audit provided assurance that performance management arrangements are in place in relation to the management controls as described in the corporate Risk Management Matrix for all types of water related incidents.</p> <p>Specifically, a review of training and qualification records provided assurance that the training programme and maintenance of competency requirements of delivering water training is working effectively. This ranges from all operational personnel across the Authority being trained on how to work safely near and in water, to the specialist training for all those with a specialist role in water rescue and flood response.</p> <p>It was also noted that a report providing an updated internal review of Swift Water Rescue and Flood Response Risk, entitled "Capabilities Review Water Rescue and Flooding" had been completed in February 2025. This provides assurance that key relevant issues are being considered by senior management.</p>	Adequate Assurance

	<p>Areas of potential improvement were identified, primarily in relation to the currency of the recording of controls and oversight in the Risk Management Matrix. In addition, it was noted that firefighters were not always updating the training database on a timely basis (although audit testing provided assurance that they had actually completed the relevant training).</p>	
Safe and Well Visits	<p>Management Board requested a review to provide assurance that two key areas for action highlighted in last year's HMICFRS Inspection are being acted upon effectively prior to further inspection in 2026, especially in relation to the timeliness of visits and to the quality and consistency of record keeping across the Service.</p> <p>Whilst there is considerable evidence of process and resource improvement since the Inspectorate's Report, performance has not improved as quickly as management envisaged and there remains a considerable amount to do to move to achieve an improved business as usual position with which to provide evidence of to the inspectors. Current staff sickness and absence are impacting service delivery for visit timeliness and have been acknowledged by management with recruitment and training of new prevention officers ongoing at the time of the audit. This has necessitated an increase in visits being undertaken by crews with a certain drop off in quality due to lower levels of training.</p> <p>Audit testing was conducted to assess the current timeliness and state of record keeping of visits. 50% of the visits reviewed were outside the 56-day policy timescale and 45% were found to have insufficient record keeping required to ensure a robust and reliable audit trail. Whilst the issue of timeliness is mainly driven by incident history and complexities in certain cases, inconsistent record keeping is disappointing and suggests a more robust stance from management is required. Recommendations have been made to address the individual exceptions found including re-opening some cases for further review and identifying training and quality issues in record keeping. It is expected that new measures, yet to be embedded, such as a formal quality assurance framework and periodic quality control sample check of visits will seek to address areas of concern raised.</p> <p>8 key improvement initiatives were detailed in the Community Safety Performance Report and at the time of the audit 4 were found to have been implemented with progress noted in relation to the remainder, (QA framework, Prevention Performance Management, Prevention Officer Growth and a high-risk taskforce). The reduction in the existing backlog of visits is contingent on the successful implementation of the latter. Therefore, the Service must deliver on this ahead of the financial year end and in advance of the next inspection.</p>	Adequate Assurance

Director of Service Support

IT Network Access Management	<p>The audit assessed the current adequacy and effectiveness of the systems and processes in place to ensure only authorised individuals have appropriate access to systems, applications, and data by defining user roles, assigning permissions based on the principle of least privilege, and regularly reviewing access rights to prevent unauthorised access and so manage the risks of data breaches or compliance failures. Reference was made to current employees and Members (payroll), third party access and “super-user” access and usage records.</p> <p>Audit testing provided assurance that the current systems and processes in place are broadly adequate and effective. It was noted that Digital, Data and Technology (DDaT) have a “Cyber Remediation Action Plan” which identifies a number of potential system weaknesses and their corresponding solutions (assistance has been received from a specialist supplier). In relation to leavers, the Plan notes that there is no automated process to revoke/disable access as employees leave the organisation (or move to other roles). DDaT Management aim to remedy this position within 12 months as a priority requirement, albeit without a more specific target completion date. Moreover, there is no interim control, other than an expectation that DDaT will be provided leaver data by HR as it becomes available per the Account and Password Management Policy, where it seems there may have been omissions, as audit Testing identified 13 IT user accounts (1%) where a corresponding current employee could not be identified on the payroll system. These accounts require further investigation by HR and DDaT.</p> <p>Management provided sufficient assurance that third party and super-user access is controlled effectively, supplemented by further measures in the Remediation Action Plan.</p>	Adequate Assurance
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7. FOLLOW UP AUDITS

Any audits that result in a less than adequate assurance opinion are followed up usually within six months, depending upon the timescale for implementing the agreed recommendations. Additionally, a sample of other audits is followed up periodically too.

None during this period.

8. IMPLEMENTATION OF RECOMMENDATIONS & EXTENSIONS OF TIME TO IMPLEMENT

Three of nine outstanding agreed recommendations were due to have been actioned. Updates have been requested from HR and Water Office management.

The remainder are due for completion by the end of this month and progress will be reported in the Third Quarterly Report.

<u>Open Recommendations</u>	<u>Classification</u>	<u>Due by 30 September</u>	<u>Due by 31 October</u>
<u>All</u>	Fundamental	0	1
	Significant	2	5
	Merits Attention	1	0
	Total	3	6
<u>Audit / Recommendation</u>	<u>Classification</u>	<u>Agreed Implementation Date</u>	<u>Progress per Management</u>
<u>Hydrant Maintenance & Management</u>			
The risk-based approach to inspection should be reviewed and refined to include: • a review and amendment of appropriate inspection targets based on achievable time periods within resource capabilities. • a simple process to identify appropriate risk classification and other risk indicators and then to record this on SC Capture to ensure there is an audit trail of the profile determined.	Significant	December 2025	Re-scheduled to September 2025 – update requested.
<u>Counter Fraud & Corruption</u>			
HR and training administration should update materials and communications for induction processes regarding training, and the existing Access training database should be revisited	Significant	December 2024	Still under review – update requested.

to include general fraud awareness/ how to report to make prevention and detection of fraud more effective.			
The current HR induction presentation and communications should include reference to key policy documentation such as Whistleblowing and Authority website links for future access to ensure employee awareness and engagement.	Merits Attention	December 2024	Progress to Quarter1 - the Whistleblowing Policy is included in the HR induction. Once the corporate induction is developed then it will be given more importance. Update requested.
<u>Provision of an Effective Commercial Premises Risk Management System for Operational Response</u>			
A Data Cleansing exercise should be completed to remove erroneous records.	Significant	October 2025	
Priority should be given to resolving the issues preventing the Mobile Data Terminals inside appliances being the primary trusted point of access for obtaining key information for Operational Responses.	Fundamental	October 2025	
The format of the turnout sheets should be reviewed and changed to present the information in a more readable format.	Significant	October 2025	
<u>Absence Management</u>			
Line Managers should be assisted to ensure consistency in the level of detail recorded as part of the back to work interviews.	Significant	October 2025	
Continue to conduct analysis to determine the underlying causes and/or external factors influencing higher than expected absence levels and inform the People & Culture Committee accordingly.	Significant	October 2025	

Provide additional context to the absence data figures showing the cost of absence in quarterly performance reporting.	Significant	October 2025	
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9. **ADVICE, CONSULTANCY & OTHER WORK**

Internal Audit has been commissioned to provide assurance, oversight and challenge to the Major Project Strategic Finance Group that meets monthly, chaired by the Directors of Finance & Procurement / Service Support.

10. **AUDIT PLAN 2025/26 DELIVERY**

	<u>Planned for Quarter</u>	<u>Status</u>
Audit Opinion on Internal Control		
• IT Network Access	1	Complete
• Bank Reconciliation and Account Management	1	Complete
• Safe and Well Visits*	2	Complete
• Prevention Database*	3	
• Keighley Fire Station Project	4	B/fwd from 2024/25
• Discrimination	3	
• Payroll	4	
• Workforce Planning	4	
• Business Continuity	4	
• Follow up of Commercial Premises Risk Management System	3	
Audit Opinion on Governance		
• Corporate Governance and Ethics	3	B/fwd from 2024/25
Audit Opinion on Risk Management		
• Vehicle Accident Risk	1	Complete
• Wide-area Flooding Risk	2	Complete
• Industrial Dispute Risk	2	

Consultancy

per Terms of Reference agreed with the respective Groups

- Major Strategic Projects – Finance Group
- ESN Programme SROs

160 Days in Total per SLA

*Management Board request

Performance Indicators		24/25 Actual	25/26 Target	25/26 Actual
Audits completed within the planned time allowance		78%	80%	80%
Draft reports issued within 10 days of fieldwork completion		100%	90%	100%
Client satisfaction in post audit questionnaires		n/a	90%	n/a
Chargeable audit days		121	160	61
QA compliance sample checks – % pass		100	100	n/a
Planned Audits Completed		9	14	5
Planned Audits in Progress		0		0
Planned Audits Deferred		3		0
Unplanned Work requested by Executive Leadership Team Completed		0		0
Unplanned Work in Progress		0		0

West Yorkshire Fire & Rescue Service

Audit progress report and sector updates

13 October 2025



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Audit Progress Report

Introduction



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This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a summary of emerging national issues and developments that may be relevant to you.

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications: [Government and public sector | Grant Thornton](#)

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either Gareth or Greg.

We continue to bring specialists to our update conversations where appropriate to share any learning from our position as a leading audit supplier to the fire sector.

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.

Progress at early October 2025

Financial Statements Audit

We commenced our planning for the 2024/25 audit in April. We have just commenced our audit fieldwork on your draft financial statements at the beginning of October, and we have shared our working paper requests with your finance team.

Our planning work includes:

- Updating our review of the Fire and Rescue Authority's control environment
- Updating our understanding of financial systems
- Reviewing Internal Audit reports on core financial systems
- Understanding how the Fire and Rescue Authority makes material estimates for the financial statements
- Early work on emerging accounting issues of which none have been identified thus far.

In April we issued a detailed Audit Plan, setting out our proposed approach to the audit of the 2024/25 financial statements.

Since we presented our audit plan to Audit Committee at the meeting on 25 April 2025, we have opted to increase audit materiality from £1.1m to £1.2m to reflect an overall increase in the Fire & Rescue Authority's annual expenditure. Our performance materiality has increased to £840,000 and triviality to £60,000.

We will report our work in the Audit Findings (ISA260) Report and aim to give our opinion on the Statement of Accounts in advance of the local authority accounts backstop set at 27 February 2026.

Value for Money

Our value for money work for 2024/25 is well progressed and our interim findings accompany this report. We shall issue a final auditor's annual report alongside our opinion targeted to be reported to Audit Committee on 13 February 2026.

We do not envisage any significant weaknesses in arrangements will emerge between now and our final report however our report shall remain open for us to be able to consider any findings that may emerge from our financial statements audit work that has recently commenced.

Our interim auditor's annual report does not report on any significant weaknesses in the Authority's arrangements, consistent with our findings in the prior year. No new improvement recommendations have been reported in our interim auditor's annual report, however, we have opted to re-raise two improvement recommendations from the prior year that have not yet been implemented.

Progress at early October 2025 (cont.)

Meetings

We continue to meet regularly with the Chief Fire Officer and Director of Finance and Procurement as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Director of Finance and Procurement. Your officers attended our Accounts Workshop in March 2025, where we highlighted financial reporting requirements for the 2024/25 accounts and gave insight into elements of the audit approach.

We have also scheduled a session with members on 24 October 2025 to walk members through the scope of our work as external auditors, including our annual financial statement audit work and our annual value for money review on the Fire & Rescue Authority's arrangements to secure value for money. This workshop session will also offer an opportunity for questions.

Further details of the publications that may be of interest to the Chief Fire Officer and Audit Committee members are set out in our Sector Update section of this report.



Audit Deliverables

Below are some of the audit deliverables planned for 2024/25

2024-25 Deliverables	Planned Date	Status
<p>Audit Plan</p> <p>We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Fire & Rescue Authority’s 2024/25 financial statements.</p>	April 2025	Published
<p>Audit Findings Report</p> <p>The Audit Findings (ISA260) Report will be presented to the Audit Committee.</p>	Draft to Management by the end of the 2025 calendar year Report to Audit Committee 13 February 2026	Not due yet
<p>Auditors Report</p> <p>This includes the opinion on your financial statements.</p>	By 27 February 2026	Not due yet
<p>Auditor’s Annual Report on VFM arrangements</p> <p>This report communicates the key outputs of the audit, including our commentary on the Fire & Rescue Authority’s value for money arrangements.</p>	Interim Report – October 2025 Final Report – February 2026	Interim report to be presented to Audit Committee alongside this report.

The Local Authority Backstop

In the autumn of 2024, the government amended the Accounts and Audit Regulations, introducing a series of dates by which local authorities had to publish final sets of audited financial statements. By the second of these dates, 28 February 2025, approximately 40% of local authorities had received an unqualified opinion on their financial statements for 2023/24. The remaining 60% of audits were disclaimed as auditors had not been able to conclude work by the deadline. We are pleased to report that Grant Thornton issued unqualified opinions on 65% of our audits, well ahead of the national average.

Below we set out more details of how we and colleagues across the sector are working with regulators to help rebuild assurance for stakeholders.

Regaining assurance

A major challenge for auditors in regaining assurance, and returning to an unqualified audit opinion, is that without undertaking audit work in respect of old year transactions (e.g. years which were not subject to an audit) there will be uncertainty as whether reserves have been properly accounted for.

The National Audit Office (NAO) has indicated that it will shortly be publishing a new set of guidance for auditors, as part of its Local Audit Reset and Recovery Guidance (LARRIG) series. This will set out key considerations that may assist auditors in regaining assurance at previously backstopped audits.



National Audit Office

Impacts for your audit

We will review the NAO guidance and consider how it can best be applied across our local government portfolio. We believe the first priority at all audited bodies which have previously been backstopped is to gain assurance regarding in year transactions and closing balances for the current audit year. This is the approach which we will adopt for your authority for 2024/25.

We will be working closely with the NAO and once established the Local Audit Office to identify how assurance can be regained most effectively at all audited bodies in future years. We will keep you updated on these discussions.

How you can support us

Timely preparation of draft accounts and high quality supporting working papers is fundamental to the success of audit closedown. We look for all local authorities to prioritise this in enabling the sector to return to balance.

Regaining assurance

Previous years' audits

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits, requiring audited financial statements to be published by certain dates.

The statutory accounts for West Yorkshire Fire and Rescue Authority in 2023-24 were produced as per statutory timeline and our external audit fieldwork commenced in October 2024 and continued up to the accounts backstop in late February 2025. Our work performed in 2023-24 entailed an audit of all 'in-year' income and expenditure transactions and an audit of the Fire & Rescue Authority's closing balance sheet. We did not identify any material adjustments impacting on the Fire & Rescue Authority's useable reserves.

As a result of the limitations imposed by the previous backstop date with a disclaimed opinion issued by the predecessor audit supplier on the 2022-23 accounts, we were unable to obtain sufficient appropriate audit evidence over the Authority's opening balances reported in the financial statements for the year ended 31 March 2024. Consequently, we were unable to satisfy ourselves over the in-year movements in the net pension balances and property, plant and equipment. We were also unable to obtain sufficient appropriate audit evidence that the corresponding figures included in the financial statements for the year ended 31 March 2024 were free from material misstatement. We were therefore unable to obtain sufficient appropriate audit evidence over the corresponding figures or whether there was any consequential effect on the Authority's Comprehensive Income and Expenditure Statement for the 2023-24 year. On the basis of the matters described above, a disclaimer of opinion was issued for the 2023/24 financial year on 28 February 2025.

2024/25 and future years

The Authority is required to publish audited financial statements for the 2024/25 financial year by 27 February 2026. Noting the disclaimer of opinion issued for the previous financial year, we have been in discussions with the Director of Finance and Procurement and senior members of your finance team to understand and explore capacity and a timetable for regaining assurance and return the Fire & Rescue Authority to obtaining an unmodified audit opinion on an annual basis.

A major challenge for auditors in regaining assurance, and returning to an unqualified audit opinion, is that without undertaking audit work in respect of old year transactions, where these were not subject to audit procedures, there will be uncertainty as whether reserves have been properly accounted for.

The National Audit Office (NAO) has published a new set of guidance for auditors, as part of its Local Audit Reset and Recovery Guidance (LARRIG) series. This sets out key considerations that may assist auditors in regaining assurance at previously backstopped audits.

Regaining assurance (continued)

2024/25 and future years (continued)

The LARRIG provides principles as well as indicative procedures which, with the application of professional judgement, enable the auditor to regain assurance in respect of opening balances. These include a framework for auditors to:

- Assess risk at an entity wide level
- Assess risk at a line item level including in respect of specific balances and reserves
- Determine a response to risk, including appropriate testing of prior year transactions.

For many authorities a reasonable pathway exists through the application of the auditing standards to where the auditor may issue an opinion that is based upon sufficient appropriate audit evidence. The guidance is clear that the timeframe in which this may be achieved may vary depending on the circumstances of individual engagements. It is also clear that there may be authorities where it may not be possible to recover assurance solely through the application of the auditing standards.

The first priority at all audited bodies had previously been backstopped is to gain assurance regarding in year transactions and closing balances for the current audit year, and this was also the approach we adopted to the extent practicable in 2023-24. The next step will be to rebuild assurance over balances where assurance is built over multiple years such as the land and buildings which are valued on a rolling programme and the Fire & Rescue Authority's defined benefit pension scheme balances, for which a full valuation takes place every three- or four-years dependent on the scheme. The final element is rebuilding assurance over the Authority's reserves balances to address the gap in assurance from the disclaimer of opinion in the 2022-23 year. We set out on the next page a simplified illustration of how this assurance might build. However, we do note that to regain full assurance over the reserves may either require detailed audit work or a statutory override from the government (e.g. to accept 'deemed' brought forward balances).

The Authority has received grant funding of £27k under a Section 31 Grant Determination to support the build-back of assurance. The government has set out its expectation that local authorities and audit firms work closely together to enable this build back to happen. We are currently piloting an approach at other local authorities which is intended to remove the disclaimer from future audit reports.

Timely preparation of draft accounts and high quality supporting working papers is fundamental to the success of audit closedown. We look for all local authorities to prioritise this in enabling the sector to return to balance. In addition, agreeing timescales for build back work will also be key.

Regaining assurance (continued)

The below is a simplified illustration of how assurance might build over the coming years' audits:

R	No assurance
A	Partial assurance
G	Adequate assurance

2024/25 audit process

	23/24	24/25	
CIES	G	G	Assurance over transactions in both years
PPE	A	A	Assurance gained over valuations at 31/03/24
Pensions	A	A	Assurance gained over 2025 actuarial process
Other assets & liabilities	G	G	Assurance over balances at both year-ends
Reserves	R	R	No assurance over reserve balances at 31/03/24

2025/26 audit process

	24/25	25/26	
CIES	G	G	Assurance over transactions in both years
PPE	A	G	Assurance gained over valuations at 31/03/25
Pensions	A	G	Triennial valuation of WYPF completed and reported
Other assets & liabilities	G	G	Assurance over balances at both year-ends
Reserves	R	R	No assurance over reserve balances at 31/03/24

Reserves balances

The Authority is required to present its reserves balances in a prescribed manner, with distinct balances arising from statutory requirements and ringfences. These reserves are complex, and have no audit assurance for the prior year. In addition to this gap in assurance, there are further risk factors to consider.

We will discuss with the Director of Finance and Procurement how re-assurance can be best achieved at your authority, including the appropriate timing of further audit work. Due to the additional risk factors discussed above, it may not be possible to recover assurance over these balances through audit procedures alone.

Fire and Rescue Sector Update

Public services including Fire are changing. Deficiencies identified in building safety combined with tightening funding envelopes require a continuing drive to achieve greater efficiency in the delivery of public services. Public expectations of the service continue to rise in the wake of recent high-profile incidents, and there continues to be a drive for greater collaboration between wider blue-light services

Our sector update provides you with an up-to-date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, Fire authorities nationally and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

More information can be found on our dedicated public sector and fire sections on the Grant Thornton website by clicking on the logo below:



Grant Thornton Publications
Insights from sector specialists
Accounting and regulatory updates

Transfer from Home Office to MHCLG

Sir Keir Starmer announces Machinery of Government change (February 2025)

On 4 September 2024, Sir Keir Starmer announced that the Government would respond in full to the Grenfell Phase 2 inquiry report within six months. In response to one of the recommendations from the report, on 13 February 2025, the Prime Minister confirmed that responsibility for fire will move from the Home Office to the Ministry of Housing, Communities and Local Government (MHCLG).

This change will bring responsibility for building safety and fire under a single Secretary of State, providing a more coherent approach to keeping people safe from fire in their homes.

The Home Office will retain management of the Airwave Service Contract on behalf of the MHCLG and will remain responsible for the Emergency Services Mobile Communications Programme and His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS).

This change will be effective from 1 April 2025. The Government will respond to the full report in due course.



Home Office



Ministry of Housing,
Communities &
Local Government

Wider sector updates

A briefing for audit committees on the wider sector updates across Public Sector Audit, Financial Reporting and the responsibilities of Audit Committee members

Local audit reform

For government in England to really access the potential benefits that devolution may bring, there needs to be certainty that accountability and transparency can be maintained at local level. This looks likely to mean a complete overhaul of the current local audit system.

In December 2024, the Ministry of Housing, Communities and Local Government (MHCLG) published a green paper around local audit reform. In the consultation, the government recognised that just 1% of accounts for 2022/23 were published on time, and that whilst there have been calls since 2018 for a separate, dedicated, specialist local audit body to be established, there has been no such body in place since the Audit Commission was disbanded in 2015.

The consultation has now closed, and primary legislation is likely to be introduced in May 2025. The ambition is to establish a new Local Audit Office in the Autumn of 2026 and for the Local Audit Office to begin contract management and other elements of a new oversight role by 2028.

The government has committed that when it arrives, the new Local Audit Office (“LAO”) will:

- Be statutory and independent, with a remit to streamline and simplify the system;
- Assume the functions of appointing and contracting auditors for local authorities (meaning that authorities would no longer have the power to appoint their own auditor);
- Adopt ownership of the Code of Audit Practice from the NAO and deliver relevant training;
- Hold responsibility for quality oversight of local audit, including overseeing an inspection programme, enforcement and some elements of supervision;
- Publish national insight reports on local audit health, which could include emerging trends, quality, market sustainability, VFM arrangements and statutory recommendations and public interest reports; and
- Oversee professional bodies with regard to their remit for the qualification, registration and conduct of local auditors.

MHCLG describes the current system as “complex and dysfunctional” and “broken” but states that it is “determined to get the house in order”. To a large degree, the future of local audit will depend on the extent to which the new body is given appropriate scope, powers and responsibilities. We are contributing actively to stakeholder groups and will work constructively with the new body as it comes into existence.

For a full copy of MHCLG’s intentions, see [Statement of intent and consultation](#)

MHCLG statement on the backlog:

1 % audited accounts published on time 2022/23

Source: MHCLG green paper, December 2024

Local audit reform

On 9 April 2025, the government published [Local audit reform: Government response to the consultation to overhaul local audit in England - GOV.UK](#)

Recognising that a backlog in local audit sign off of nearly 1,000 audits had impacted on local accountability and transparency, the purpose of the consultation was to rebuild a system of local audit, ensuring that audited accounts are published on time and that trust and confidence in how local authorities are spending their money is restored. Grant Thornton welcomes the reforms which we believe are much needed.

The key outcome of the consultation is the decision to proceed with the establishment of a new Local Audit Office (LAO) with effect from 1 April 2026. Further details are set out below.

Local Audit Office – Core Principles

Value for Money: providing confidence for stakeholders that proper arrangements are in place

Transparency of the sector's financial health and VfM arrangements

Capacity and capability: A sustainable and resilient audit market with access to the right expertise

External scrutiny which challenges and drives improvement

Professionalism: building a sector attractive to auditors

Proportionality: local audit that is proportionate and relevant, from regulations to governance

Stronger accountability: high standards of financial reporting to promote public accountability

Timely: High quality accounts which are produced on a timely basis.

Impacts for local authorities

- A mandatory requirement for at least one independent Audit Committee member at each authority
- Mandatory reporting of the Auditor's Annual Report to Full Authority
- The introduction of a Local Public Accounts Committee, following the central government model
- The strengthening of Internal Audit capacity.

The future of financial reporting

The government's consultation on local audit reform also included consultation on the future of local government financial reporting and accounts. The government's December 2024 statement of intent and consultation committed to:

- Review the content and format of accounts;
- Determine an appropriate approach to consistency across the UK;
- Consider primary legislation to separate pension fund accounts from administering authority accounts;
- Guarantee a freely available Accounting Code; and
- Consider the introduction of standardised statements in the longer term.

Work is intended to include ensuring that the accounting code does not require more disclosures than are necessary and to consider the purposes and users of local authority accounts. The statement of intent highlighted that timeliness, comprehension (understandability) and professional capability (capacity) have all been issues in the past, culminating in just 1% of audited accounts being published on time for 2022/23.

Grant Thornton's track record is strong (84% of unqualified opinions for 2022/23 signed by the 13th December 2024 backstop date), but we welcome the government's new commitments. Better timeliness and more comprehensible reporting across the sector will strengthen accountability and transparency and lead to a firmer platform for decision-making and devolved delivery.

13th December 2024 backstop performance – Grant Thornton compared to sector pre-backstop performance

Sector: % audited accounts published on time (pre-backstop dates being set)	1
Grant Thornton: % 2022/23 opinions signed by the 13th December 2024 backstop date	84
Grant Thornton: % 2022/23 VFM Auditor Annual Reports published by the 13th December 2024 backstop date	99

In the meantime, with the 28th February 2025 backstop date now passed for 2023/24 statements of accounts, many have now turned their attention to getting ready for 2024/25 financial reporting. Unaudited accounts for 2024/25 were required to be published by 30th June this year. The backstop publication date for the audited 2024/25 accounts is 27th February 2026.

For a full copy of the statement of intent and consultation, see [Statement of intent and consultation](#)

For the Accounts and Audit Regulations 2024, see [The Accounts and Audit \(Amendment\) Regulations 2024](#)

Audit Committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

Public Sector Internal Audit Standards

<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

Code of Audit Practice for local auditors (NAO):

<https://www.nao.org.uk/code-audit-practice/>

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):

<https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/>

The Three Lines of Defence Model (IAA)

<https://www.theiaa.org/globalassets/documents/resources/the-iaas-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

Audit Committees: Practical Guidance For Local Authorities And Police

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

Delivering Good Governance in Local Government

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

Financial Management Code

<https://www.cipfa.org/fmcode>

Prudential Code

<https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition>

Treasury Management Code

<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition>

Accounting Update – IFRS 16

A briefing for audit committees on the implementation of IFRS16

IFRS 16 - Leases

Lessee accounting up to 31 March 2024

Until April 2024, when the Fire and Rescue Authority gained the use of an asset under a lease agreement, it had to determine whether it was a finance lease or an operating lease. The distinction was based on which entity had substantially all the risks and rewards of ownership. It was important because finance leased assets were deemed capital and accounted for on the Authority's balance sheet, whereas operating lease costs were charged to expenditure over the life of the lease.

Lessee accounting from 1 April 2024

From the adoption of IFRS 16 leases on 1 April 2024, the distinction between operating and finance leases for lessees has been removed. Now all leases, apart from those that are deemed low value or short term, are accounted for on balance sheet by lessees.

Asset and liability recognised

Under IFRS 16, lessees recognise their right to use an asset and also a liability for the present value of the total amount the lessee expects to pay over the period of the agreement. Initially, the right of use asset and the liability are usually recognised at the same value, unless there have been any relevant payments before the start of the lease.

After initial recognition, the right of use asset is valued the same way as owned assets of a similar type and the liability is increased for interest due or changes in expected payments due to the application of a rate or index such as RPI, and decreases over time based on amounts paid.

Public sector adaptation

In the public sector, the definition of a lease has been extended to include the use of assets for which little or no consideration is paid, often called “peppercorn” rentals. This is one instance where the right of use asset and associated liability are not initially recognised at the same value. For peppercorn rentals, the right of use assets are initially recognised at market value and any difference between that and the present value of expected payments is accounted for as income, similar to the treatment of donated assets.

IFRS 16 - Leases

Judgements required

Most of the information needed to determine the appropriate figures for the accounts will come from the lease agreement. However, sometimes judgements may need to be made by management. Such judgements may include:

- determining what is deemed to be a low value lease. This is based on the value of the underlying asset when new and is likely to be the same as the authority's threshold for capitalising owned assets.
- determining whether an option to terminate or extend the lease will be exercised. This is important as it affects the lease term and subsequently the calculation of the lease liability based on the expected payments over the lease term.
- where the interest rate cannot be readily determined, the Fire & Rescue Authority's incremental borrowing rate should be used. There are judgements entailed in how this should be determined given that as per the Code it needs to reflect term, security, and the value of the asset.
- the valuation of the right of use asset after recognition. An expert valuer may be required to support management in this.

Lessor accounting

IFRS 16 has preserved the distinction between finance and operating lease accounting for lessors. The key things that lessors need to be aware of are:

- assets leased out for a peppercorn rental should be treated as finance leases if they have, in substance, been donated to the operator.
- if the asset is sub-let, the consideration of whether the sub-lease is a finance lease or an operating lease takes account of the value and duration of the head lease rather than the value and life of the underlying asset.

IFRS 16 - Leases

Questions to consider

Questions for fire bodies to ask themselves include:

- How have you gained assurance on completeness, that you have identified all your leases including those for a peppercorn rent?
- Have you set your threshold for low value leases?
- How have you identified all options to terminate or extend existing leases and assessed the lease term on the basis of the likelihood you will exercise them?
- Have you reconciled your operating lease commitments as disclosed in your 31 March 2023 accounts under IAS 17 to your lease liability under IFRS 16 on 1 April 2024?
- How have you gained assurance that right of use assets are carried at the appropriate value at the balance sheet date?
- If you are an intermediate lessor, have you reassessed whether the leases out are finance or operating leases with reference to the terms of the head lease?
- Have you updated your systems to ensure that the budgetary and accounting impact of all leases is identified in a timely and effective manner.