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Agenda item: 06

Abridged Performance Management Report

Audit Committee

Date:	24 April 2026
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 15 February 2026

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 There are no Risk Management Implications arising from this report

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

10.1 There are no duties to collaborate identified in 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:

- 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.



West Yorkshire
Fire & Rescue Service

Abridged Performance Management Report

Audit Committee



Making West Yorkshire Safer
www.westyorksfire.gov.uk

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	15 February 2026

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	15 February 2025
3 Year Average Comparison Period	01 April 2024 01 April 2023 01 April 2022	15 February 2025 15 February 2024 15 February 2023
Colour Key	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; background-color: #cccccc; padding: 2px 5px;">Positive Arrows</div> <div style="border: 1px solid black; background-color: #ff4500; padding: 2px 5px;">Negative Arrows</div> </div> <div style="display: flex; justify-content: space-around; align-items: center; margin-top: 5px;"> <div style="border: 1px solid black; background-color: #0056b3; color: white; padding: 2px 5px;">Positive Charts</div> <div style="border: 1px solid black; background-color: #ff4500; color: white; padding: 2px 5px;">Negative Charts</div> </div> <p style="font-size: small; margin-top: 10px;">*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>	

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.

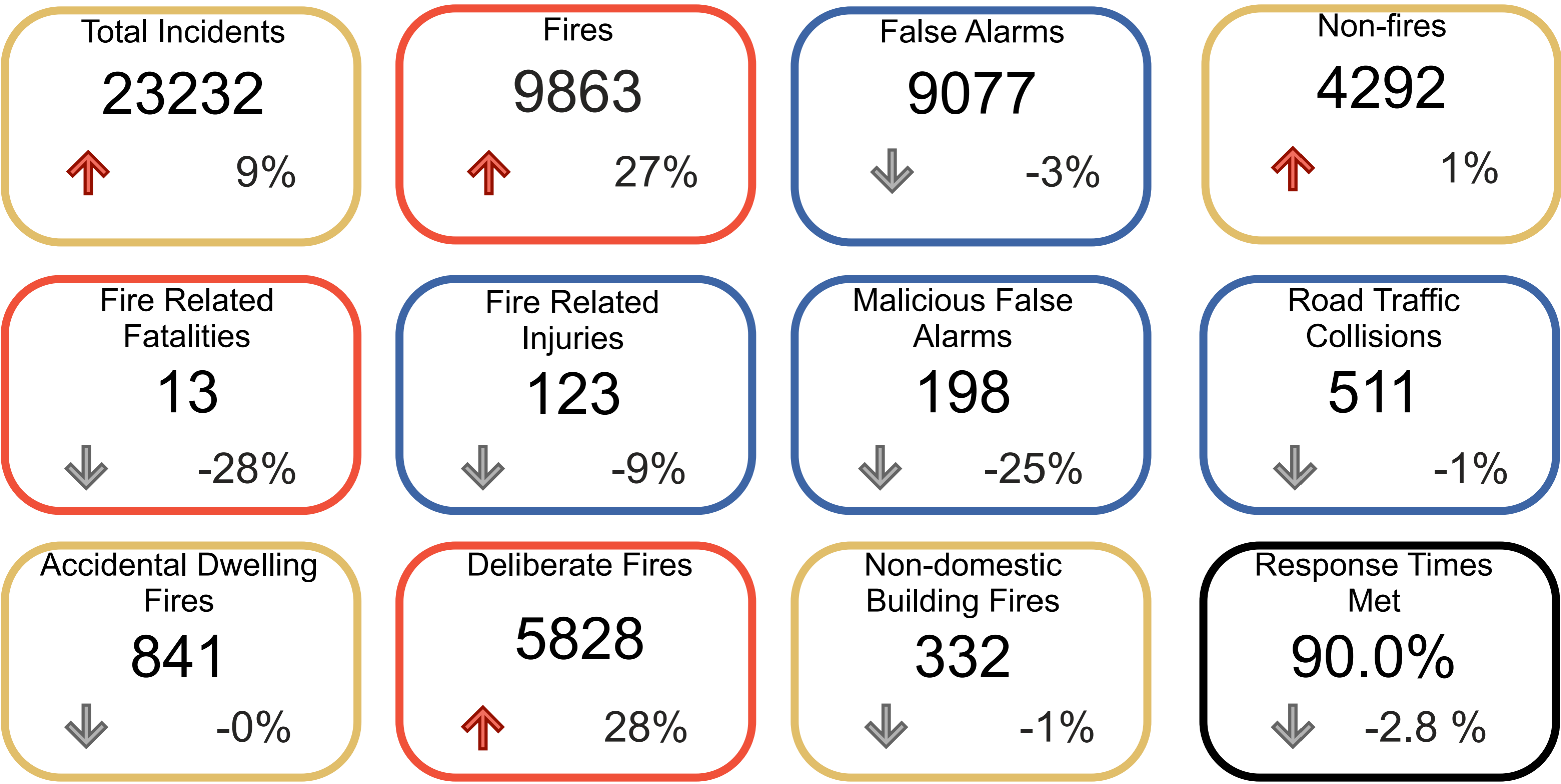
This report is comparing: 01 April 2025

15 February 2026

Against: 01 April 2024

15 February 2025

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



Monthly 3 Year Average

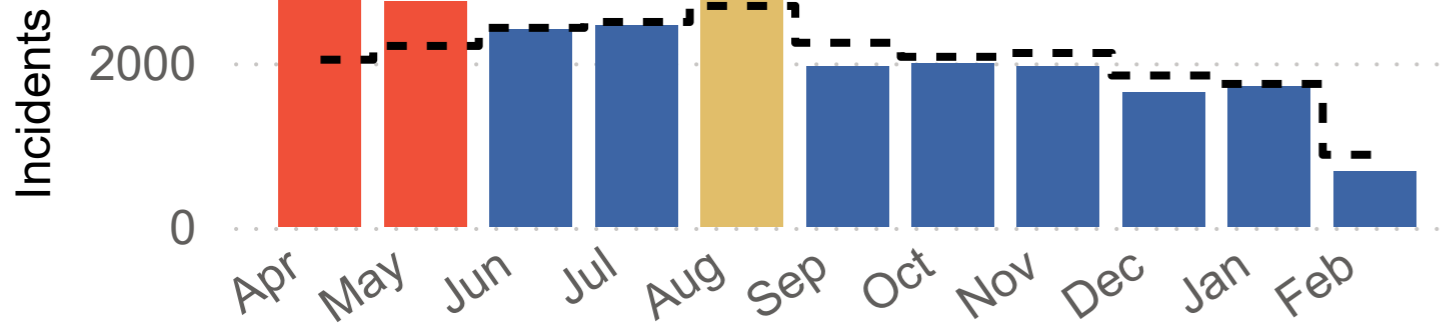
District, Ward

01 April 2025

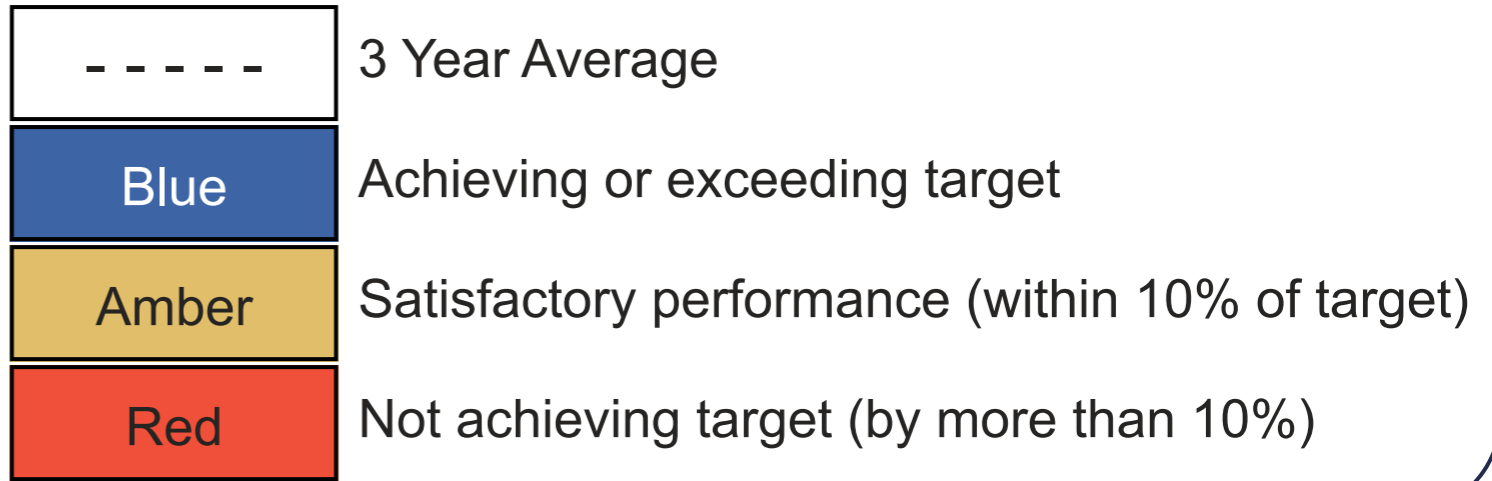
15 February 2026

All

Total Activity

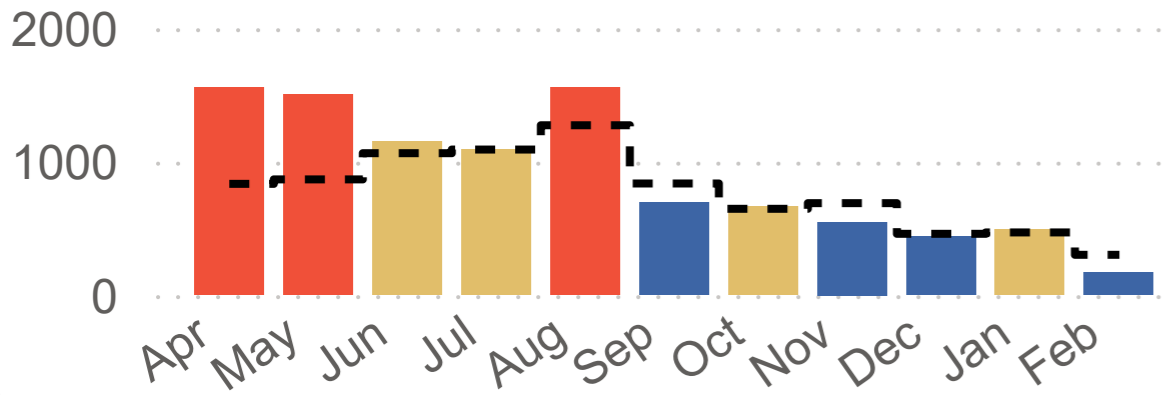


Legend:

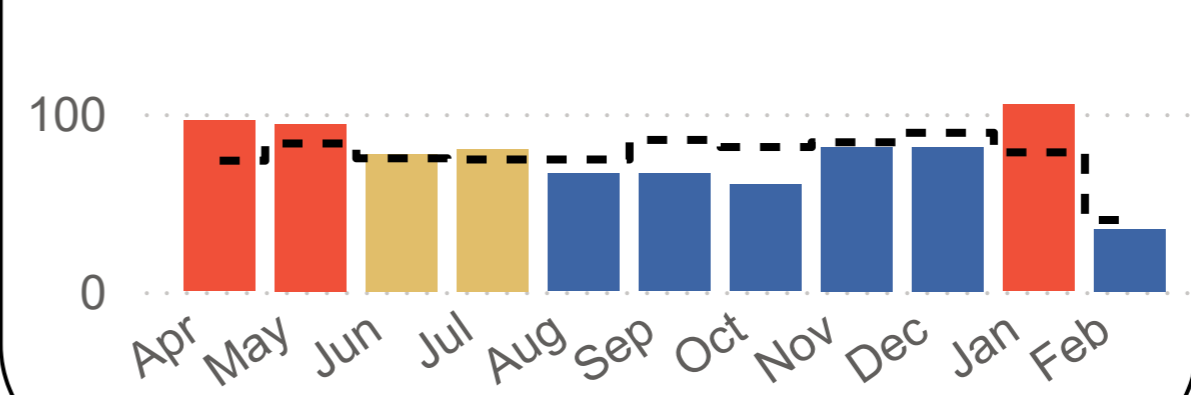


Fires

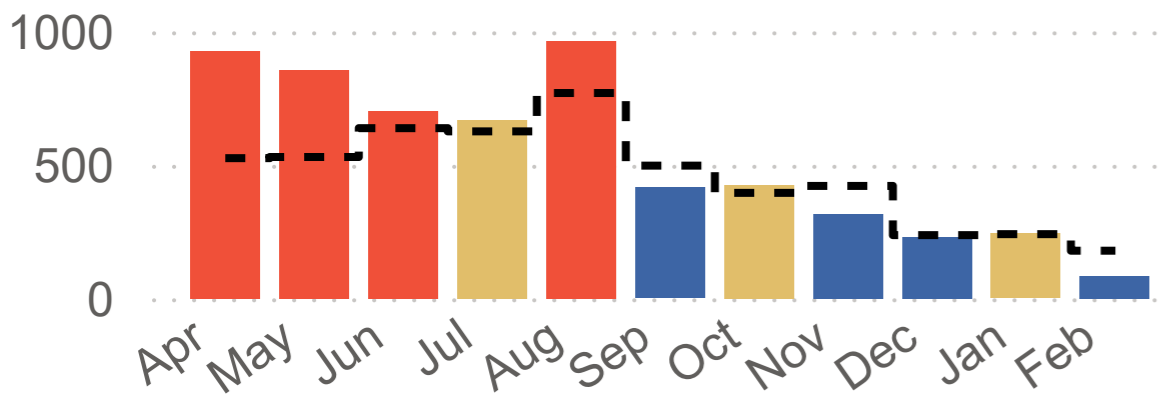
Fires



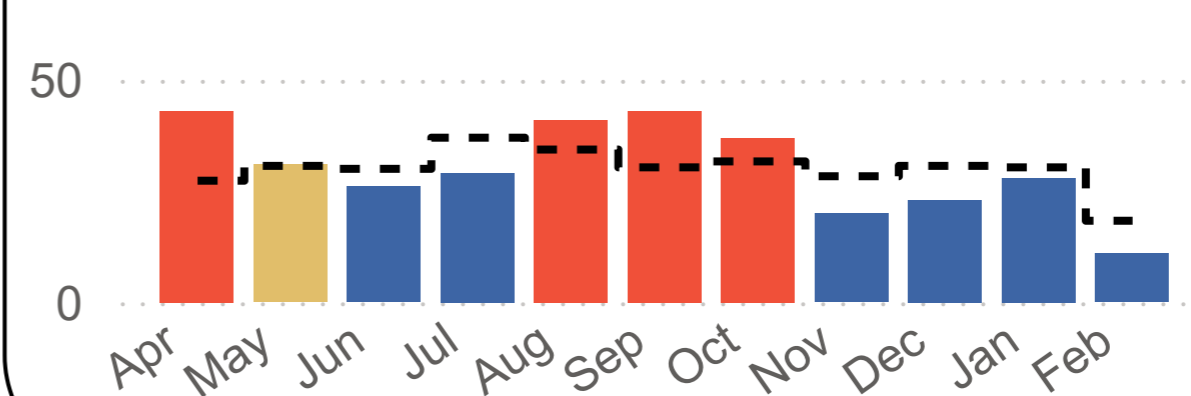
Accidental Dwelling Fires



Deliberate Fires

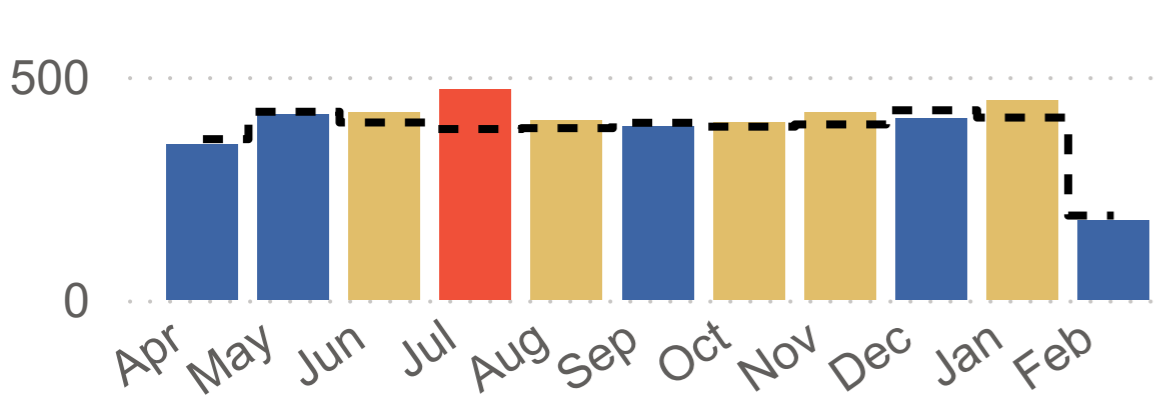


Non-domestic Building Fires

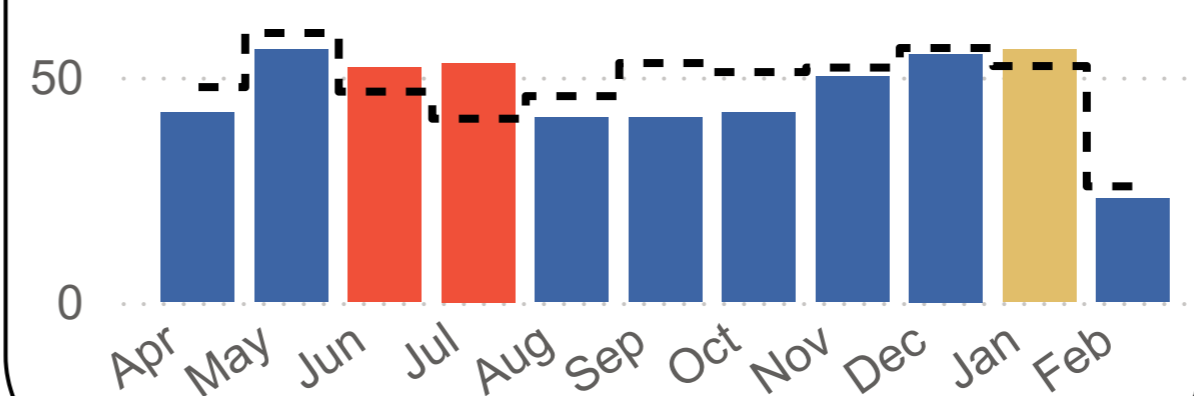


Non-fires

Non-fires



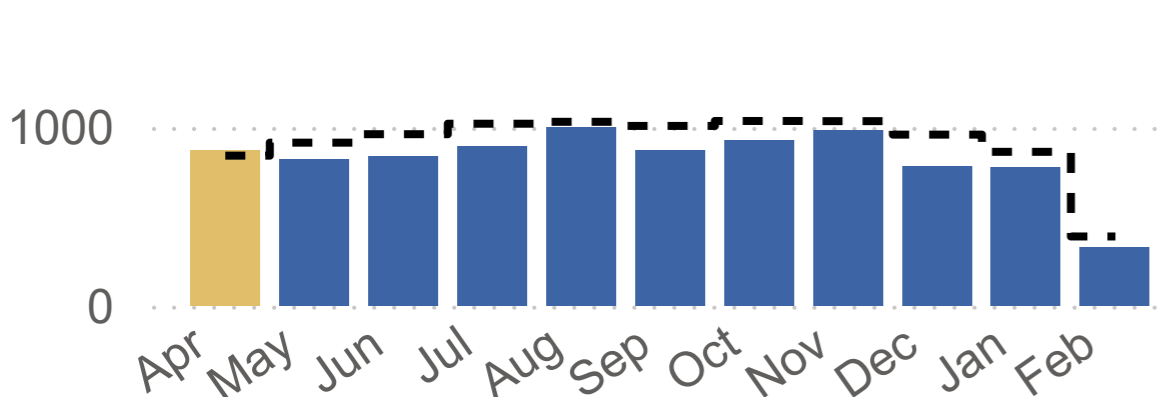
Road Traffic Collisions



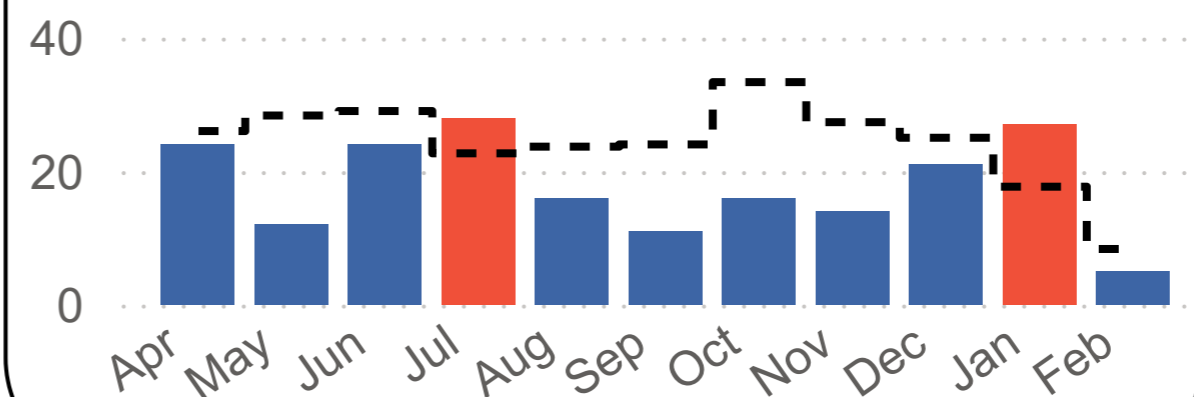
*Road Traffic Collisions are a subset of Non-fires

False Alarms

False Alarms



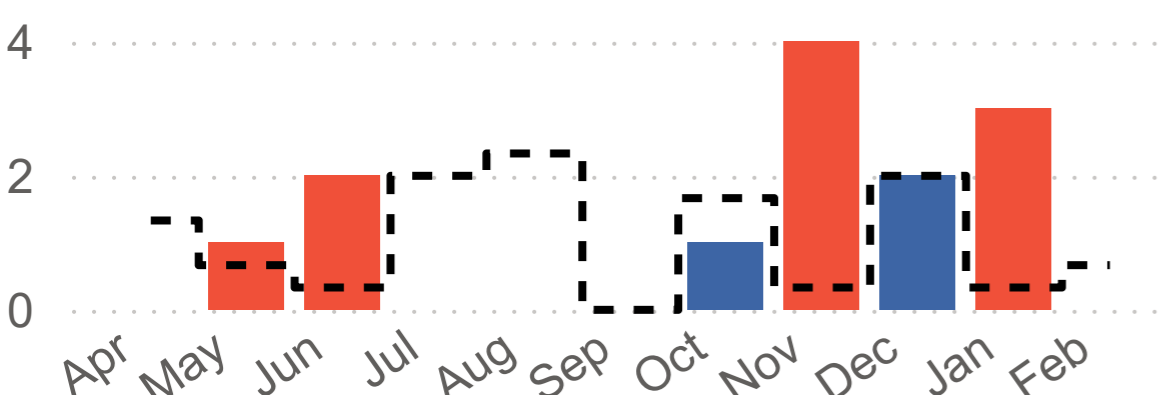
Malicious False Alarms



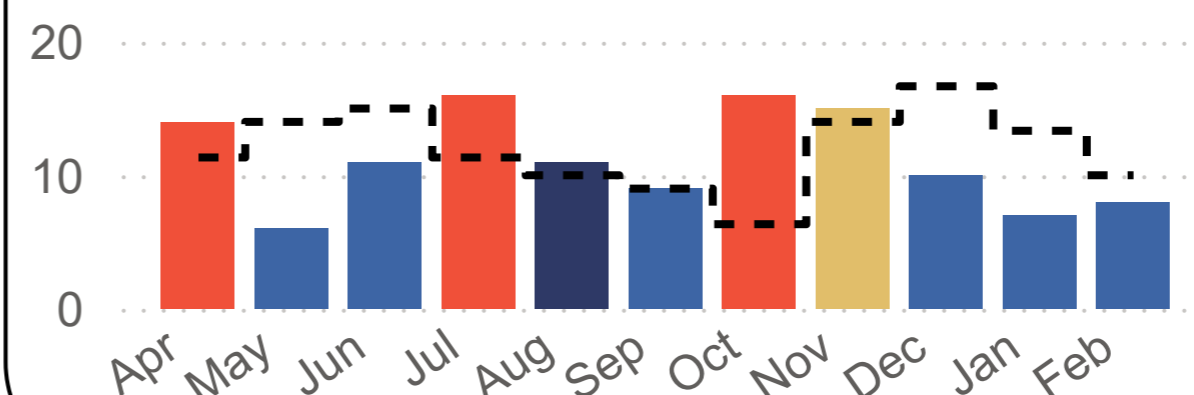
*Malicious False Alarms are a subset of False Alarms

Fire Related Injuries and Fatalities

Fire Related Fatalities



Fire Related Injuries



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Agenda item: 07

Risk Management Strategy Group Update

Audit Committee

Date:	24 April 2026
Submitted by:	Director of Corporate Services
Purpose:	To report risk management activity and developments reported to Risk Management Strategy Group (RMSG) in March 2026 and highlight any future risks or risk related areas.
Recommendations:	That Members note the report
Summary:	The overall responsibility of the RMSG is to maintain the Authority's risk management capabilities and to develop strategies to effectively manage new and existing risks. The RMSG meet on a quarterly basis, and the group is chaired by the Deputy Chief Fire Officer/Director of Service Delivery. The RMSG is one element that supports the Authority's Code of Corporate Governance in terms of risk management and internal control.

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Exemption Category:	None
Contact Officer:	John Tideswell, Risk Management Officer. john.tideswell@westyorkshire.gov.uk ; T: 01274 682311
Background papers open to inspection:	Risk Management Strategy and Policy
Annexes:	None.

1. Introduction

- 1.1 The Authority's Risk Management Strategy and Policy provide a clear and defined strategy to enable risk management objectives to be met.

The Risk Management Strategy Group (RMSG) has the responsibility of maintaining the Authority's risk management capabilities and developing strategies to effectively manage new and existing risks. The group meet every three months at which time a summary of risk reviews that have occurred in the past three months is provided by each risk owner.

- 1.2 The group is also responsible for sharing and promoting experience of risk management and strategies across the Authority.

2. Information

- 2.1 The Risk Management Strategy Group last met in March 2026. The Audit Manager from Kirklees Council attends RMSG meetings and provides an update on recent internal audit activity.

- 2.2 Below is a summary of key areas:

- Between the December 2025 and March 2026 RMSG meetings, 30 risks have been reviewed by their respective owners.
- A review of the Risk Management Strategy and Policy and the relating management system/arrangements commenced in March 2025. As part of this review the current 'foreseeable' risk register is also being reviewed with the aim of combining risks on this register with the current corporate risk matrix if they are of a strategic/significant level. A scope and action plan for this piece of work has been created, and progress/ proposals will be submitted to each RMSG meeting during the next 12 months. Any significant changes to the risk management system/strategy/policy/register, will be submitted to Audit Committee for review/approval. This review also includes new processes for risk identification screening assessments and risk capability grading.
- An internal audit of the above revised risk management system will be included on the 2026/2027 Annual Audit Plan.
- The Risk Management Strategy and Policy will be updated to reflect the revised arrangements of the new risk management system, analysis, scoring and registers.
- An e-learning module relating to business continuity has been developed internally and issued to all staff to complete. This will also increase employee awareness of how risks and business continuity are linked.
- Risk 'HRVR1.S - Failure or significant delay in responding to requests and referrals for prevention home visits that have been assessed as high risk'. The likelihood has reduced. The measures to improve capacity and reduce demand on Prevention Officers have shown a significant impact on reducing cases considered overdue with a reduction of 80%. All overdue visits have been triaged and are being managed by the appropriate teams.
- We are monitoring the Middle East conflict routinely. Areas of acute concern relate to the ongoing supply of fuel and the inflationary pressures around fuel and energy that will

likely arise if the conflict remains protracted. Other supply chain issues will also be monitored.

2.3 There are currently 44 risks split between the following categories. The table below shows movement over the past 12 months.

Risk Factor Score	June 2025	September 2025	December 2025	March 2026
Very High (15-25)	6 (VACC1.S UP)	6	7 (GIAT1.S NEW)	7
High (9-14)	18 (PRMS1.S DOWN)	19 (PLOS1.S UP)	19	18
Medium (4-8)	19 (ECON1.S DOWN)	18	18	19 (HRVR1.S DOWN)
Low (1-3)	0	0	0	0
Total number of risks	43	43	44	44

The 7 'very high' risks are:

- LRGG1.S - Loss or reduction in government grant.
- WAFL1.S - Wide area flooding and swift water rescue.
- MTAE1.S - Responding to a marauding terrorist attack event.
- PAY1.S - Pay increases in excess of the amount included in contingencies.
- CYBS1.S - A digital attack or an unauthorised attempt to access WYFRS systems that impacts on the integrity, confidentiality, or availability of systems and/or the information within them.
- VACC1.S - Vehicle accidents causing death, injury, repair costs, unavailability and reputational damage.
- GIAT1.S - Global insecurity leading to threat of conflict. Particular focus on European context with possibility of hostile events, affecting UK interests.

All risks on the corporate risk matrix are reviewed at least once per year, which includes their relating mitigating actions/control measures.

3. Financial Implications

There are no financial implications arising from this report.

4. Legal Implications

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

There are no human resources and diversity implications arising from this report.

6. Equality Impact Assessment

Are the recommendations within this report subject to Equality Impact Assessment as outlined in the EIA guidance?:

No

7. Health, Safety and Wellbeing Implications

There are no health and safety, wellbeing implications arising from this report.

8. Environmental Implications

There are no environmental implications associated with this report.

9. Your Fire and Rescue Service Priorities

This report links with the Community Risk Management Plan 2025 - 2028 strategic priorities below:

- 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 well-being of our people.

10. Conclusions

That Members note the report.

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Agenda item: 08

Service Improvement and Assurance Team (SIAT) Update

Audit Committee

Date:	24 April 2026
Submitted by:	Director of Corporate Service
Purpose:	To update Members on the work the SIAT have completed since the last report in 2025
Recommendations:	That Members note the contents of the report
Summary:	This report provides Members of the Audit Committee with information regarding the internal and external assurance processes of West Yorkshire Fire and Rescue Service.

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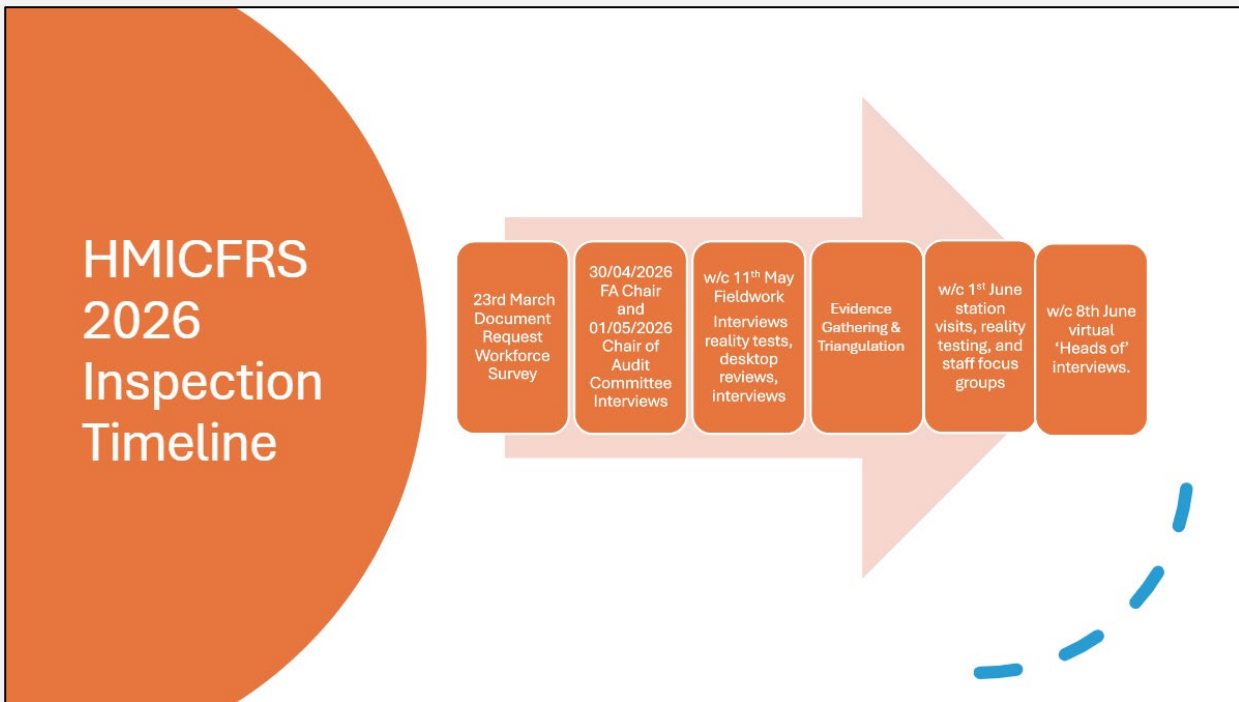
Exemption Category:	None
Contact Officer:	Judi Haigh – SIAT Manager/HMICFRS SLO Judith.Haigh@westyorkfire.gov.uk>
Background papers open to inspection:	None
Annexes:	Annex A HMICFRS Action Plan Update

1. Introduction

1. The Service Improvement and Assurance Team (SIAT) provides assurance to the Executive Leadership Team and the Fire Authority. This assurance covers internal and external inspection activity, Fire Standards compliance, organisational learning, and organisational assurance. SIAT's work supports compliance with the National Framework and provides confidence that gaps in assurance are identified, monitored, and managed.

2. His Majesties Inspectorate for Constabulary and Fire Rescue Services (HMICFRS)

- 2.1 Following our Round 3 inspection 7 areas of improvement were identified an update of the progress towards these can be seen in Annex A.
- 2.2 Our next round of inspection has now started and in preparation a series of internal 'Journey to Outstanding' activities have been undertaken. The Journey to Outstanding workstream provides a structured, evidence-based approach to driving continuous improvement across West Yorkshire Fire and Rescue Service in preparation for, and beyond, HMICFRS inspection. It uses the HMICFRS Characteristics of Good as a consistent framework to assess where the Service is already demonstrating strong practice, where further development is required, and where innovation or additional focus is needed to achieve outstanding performance.
- 2.3 Through a programme of workshops, benchmarking against other Fire and Rescue Services, and structured review of inspectorate feedback, the workstream captures clear strengths and development areas across key themes such as risk and prevention, values and culture, leadership, health and wellbeing, fairness and diversity, efficiency and collaboration.
- 2.4 Our FRS 2025-2027 inspection will follow the timeline below:



3. Fire Standards

3.1 We continue to use a **Three Lines of Assurance** approach to assess compliance with Fire Standards. This approach considers:

- risk,
- priority, and
- overall assurance opinion for each desired outcome.

3.2 SIAT works closely with Fire Standard owners to provide structured and consistent assurance.

3.3 WYFRS contributes to national assurance activity through the NFCC Internal Assurance and Governance Forum, sharing learning and good practice.

3.4 The Fire Standards follow a routine cycle of reviews to ensure they remain current, relevant and fit for purpose. As part of the review, the Protection Standard underwent public consultation due to the number and significance of proposed changes. In contrast, amendments to the Data Management Standard were minimal and did not require consultation. The Operational Competence, Operational Preparedness, Emergency Response Driving, Fire Investigation and Community Risk Management Planning Fire Standards have all been reviewed over the last 12 months.

4. Organisational Learning

4.1 In line with national guidance, the Service has transitioned from an operational learning model to a wider organisational learning approach.

- 4.2 We are currently creating an Organisational Learning Hub (OLH). The OLH is envisioned as a centralised centre for collecting, sharing, and coordinating all organisational learning, drawing from a wide spectrum of sources such as evaluations, operational debriefs, incident reviews, and self-assessment processes from across the service.
- 4.3 The core aim of the OLH is to embed a robust culture of continuous improvement in WYFRS, ensuring that lessons learned are not only captured and retained, but systematically analysed and disseminated. Through this approach, the Hub will directly support evidence-based decision-making and ongoing service enhancement, helping to drive operational excellence, encourage innovation, and reinforce public safety across all areas of the organisation.
- 4.4 Recognising organisational learning as an essential foundation for operational excellence, cultural growth, and enhanced public safety. The establishment of the Organisational Learning Hub, alongside the Organisational Readiness Programme, marks a significant step toward ensuring that valuable lessons and insights are systematically captured, rigorously analysed, and effectively applied. By creating clear pathways for learning to inform and influence future decision-making, WYFRS aims to cultivate an environment where reflective practice drives both innovation and strategic improvement.

5. One Data Collection

- 5.1 As part of our assurance activity, we have identified that a significant volume of data is routinely submitted to external bodies (HMICFRS and the Home Office) but is not consistently retained or utilised internally to inform our own practices.
- 5.2 To address this, we are undertaking a *One Data Collection* project to consolidate this information into a single Power BI database, enabling threeyear comparative analysis. Initially, this will be a manual process, with the intention that it will be incorporated into our OneView data platform in the future This project aims to amalgamate several data sources into one central data source for WYFRS to improve efficiency and effectiveness. The expected benefits include organisational confidence in the data we collect and submit as well as a reduction in time spent collecting data.

6. Self-Assessment

- 6.1 Self-assessment has been temporarily paused to manage the volume of assurance activity and allow clear identification of gaps, after which it will be refocused to provide targeted and proportionate assurance. The self-assessment process will be utilised as a systematic gap analysis tool, enabling the service to map current practices against established standards and expectations. This approach involves reviewing operational, procedural and strategic elements to pinpoint areas where further improvement or compliance is required. By conducting this comprehensive

gap analysis, the service is able to prioritise assurance activity, ensuring resources are directed towards those areas with the greatest need. Once gaps have been clearly identified, the self-assessment process will be reinstated with a focus on delivering targeted assurance that is both proportionate and effective, supporting ongoing organisational improvement and best practice across all service functions.

7. Reality Testing 06/05/2025 – 27/02/2026

7.1 Between May 2025 and December 2025, two reality tests were completed using the established framework. These tested Service response to complex incidents and generated learning outcomes.

- House fire – cross border in North Yorkshire
- Rescue car in water (RTC)

7.2 Through 2025, a full review of the reality testing framework and documentation was completed. Learning and feedback from the established process was reviewed in line with the move to organisational learning and further development of the internal self-assessment processes. A revised processes was introduced, and four further reality tests were initiated in 2026

- Telecoms mast
- Dangerous structure
- Body Recovery
- Standedge Tunnel fire

7.3 Reality testing responsibility has now transitioned to the Operational Learning Team. At the point of transition, some actions and reports remained in progress.

8. Legal Implications

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

9. People and Diversity Implications

9.1 There are no people or diversity implications arising from this report at the time of submission.

10. Equality Impact Assessment

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

11. Health, Safety and Wellbeing Implications

11.1 There are no Health and Safety implications from this report at the time of submission.

12. Environmental Implications

12.1 There are no Environmental implications

13. Risk Management Implications

13.1 SIAT activity strengthens the Service's risk management arrangements by providing independent assurance that organisational risk are identified, monitored and mitigated through robust governance, inspection readiness and continuous improvement.

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

14.1 Through the co-ordination of assurance, inspection readiness and organisational learning activities which support effective collaboration.

15. Your Fire and Rescue Service Priorities

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

- 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 well-being 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.
- Further develop a culture of excellence, equality, learning, and inclusion.

16. Conclusions

16.1 Audit Committee are asked to note the assurance processes WYFRS have in place.

Round 3 HMCFR Areas of Improvement					
Ref	Action	Due Date	Progress	Update	Fire Standard link
Effectiveness					
Prevention	Address the backlog of safe and well visits -The prevention visit backlog has also increased from 839 in 2021/22 to 1,211 in 2022/23. At the time of our inspection, we found high-risk cases that had been waiting for a safe and well visit for over five months.	30.01.25	Behind Schedule	11.03.26 Recruitment and training is continuing for new prevention officers. 13 officers are currently available to deliver visits. This will increase to 15 by the end of the month. Overdue visits now make up less than 20% of all cases compared to 70% in Oct 25. All overdue cases have been triaged. Training has been delivered to prevention officers on quality assurance and quality checking process to be adopted. SDAH are now undertaking quality checking of visits. Kirklees are auditing the effectiveness of our queue management.	Prevention 1 Prevention 2
Prevention	Deliver safe and well visits in a timely manner.	30.01.25	Self-certified complete	10.09.25 We have recruited four additional members of staff who are finishing off their training. We have upskilled a Service Delivery Hub to triage calls and booking for crews. We have implemented a new arson procedure. Although we still have a high caseload it is thought that these changes will improve our ability to deliver timely visits.	Prevention 1 Prevention 2
Protection	Auditing activity is aligned with its riskbased inspection programme - Although the service targets high-risk buildings, this is limited to hospitals, high-rise buildings and care homes. As a result, other high-risk buildings could be missed. The service has plans to address this through the introduction of an updated risk-based inspection programme from April 2024. We look forward to seeing the results during our next inspection. The Risk Based Inspection Programme will go to Community Safety Committee in	30.01.25	On Track	09.03.26 The RBIP was published in 2025 and approved at Community Safety Committee. This has now been embedded in to the Protection work. Each year we update the Fire Authority on the RBIP and we are currently updating the document and making it more public facing and user friendly. Together with these changes we are also going to extend the period of the RBIP to incorporate 2 full cycles of higher risk visits, this will better demonstrate the robustness of the plan. This updated document will be presented to the Authority on 10 April 2026 but will not impact the programmed work already underway.	Protection 1 Protection 5
Efficiency					

<p>Resources</p>	<p>Clear rationale for resources allocated - CRMP -The service needs to show a clear rationale for the resources allocated between prevention, protection and response activities. This should reflect, and be consistent with, the risks and priorities set out in its Community Risk Management Plan. The service could improve its succession planning.</p>	<p>20.06.25</p>	<p>Self-certified complete</p>	<p>23.09.25 A review of resources completed with release of new CRMP in July 2025. Ongoing work built into business as usual to monitor changes to LSOA and IMD changes with risk mapping. Recruited four additional members of staff who are finishing their training in prevention. Upskilled service delivery administrator hub to triage calls and booking for crews. 16 inspector apprentices and 5 business fire safety advisors have completed their first 12 months in protection. 5 trainees have started in control and two more coming in October.</p>	<p>CRMP 8</p>
<p>BC Testing</p>	<p>Business Continuity Testing - The service should make sure there is a testing programme for its business continuity arrangements, particular in high-risk areas of the service. Business Continuity schedules were unclear. We found that business continuity plans don't have set review dates.</p>	<p>30.01.25</p>	<p>On Track</p>	<p>11.03.26 All critical functions within BCPs have been reviewed and have been allocated a risk level (very high/high/medium/low). Test frequencies now relate to the risk level ranging from 6 months to 24 months. A standard test template has been created for use by all departments. The test programme now covers a two year rolling period. The new test process involving risk levels will now be reviewed for the year 2025 and further amendments or actions implemented if required. The gap analysis/action plan to fully implement the BC Strategy/Policy is ongoing. The BC performance for 2025 is currently being reviewed. The annual Business Continuity Management System review has been completed for 2025 and will be presented to the BC Group in March 2026. Peer reviews via the NFCC BC Group have been agreed and will be completed over the next two years. A summary report has been created for the Service Assurance Process which has not identified any significant areas for development. A review of the internal audit process will commence now Transport and Logistics have been audited by BSI. The testing cycle and process for Control, including fallback/evacuation testing will be reviewed again in March 2026, following the completion of four fallback tests at the new HQ site, and a number of real disruptive events over the last 12 months. The front cover on all BCPs has been reworded to avoid any confusion regarding test dates and future test dates. It was agreed by the BC Group that BCPs should be reviewed/updated as and when required as opposed to having a fixed review date for all department BCPs.</p>	<p>Leading the Service 3f</p>
<p>People</p>					

Feedback Mechanisms	<p>The service should assure itself that staff are confident using its feedback mechanisms - During our 2021 inspection, we identified as an area for improvement that the service should assure itself that staff are confident using its feedback mechanisms. The service has introduced and promoted the independent reporting line SaySo. This allows staff to raise concerns anonymously. However, many staff told us that they didn't have the confidence to use SaySo, as they were unsure how the process works and if it is confidential. therefore, this area for improvement will remain.</p>	30.01.25	Self-certified complete	<p>09.04.25</p> <p>In the calendar year from January to December 2024, 22 SaySo concerns were received across the organisation. This indicates that people are confident using the platform to raise concerns. Improved functionality has been requested on the platform to monitor how satisfied complainants are with the responses they receive.</p>	Leading the Service 3f
Working Hours	<p>05/08/2025 Project Commenced 08/04/2025 Annual Absence Review 09/03/2026 Supporting Good Attendance - The Digital People Programme has been established to identify and implement a replacement for AccessHR and Gartan Roster, with a single integrated system. The ambition is to procure enhanced functionality that can accurately track multi contract 23/06/2025 Secondary Employment - R Hawley and SBridon conducting detailed work on Secondary Employment in which trends have not currently been identified, the hours individuals are working are difficult to collect. Overtime in Control is not an issue at the moment. Proactively monitor working hours -The service should proactively monitor working hours (including overtime) to improve staff well-being.The service doesn't monitor staff who have secondary employment policy and don't work excessive hours. the service relies on individuals to declare any secondary employment and associated working hours. The working hours of those on dual contracts are monitored and recorded on two separate systems. The systems aren't connected, making it difficult for managers to monitor combined working hours.</p>	30.01.25	Behind Schedule	<p>09.03.26</p> <p>The Digital People programme has been established to identify and implement a replacement for AccessHR and Gartan Roster, with a single integrated system. The ambition is to procure enhanced functionality that can accurately track multi contract data and display in an more accessible format. This is scheduled to be implemented by 2028. As an interim as part of the Supporting Good Attendance project a review of all employees on long term sickness and modified duties cases has been undertaken to map against approved secondary employment records to understand if there are any trends. No pattern requiring action has been identified. Control headcount is currently staffed against establishment.</p>	Data Management 7a

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Agenda item: 09

Accounting Policies

Audit Committee

Date:	24 th April 2026
Submitted by:	Director of Finance and Procurement
Purpose:	To present the accounting policies that will be applied in the preparation and presentation of the 2025/26 Statement of Accounts.
Recommendations:	That members note the report
Summary:	It is considered good practice for the Audit Committee to review the proposed accounting policies to be used in the preparation of the Authority's Statement of Accounts.

Local Government (Access to information) Act 1972

Exemption Category:	Nil
Contact Officer:	Alison Wood, Director of Finance and Procurement, Alison.wood@westyorksfire.gov.uk 07500 075362

Background papers open to inspection:	CIPFA Accounting Code of Practice
Annexes:	Accounting Policies 2025/26

1. Introduction

- 1.1 The Statement of Accounts summarises the Authority's transactions for the 2025/26 financial year and its position at the year end of 31 March 2026.
- 1.2 The Authority is required to prepare an annual Statement of the Financial Accounts as per the Accounts and Audit Regulations 2015. These regulations require the Financial Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in 2025/26 and the Service Reporting Code of Practice 2025/26 supported by International Financial Reporting Standards (IFRS).
- 1.3 It is a requirement that the Authority's draft set of the Statement of Accounts 2025/26 be published on the Authority's website by the 30th of June 2026.

2. Information

- 2.1 Accounting policies are defined by the Code as "the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements".
- 2.2 As a starting point in selecting its accounting policies, the Authority uses the example policies set out in the CIPFA Code of Practice guidance notes. However, the policies are then tailored to meet the Authority's own needs and circumstances. The policies settled upon should cover all material transactions and balances (e.g. revenue recognition, non-current assets, and retirement benefits) and should be followed in practice.
- 2.3 Policies do not need to be disclosed in respect of immaterial transactions or balances, or where they are not applicable to the Authority. The policies are reviewed and, if necessary, updated annually to reflect changes to the Code, accounting standards or statutory guidance.
- 2.4 The policies which will be followed in the preparation of the 2025/26 Statement of Accounts are set out in Appendix A.
- 2.5 The financial accountant has completed a comprehensive review of the accounting policies and the majority of the changes are presentational and grammatical to bring the accounting policies in line with the wording in the CIPFA code.
- 2.6 The only CIPFA change to accounting policies in 2025/26 is the requirement to revalue assets every five years with annual indexation applied to assets during the four intervening years. This change is detailed on page 14.

For ease of reading, the changes from the policies used in the preparation of the 2024/25 accounts have been shown in red.

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. People 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 associated with this report.

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

10.1 There are no duty to collaborate implications associated with 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 In accordance with good accounting practice it is recommended that Members note the accounting policies that will be used during the preparation and production of the 2025/26 Statement of Accounts

General Principles

The Statement of Accounts summarises the Authority's transactions for the ~~2024/25~~ **2025/26** financial year and its position at the year-end of 31st March ~~2025~~ **2026**.

The Authority is required to prepare an annual Statement of the Financial Accounts as per the Accounts and Audit Regulations 2015. These regulations require the Financial Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in ~~2024/25~~ **2025/26** and the Service Reporting Code of Practice ~~2024/25~~ **2025/26**. This is supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The following accounting concepts have been applied and policies adopted in preparing the financial accounts:

Fundamental Accounting Concepts

The financial statements, other than cash flow information, are prepared on an accruals basis. This means that revenue and capital expenditure and income are recognised in the accounts in the period in which they are incurred or earned, not as money is paid or received.

Consistent accounting policies have been applied both within the year and between years unless otherwise identified.

The accounts have been prepared on a going concern basis, that is on the assumption that the Authority will continue to be in operational existence for the foreseeable future. The Director of Finance and Procurement is unaware of any material uncertainties relating to the Authority's ability to continue as a going concern.

The concept of materiality has been utilised so that insignificant items and fluctuations under an acceptable level of tolerance are permitted, provided in aggregate they would not affect the interpretation of the accounts.

Where specific legislative requirements and accounting principles conflict, legislative requirements are applied.

Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received in accordance with section 2.7 of IFRS 15. In particular:

- Revenue from the provision of services is recognised when the Authority can measure reliably the completion of the transaction.
- Supplies are recorded as expenditure when they are consumed.
- Expenses in relation to services received (including the services from employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowing is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance is written down and a charge made to revenue for the income that might not be collected.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of more than 24 hours. The Authority has deposits in financial institutions that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

Exceptional Items

~~Any exceptional items are included in the cost of service to which they relate or on the face of the Comprehensive Income and Expenditure Statement, if such a degree of prominence is necessary to give a fair presentation of the accounts. Details of such items are given in the notes to the accounts.~~

Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior year adjustments may arise from changes in accounting policies or from the correction of a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Material errors that are identified in prior period figures

are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the authority's financial position or financial performance. Where a change is made, it is normally applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Exceptionally, the 2025/26 Code provides that changes to the valuation of non-investment assets as set out in the Code will be applied prospectively, with no restatement of prior year figures.

Charges to Revenue for Non-Current Assets

Front line services and support services are ~~charged~~ debited with the following amounts to record the cost of holding fixed assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the loss can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, which is calculated by the Authority in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are replaced by a contribution in the General Fund Balance of Minimum Revenue Provision, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Accounting for council tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income

and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Employee Benefits

Benefits payable during employment

Short term benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year which employees render service to the Authority.

An accrual is made for the cost of holiday entitlements, accrued flexi time and time in lieu earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the deficit on the provision of services but then removed from the account, matched by a corresponding adjustment to the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Accounting for retirement benefits is carried out in line with International Accounting Standard 19 (IAS19). IAS19 requires an Authority to see beyond its commitment to pay contributions to pension funds and to determine the full longer-term effect that the award of retirement benefits in any year has had on the Authority's financial position. Inclusion of the attributable share of the fund assets and liabilities does not mean that legal title or obligation has passed to the employer, instead it represents the employer's commitment to increase contributions to make up any shortfall in attributable net assets, or its ability to benefit via reduced contributions from a surplus in the scheme.

IAS19 only applies to defined benefit schemes that are those where retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits.

The Authority participates in the following retirement schemes:

- 2015 Firefighters' Pension Scheme.
- Firefighters' Compensation Scheme (FCS).
- The Local Government Pension Scheme (LGPS).

The Government introduced a new pension scheme on the 1st April 2015, the 2015 Firefighters' Pension Scheme. Members of the 1992, 2006 and Retained Modified Schemes were transferred to the 2015 scheme with either no protection, tapered protection or had full protection in the existing schemes. From 1st April 2022 all Firefighters in active service transferred to the 2015 Firefighters Pension Scheme.

Firefighters' Compensation Scheme

Under the Firefighters' Compensation Scheme injury awards are payable to those Firefighters who have sustained a qualifying injury in the exercise of their duties as a firefighter which are paid from the Authority's revenue account.

Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is accounted for as a defined benefit scheme.

- The liabilities of the LGPS attributable to the Authority are included in the Balance Sheet on an actuarial basis using an assessment of the future payments that will be made in relation to retirement benefits.
- Earned to date by employees based on assumptions about mortality rates, employee turnover rates and projections of expected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate determined in the actuaries' assumptions.
- The assets of the LGPS attributable to the Authority are included in the Balance Sheet at their fair value.

The change in the net pensions' liability is analysed into ~~six~~ seven components:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service to which the employee worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined liability (asset) that arises from the passage of time charged to the Financing and Investment Income

and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined liability (asset) at the beginning of the period considering any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined liability (asset) which is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- ~~Gains or losses on settlements and curtailments – the result of actions to relieve the Authority of liabilities or events that reduce the expected future service or accrual of benefits to employees – debited or credited to the deficit on the Provision of Service in the Comprehensive Income and Expenditure Statement as part of non-distributed costs.~~
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the LGPS – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirements benefits on the basis of cash flows rather than as benefits earned by employees.

~~The 2024/25 Code (and IAS 19 Employee Benefits Revised) requires that administration costs directly related to the management of plan assets and any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the defined benefit obligations, are recognised as a reduction in the return on plan assets and recorded in Other Comprehensive Income and Expenditure.~~

~~The 2024/25 Code does not prescribe a specific accounting treatment for administration costs that are not deducted from the return on plan assets. The accounting treatment adopted by West Yorkshire Pension Fund is to deduct administration costs from the cost of services.~~

Discretionary Benefits

The Authority also has the restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff, are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Pension Fund

The Authority maintains a Firefighters' Pensions Fund from which pension payments are made and into which all contributions (employees and employer's) are received. The annual deficit is topped up as necessary by a specific government grant.

Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

Those that provide evidence of conditions that existed at the end of the reporting period, the Statement of Accounts is adjusted to reflect such events.

Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial Instruments

Financial Liabilities

Financial Liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

~~Gains and losses on the re-purchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.~~

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading losses over the life of the replacement loan and gains over a similar period up to a maximum of ten years. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance, is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

There are two main classes of financial assets measured within the Authority at:

- Amortised cost and;
- Fair value through profit and loss

The Authority holds investments to collect contractual cash flows i.e. payments of interest and principal. Most of the Authority's financial assets are therefore classified at amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

~~The Authority made the irrevocable decision to designate changes in equity investments in other comprehensive income as permitted under IFRS. The Authority does not currently hold any equity investments.~~

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The Authority recognises expected credit losses on all its financial assets held at amortised cost over the lifetime of the asset.

Financial Assets Measured at Fair Value Through Profit or Loss

Financial assets that are measured at fair value through profit or loss are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

Fair Value Measurement of Financial Assets

The fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Authority's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement

Foreign Currency Translation

Where the authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31st March. Resulting gains or losses are recognised in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government Grants and third-party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified. If not, future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it is applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Intangible Assets

Expenditure on the acquisition of intangible assets is capitalised, brought onto the Balance Sheet at cost and amortised over the period benefit is received. Software licences that are purchased by access to a web portal rather than the software being installed on a Fire Authority IT device are charged as an expense to the revenue account.

Estimated lives for new intangible assets are 10 5 years and are amortised on a straight-line basis.

Intangible assets are amortised on their current net book value, and it is assumed that residual value is insignificant or nil. Intangible assets are reviewed annually for impairment. All services are charged with a provision for amortisation and, where required, any related impairment loss, for all intangible assets used in the provision of the service.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not

permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account.

Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

The cost of inventories is assigned using the weighted average costing formula.

Leases

The authority as lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the authority excludes leases: • for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and • with a term shorter than 12 months (comprising the non-cancellable

period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed. Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

~~Finance Leases~~

~~Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant, or equipment from the lessor to the lessee.~~

~~Leases that do not meet the definition of finance leases are accounted for as operating leases. The Authority had no finance leases in 2024/25.~~

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the service benefitting from the use of the leased property, plant, or equipment.

Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

The Authority leases no assets to other organisations.

Overheads and Support Services

The cost of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and performance.

Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of services or for administering services and are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably.

The cost of enhancement work to existing assets is added to the appropriate fixed asset balance where the enhancement increases either the value or life of the asset.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits is charged as an expense when it is incurred.

The Authority has a de-minimis level of £10,000 whereby expenditure on individual capital schemes below this limit are charged to revenue expenditure.

Measurement

Assets are initially measured at cost comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are carried in the Balance Sheet using the following measurement bases:

Land and Buildings

- ~~• Operational Assets including all fire stations, the Service Delivery Centre and buildings at Fire Service Headquarters – depreciated replacement cost.~~
- Assets under construction – historical cost
- Surplus assets and assets held for sale – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- Operational assets including all fire stations - depreciated replacement cost (DRC) is used as an estimate of current value.

From 1st April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment.

The Authority formally valued 100% of its assets in 2024/25 via an external valuations team. The Code requires authorities to revalue their assets every five years with annual indexation applied to assets during the four intervening years.

Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

In intervening years, valuations are also carried out when there is a major natural disaster and/or there are major refurbishments. This is determined and set out within the letter of engagement between the Authority and external valuer.

Vehicles, Plant and Equipment

- Non-property assets with short useful lives and/or low values – depreciated historical cost.
- Fire Appliances – due to their specialist nature these are valued at depreciated historical cost.

~~Assets Under Construction (AUC) – historical cost.~~

~~Surplus Assets – fair value.~~

~~Assets Held for Sale – fair value.~~

~~The Authority formally values 20% of its assets each year via an external valuations team. For the remaining 80% that are not formally re-valued in year, a desktop exercise is undertaken to assess their current value by the Authority's external valuer. This is determined and set out within the letter of engagement between the Authority and external valuer.~~

~~Valuations are also carried out when there is a major natural disaster and/or there are major refurbishments.~~

Increases in value of Property, Plant and Equipment are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated in the Capital Adjustment Account.

Impairment

Assets are assessed at the end of each financial year as to whether there is any indication that an asset may be impaired.

Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where identified, the impairment losses are accounted for by:

- Where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for all fixed assets with a determinable finite life except for freehold land and assets under construction. Assets are depreciated on a straight-line basis from 1st of October in the year of acquisition **and/or when they become operational**. ~~Estimated lives for new assets can vary but are generally as follows:~~

Land and Buildings:

- New Buildings and Refurbishments 21-50 years
- Vehicles, Plant and Equipment: **straight- line allocation over the following estimated lives:**
 - Fire Appliances 15 years
 - Operational Equipment 5-13 years
 - Fixtures and Fittings 10 years
 - Computer Equipment 5 years

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Componentisation

For those assets where the cost of the component parts is significant, they are depreciated separately from the rest of the asset. The Authority has a £500,000 de-minimis level on the net book value which means that if the carrying value of the asset is lower than this de Minimis the asset is not componentised. For those assets that are assessed for componentisation each component must represent 25% of the total cost of the asset or the depreciation charges must be significant to the charge if componentisation was not used. The componentisation of an asset is also reviewed if the asset has significant enhancement expenditure during the year, is purchased/built from new and during the formal 5 yearly property valuations.

The asset life of any component will not exceed the timeframe set out underestimated asset lives and therefore not one component of an asset will ever be recognised as having an estimated life of greater than 50 years.

Disposals and Non-Current Assets Held for Sale

Once Management has made the decision that an asset has become surplus to requirements, and it is being actively marketed for sale it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account

~~When an asset is disposed of, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.~~

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Amounts received under £10,000 are categorised as revenue receipts.

The written off value of disposals is not a charge against Council Tax, as the cost of **non-current fixed assets** is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

~~There is a formal disposal process in place that departments complete when assets are disposed of to ensure that the asset register is complete.~~

~~Unusual or Material Charges or Credits in the Accounts~~

~~These are items that due to their nature and/or value require separate disclosure. Details of unusual or material charges or credits in the Accounts for 2024/25 are shown in the notes to the main financial statements.~~

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year the Authority becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

~~When payments are made, they are charged to the provision carried in the Balance Sheet.~~

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (eg from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Reserves

These are amounts set aside for purposes falling outside the definition of provisions. Reserves are created by transferring amounts out of the General Fund Balance. The General Fund Balance can be used to meet both capital and revenue expenditure, and a minimum level must be maintained for risk management purposes. For the Authority this is £5.7m. The Authority has a number of earmarked reserves which are held for identified specific expenditure in the future as well as earmarked reserves which have been established for other purposes. These are reviewed annually and those no longer required are transferred to the General Fund Balance.

The balances on the following reserves: Capital Adjustment Account, the Financial Instruments Adjustment Account, the Revaluation Reserve, the Pension Reserve, and the Collection Fund Adjustment Account cannot be used for future expenditure.

Revenue Expenditure Funded from Capital under Statute

This represents expenditure which may properly be capitalised under statutory provisions, but which does not represent fixed assets. The expenditure is written off to revenue in the year it is incurred, and an adjustment is made on the statement of General Fund Balance for the same amount so that there is no impact on Council Tax. The Authority uses this approach for the installation of smoke and carbon monoxide alarms within premises and fire hydrants.

Value Added Tax

VAT is included in the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure as appropriate. VAT receivable is excluded from income.

~~Council Tax and Business Rates Income~~

~~Billing Authorities in England are currently required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and the Business Rates Retention Scheme. In its capacity as a billing Authority, an Authority acts~~

~~as an agent – it collects and distributes Council Tax and Business rates income on behalf of itself and other major preceptors such as the Fire Authority.~~

~~Council Tax and Business rates income collected by billing authorities is credited to their Collection Fund and represents accrued income for the year. Regulations determine when this income should be released from the Collection Fund and transferred to the General Fund of the billing Authority and other major preceptors (which in turn is credited to their General Funds). The amount credited under these regulations is the Authority's precept and income from the Business Rates Retention Scheme for the year, plus the Authority's share of the surplus or deficit on the collection fund for the previous year.~~

~~The income which must be included in the Comprehensive Income and Expenditure statement is the accrued income for the year and not the actual income received in the year. Any difference between these figures is charged to the Collection Fund Adjustment Account which is held on the Balance Sheet and is included in the Movement in Reserves Statement. This ensures that the difference between the accrued income and the actual income received does not impact on the General Fund.~~

~~Since the collecting Authority is collecting income on behalf of the Fire Authority, then the Fire Authority must also share in any surplus or deficit on collection.~~

~~The Authority therefore makes provision for the following items in its Balance Sheet at the financial year end:~~

- ~~• Debtors for the Authority's share of Council Tax and Business rates Retention arrears at 31st March 2025.~~
- ~~• Provision for impairments of debtors in relation to Council Tax and Business rates retention arrears as at 31st March 2025.~~
- ~~• Income in advance from Council Tax and Business rate payers who have paid their bills early.~~
- ~~• Creditor provision where the billing authorities have over-collected Council Tax and Business rates income in year compared to the value of amounts actually paid over to the Authority.~~
- ~~• Creditor provision for appeals by Business rate payers who disagree with the valuation of their premises for Business rates purposes.~~

~~The relationship with each billing Authority is held within the Balance Sheet as a net debtor or creditor to the Authority.~~

OFFICIAL

Agenda item: 10

Internal Audit Quarterly Report

Audit Committee

Date:	24 th April 2026
Submitted by:	Director of Finance and Procurement
Purpose:	To present the Internal Audit Quarterly Report January to March 2026
Recommendations:	That members note the content of the report
Summary:	This report provides a summary of the audit activity for the period January to March 2026 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 Alison.wood@westyorksfire.gov.uk 07500 075362
	Simon Straker, Internal Audit Manager Simon.straker@kirklees.gov.uk 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 January to March 2026.

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

1.3 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

Audit Work

2.1 This report contains an update on audit work included within the 2025/26 audit plan. In the period January to March 2026, five audits have been completed, three received substantial assurance and two received positive assurance. Commentary is also provided on the audit recommendations from previous audits.

2.2 It has not been possible to complete the full agreed Audit Plan for 2025/26 and three audits have been deferred and a refund of 35 days provided. The main issue relates to difficulties in recruitment of suitably qualified staff at Kirklees, despite several attempts during the year, reflecting a shortage across the wider industry felt by many neighbouring authorities and recognised by the external auditors. Several posts are currently being advertised and audit management will continue to update the Director of Finance & Procurement on progress.

3. Financial Implications

3.1 The Authority will receive a refund of £13,000 for the 35 days of audit work not delivered in the 2025/26 audit plan.

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

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 This report has updated members with the internal audits conducted within the fourth quarter of 2025/26, January to March.



INTERNAL AUDIT QUARTERLY REPORT

2025/26

January to March 2026

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. Governance Audits
8. Follow Up Audits
9. Recommendation Implementation
10. Advice, Consultancy & Other Work
11. 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 updated opinion and the action taken by management regarding their implementation.

The final section of the report concerns Audit Plan delivery.

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 final 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.

During the final quarter of the year, it became apparent that it would not be possible to undertake three of the fourteen planned audits by year end, largely because of recruitment issues within Internal Audit which the external auditor has commented on here too recently as a challenge facing the profession and the wider local government market. Therefore, it was agreed with the Director of Finance & Procurement that these would be cancelled and a refund made based upon the time planned to be spent on them (35 days), equating to approximately £13,000. The cancellation has not adversely affected the ability to reach a representative annual opinion on control, risk management and governance arrangements as the pieces of work concerned largely related to discrete business control parts of the Service.

As part of the planning process for 2026/27, Executive Leadership Team have noted their omission and concluded that two, business continuity and workforce planning, are more of a priority than the new set of work proposed in the Draft Plan. Further details are included in the Annual Report later on the agenda.

Five audits were completed this quarter, and each one has produced a positive audit opinion.

Several agreed recommendations were due to have been implemented by 31 March, as well as those covered in the previous quarterly report which are also described herein; progress as reported by management in addressing the issues is shown in Section 9 overleaf.

2. SPECIAL INVESTIGATIONS & REVIEWS

None during this period.

3. KEY FINANCIAL SYSTEMS & RISKS

Director of Finance & Procurement		
Payroll	<p>Employee related expenditure forms approximately 75% of total expenditure and is a main feeder system into the Annual Accounts. It is therefore vital that the key controls in its operation are both adequate and effective.</p> <p>A routine cyclical audit of the payroll system provided by Kirklees Council under the terms of the Financial Services SLA was conducted, both within Finance and at the Council to confirm payments to employees were being made correctly and reconciled with the general ledger, had been authorised appropriately by line management and was validated by supporting documentation.</p> <p>Payroll processing is operating to a good standard with complete source documentation for setting-up employees, processing payroll leavers and variations and thorough checking of exception reports. The work of the Payroll Section would be strengthened if all managers made prompt notifications of any leaver's end date to prevent overpayments arising and the risk of delayed or no repayment. Potential improvements identified at the time of the previous review in relation to the timely completion of the payroll reconciliation (Total Gross Pay to Financial Ledger) is now being completed and the financial procedure now reflects operational practice in relation to authorisations and segregation of duties.</p>	Substantial Assurance

4. OTHER FINANCIAL SYSTEMS & RISKS

Director of Service Support		
<p>Interim audit of Keighley Fire Station Refurbishment Contract</p>	<p>The redevelopment of Keighley Station is part of a cyclical process to provide state of the art facilities across West Yorkshire in order to deliver the Service’s strategic objectives. The station building and facilities dated back to the 1960s and the works represent approved capital expenditure of £6.65m as approved by Finance & Resources Committee back in October 2022.</p> <p>An audit of the draft final account was scheduled originally for Quarter 4 given the planned completion date of the contract. However, in the interim a dispute has arisen with the principal contractor which may take some time to resolve satisfactorily. Therefore, it was agreed at the Major Projects Strategic Finance Group chaired by the Director that an interim audit should be undertaken, on a similar basis that had occurred in relation to the Headquarters Development scheme.</p> <p>Payments to 30 January 2026 made by the Property Manager of £6.23m were supported by valuation statements and invoices received and sample transactions agreed to the successful contractor’s bill of works submission and to variation orders and supporting documentation as the project progressed.</p>	<p>Substantial Assurance</p>

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		
<p>Implementation of Grenfell Inquiry Recommendations</p>	<p>The fire at Grenfell Tower on 14 June 2017 that took 72 lives was a national tragedy. The Grenfell Tower Inquiry Report Phase 2 in September 2024 made a series of recommendations directed at the London Fire Brigade and fire & rescue services generally, as well as the construction industry and Government. Government response was published on 26 February 2025 accepting all the recommendations and confirming that the 9 recommendations aimed at brigades nationally from Phase 1 had been implemented by all brigades. Officers updated Full Authority on 27 February 2025.</p> <p>The corporate Risk Matrix includes a high scoring risk relating to the timely implementation of the relevant Phase 1 recommendations to ensure the achievement of the key organisational objective of keeping the people of West Yorkshire safe.</p> <p>The audit scope was to enable a review of the evidence and sample test it for the degree of compliance reached in implementing Phases 1 and 2 and assess any work remaining to embed fully, in order to provide independent assurance to Management Board and the Audit Committee overall concerning the adequacy and effectiveness of the management and control measures taken.</p> <p>A significant programme of activity has been undertaken by a group of committed officers to implement the recommendations from the Inquiry, albeit with some gaps which have reduced the ability to assess whether action taken has been fully embedded into business as usual mode. It is noted that work is planned / underway to address these which should further enhance the level of assurance that can be obtained in future.</p>	<p>Adequate Assurance</p>

	<ul style="list-style-type: none"> • An extensive range of training, including presentations, guidance, and practical exercises has been delivered in response to topics raised in the Grenfell Inquiry. However, the ability to assess whether training has fully embedded has been impaired by limitations in the data available to monitor the completion of mandatory training across the organisation. The planned move to a more structured rolling training programme should strengthen the level of assurance that can be obtained that staff are continuing to complete relevant training and maintain the required level of competence. Management need to ensure that the topics raised in the Grenfell recommendations are sufficiently incorporated into the new training arrangements to ensure that learning remains embedded. Guidance on high-rise building evacuation would also benefit from review, to ensure that information provided remains consistent across different documents. • Electronic building information is readily accessible by staff, however, gaps in document control have reduced the ability to confirm whether this is being maintained and updated in a timely manner. Minor issues including duplicate records for high-rise residential buildings, and broken links to external guidance on the Building Safety Portal, were also identified. These should be investigated and corrective action taken to improve the effectiveness of the current arrangements. • It was identified that the 8 year 'shelf life' for smoke hoods procured during implementation of the Phase 1 recommendations was not being monitored, with potential impacts on their long-term effectiveness if no action is taken. Following investigations undertaken during the audit, management have advised that the existing smoke hoods are due to expire in 2028. These should be logged in the internal Equipment Management System to enable this to be monitored centrally, and a decision is required on the most appropriate and cost-effective solution as the existing hoods reach their expiration date. <p>Testing largely validated the progress reported against the five Phase 2 recommendations reviewed, including the use of digital radios, arrangements with Yorkshire Water, and training on the water supply system. While only minimal guidance on responding to loss of communications was found to be in place at the time of testing, this has since been supplemented with additional guidance developed during the audit.</p>	
Prevention Database	Management requested this item be deferred until Quarter 4 owing to other ongoing priorities and this request was agreed.	Substantial Assurance

	Latterly, it transpired that the required database is in operation and being used both by crews and individual inspectors undertaking Safe and Well Visits and providing key management information on overall progress.	
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7. GOVERNANCE AUDITS

Director of Corporate Services		
Corporate Governance Arrangements	<p>Overall, the arrangements were found to be adequate and effective with evidence suggesting that statutory and best practice guidance is adhered to in the majority of areas, albeit with relatively minor enhancements being recommended in the remaining ones to further strengthen the position.</p> <p>The number and variety of issues covered by the Significant Governance Issues should not be regarded as a cause for concern as to the robustness and adherence to the corporate governance framework, rather this reflects an imminent period of change and some inherent uncertainty as to the implications of external developments for the work of the Authority. Therefore, this outcome to the annual review should be recognised as one of voicing positive self-awareness.</p>	Adequate Assurance

8. 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.

9. IMPLEMENTATION OF RECOMMENDATIONS & EXTENSIONS OF TIME TO IMPLEMENT

The implementation of nine agreed recommendations was overdue and brought forward from Quarter 3. Updates are shown in the table below and overleaf. Additionally, the seventeen due for completion by the end of March 2026 and their progress made is also shown. In total, six Significant recommendations remain to be implemented in their entirety as agree with management.

<u>Open Recommendations</u>	<u>Classification</u>	<u>Overdue b/fwd</u>	<u>Due by 31 March</u>	<u>Complete</u>
<u>All</u>	Fundamental	0	0	n/a
	Significant	8	7	9
	Merits Attention	1	10	8
	Total	<u>9</u>	<u>17</u>	<u>17</u>
<u>Audit / Recommendation</u>	<u>Classification</u>	<u>Agreed Implementation Date</u>	<u>Progress per Management</u>	<u>Status</u>
<u>Direct of Service Delivery</u>				
<u>Hydrant Maintenance & Management</u>				
The risk-based approach to inspection should be reviewed and refined to include: <ul style="list-style-type: none"> • 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	The final phase of the project that will see this recommendation actioned is nearing completion.	Open.

<u>Director of People & Culture</u>				
<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 to include general fraud awareness/ how to report to make prevention and detection of fraud more effective.	Significant	December 2024	Attempts are ongoing to source a suitable supplier and a relevant, tailored product.	Open.
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	Review of the corporate induction process has begun, and a seconded post is reviewing the process overall, including liaison with Finance to include a section on fraud. In the meantime, the Director of Finance & Procurement has put in place actions that will address the improvements needed overall in respect of raising fraud awareness and appropriate response.	Open.

<u>Director of People & Culture</u>				
<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	<p>This work is being delivered through the Supporting Good Attendance Project, within which the Return to Work process has been comprehensively reviewed and strengthened.</p> <p>The refreshed approach to such conversations is embedded within the revised sickness absence framework, providing managers with clearer structure, defined trigger points and consistent expectations. This supports earlier intervention and reduces reliance on individual discretion when managing attendance.</p> <p>Improvement and consistency will be monitored through HR oversight, management quality assurance activity and established governance reporting arrangements.</p>	Closed

<p>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.</p>	<p>Significant</p>	<p>October 2025</p>	<p>Significant improvements have been made to absence analysis and reporting through the Supporting Good Attendance Project. Absence reasons have been refined and standardised, improving the quality, consistency and integrity of absence records, and strengthening confidence in the analysis and reporting of absence information. Live dashboards now provide enhanced visibility of absence patterns and trends, enabling earlier identification of emerging issues and supporting timely conversations, proportionate interventions and preventative action at both team and service level. More detailed information regarding absence reasons/levels is now provided to the People and Culture</p>	<p>Closed</p>
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			Committee and significant work has been done to further break down absence reasons into categories so deeper analysis can take place.	
Provide additional context to the absence data figures showing the cost of absence in quarterly performance reporting.	Significant	October 2025	The live dashboards enable earlier identification of emerging absence patterns, which may impact absence related costs, supporting timely conversations, proportionate interventions and preventative action. This approach supports informed strategic and operational decision-making by providing visibility of both absence levels and financial impact, rather than reliance solely on retrospective quarterly performance reporting.	Closed
<u>Director of Service Delivery</u>				
<u>Flood Risk</u>				
The risk as written should be reviewed and split into 2 risks, as although there are similarities in response, the	Significant	December 2025	The risk matrix actions are still under review,	Open.

likelihood of the two events occurring would seem to differ.			there is a cross over here between the risk matrix and the foreseeable risk register, our foreseeable risk is fluvial, pluvial and reservoir inundation. Work is ongoing with the Operational Support and Risk Management teams to ensure the terminology works across all areas. It is envisaged this will be complete shortly.	
The "Control/Action" section of the Risk Management Matrix should be reviewed to focus specifically on actions and controls (as per, for example risk 17, "Severe Weather Other"). Presently it is largely a list of policy documents rather than a description of key mitigating controls/actions.	Significant	December 2025	As above.	Open.
Management should agree a way forward in relation to fulfilling the requirements of the Concept of Operations for National Deployment via eLearning and scenarios and implement as appropriate.	Significant	December 2025	Complete.	Closed.
<u>Director of Service Support</u>				
<u>IT Network Access</u>				
An automated process should be in place to ensure that employee leavers have their network accounts disabled.	Significant	March 2026	In Progress Semi-automated process to identify and disable 'dormant' accounts in place.	Open

In addition, a checking process should take place with HR records, at least annually, to ensure that only current employees enjoy active network access.			To be included in deployment of new HR Management system this year.	
Specific target dates should be timetabled in the “ <i>Cyber Remediation Action Plan</i> ” for each action so that the level of progress can be more easily monitored	Significant	December 2025	Complete. Reported to DDaT Programme Board and Change Management Board.	Closed.
In lieu of an automated process, Human Resources should ensure that all leavers’ details are passed to DDaT and DDaT should ensure that all leaver accounts are actioned. In addition, the potential exceptions should be investigated and resolved (as appropriate).	Significant	November 2025	Complete. HR report leavers to DDaT service desk. Exceptions are investigated.	Closed.
The parts of the Cyber Remediation Action Plan to address the deficiencies identified should be implemented as agreed.	Significant	March 2026	In Progress. Reported to DDaT Programme Board and Change Management Board.	Open
<u>Director of Service Delivery</u>				
<u>Safe & Well Visits</u>				
To improve the timeliness, any cases where visits have been completed should be closed in a timely manner to ensure compliance with the 56-day policy standard.	Merits Attention	November 2025	Complete.	Closed
Cases identified for re-opening should be revisited and closed by the end of October 2025.	Significant	October 2025	Complete.	Closed
Consistent and good quality record keeping should be maintained by both operational fire crew and	Significant	December 2025 & 2026	Complete.	Closed

prevention officers. Policy and service expectations should be reiterated to all through training and feedback. The formal launch of the Quality Assurance Framework by the end of December 2025 and introduction of quality controls measures and a Referral Framework will ensure future improvement.				
Management should consider if there is a need to amend the 56-day policy case timings in the event of any improvement initiative delays (Appendix B) e.g. potential to reset case timings when a case is reassigned/passed between fire crew and prevention officers for completion.	Merits Attention	November 2025	Complete.	Closed
Management should include the 56-day safe and well visit policy to be defined in the 'Safe and Well Visit' policy documentation.	Merits Attention	November 2026	Complete.	Closed
Management should consider an annual policy refresh for all staff to sign off each year for Safe and Well Visits policy and standards compliance.	Merits Attention	December 2025 & in place for 2026 Competencies	This action will be complete when we migrate to the new competence recording system later in 2026. This is so we don't have to make changes to an outgoing system.	Open
Management must implement the remaining 4 areas for improvement before the 2025/26 financial year end and ahead of the next HMICFRS inspection to ensure effective measures are in place to address the current backlog of visits.	Significant	March 2026	Complete.	Closed
<u>Director of Finance & Procurement</u>				
<u>Bank Reconciliation</u>				
Training for the direct debit reconciliation should be arranged with Kirklees Council colleagues and completed to ensure a complete handover of all bank reconciliation processes and transfer of knowledge.	Merits Attention	June 2025	Complete.	Closed

Data transferred from other systems/copied across for the purpose of a monthly bank reconciliation should only be run for the dates of the month in question to avoid the risk of human input error and inaccuracy. Notes should be maintained on all monthly bank reconciliations for any exceptions, issues or adjustments to ensure a robust audit trail and for business continuity purposes	Merits Attention	March 2026	Complete.	Closed
For consistency and best practice, the current direct debit spreadsheet should be split into financial years and for the current financial year, a monthly reconciliation should be in place per the process.	Merits Attention	March 2026	Complete.	Closed
Document retention periods should be reviewed, and historical years data and reconciliations should be archived in line with policies and procedures	Merits Attention	March 2026	Complete.	Closed
Further clarity should be sought by the Finance Team to understand the direct debit data/reconciliation and any expected payments/frequency (if a schedule exists).	Merits Attention	March 2026	Complete.	Closed
The documented procedures in place should be updated to reflect current practices/changes recommended by audit. An annual review of procedure guides should also be carried out for best practice.	Merits Attention	March 2026	This process remains part of the closedown of accounts in which procedures are reviewed annually and guides are updated, if necessary. This action will be closed by end of April 2026.	Open

10. 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.

11. 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	Deferred to Quarter 4. Complete
• Keighley Fire Station Project	4	Interim audit complete
• Discrimination	3	Cancelled
• Payroll	4	Complete
• Workforce Planning	4	Cancelled
• Business Continuity	4	Cancelled
• Follow up of Commercial Premises Risk Management System	3	Complete

Audit Opinion on **Governance**

- | | | |
|-----------------------------------|---|----------|
| • Corporate Governance and Ethics | 3 | Complete |
|-----------------------------------|---|----------|

Audit Opinion on Risk **Management**

- | | | |
|---|---|----------|
| • Vehicle Accident Risk | 1 | Complete |
| • Wide-area Flooding Risk | 2 | Complete |
| • Industrial Dispute Risk | 2 | Complete |
| • Implementation of Grenfell Recommendations Phase 2 Risk | 4 | Complete |

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%	55%
Draft reports issued within 10 days of fieldwork completion	100%	90%	91%
Client satisfaction in post audit questionnaires	n/a	90%	n/a
Chargeable audit days	121	160	125
QA compliance sample checks – % pass	100	100	n/a
Planned Audits Completed	9	14	11
Planned Audits in Progress	0		0
Planned Audits Cancelled	3		3
Planned Audits to Start			0
Unplanned Work requested by Executive Leadership Team Completed	0		0
Unplanned Work in Progress	0		0

OFFICIAL

Agenda item: 11

Internal Audit Annual Report 2025/26

Audit Committee

Date: 24 April 2026
Submitted by: Director of Finance & Procurement

Purpose: To update Members on delivery and outcomes of the 2025/26 Internal Audit Plan and to reapprove the Audit Charter, Mandate and Strategy.

Recommendations: Members note the Director of Finance and Procurement's annual review of the internal control and audit arrangements and re-approve the Audit Charter, Mandate and Strategy. Members are then asked to note the Head of Audit's annual opinion on the Authority's governance, risk management and internal control environment, and approve the 2026/27 Audit Plan.

Summary: The report includes a positive opinion for 2025/26 together with the 2026/27 Audit Plan agreed with the Director of Finance & Procurement and Executive Leadership Team.

Local Government (Access to information) Act 1972

Exemption Category: Nil

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Background papers open to inspection: Audit Plan 2025/26, Quarterly Reports of Internal Audit

Annexes: Internal Audit Annual Report 2025/26

Making West Yorkshire Safer
www.westyorksfire.gov.uk

1. Introduction

- 1.1 The report contains details of the outcome of audits in the 2025/26 Internal Audit Plan that inform the Head of Audit's opinion on governance, risk management and internal control arrangements.
- 1.2 Feedback is also provided on the performance of Internal Audit, and confirmation of the Audit Charter and Strategy which Members are asked to approve.
- 1.3 Members are asked to note the opinion and approve the 2026/27 Audit Plan as agreed by management.

2. Information

- 2.1 Each completed audit has produced a positive audit opinion, albeit that several recommendations have been agreed with management to further enhance the internal control and governance arrangements.
- 2.2 The overall outcome of audits reported enables a positive opinion to be drawn on risk management, governance and internal control arrangements.
- 2.3 Whilst most recommendations are implemented promptly by management those which are more organisation wide or relating to areas subject to subsequent changes of circumstance do take rather longer to address. A quarterly summary is provided to Members to facilitate a discussion of what more needs to be done and by when.

3. Financial Implications

- 3.1 Internal Audit is part of a package of activities purchased from Kirklees Council as a Service Level Agreement. 160 days are provided at an agreed daily rate based upon a risk assessment of assurance required.
- 3.2 Three audits relating to 35 days could not be delivered in year, mainly due to recruitment issues at Kirklees, and consequently it has been agreed with the Director of Finance & Procurement to refund a sum just over £13,000.

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 Internal Audit provides an annual opinion on the overall Risk Management arrangements, together with an assessment of the management of selected risks during the year.

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

- 10.1 There are no duty to collaborate implications

11. Your Fire and Rescue Service Priorities

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

- 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 well-being 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.
- Further develop a culture of excellence, equality, learning, and inclusion.

Internal Audit work contributes to the assurance of the delivery of all of the above in varying degrees,

12. Conclusions

12.1 The annual report provides Members with assurance about the delivery and outcome of the 2025/26 Audit Plan, management response to the issues raised and the effective performance of audit work and the proposed schedule of work for the coming year.

2025/26

Annual Report of Internal Audit



West Yorkshire Fire & Rescue Authority

Internal Audit

Simon Straker: Audit Manager

01484 221000 (73726)

ANNUAL REPORT OF INTERNAL AUDIT 2025/26

1. Introduction

- 1.1 The Authority is required (by the Accounts & Audit Regulations 2015) to undertake an annual review of the effectiveness of its system of internal control which
- facilitates the effective exercise of its functions and the achievement of its aims and objectives;
 - ensure that the financial and operational management of the Authority is effective; and
 - incorporates effective arrangements for the management of risk

and includes undertaking an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account Global Internal Auditing Standards (GIAS) and Code of Ethics that applied in 2025/26.

- 1.2 The annual self-assessment process has confirmed that any matters arising have been actioned and the overall level of compliance has continued to be maintained.
- 1.3 Moreover, as required each 5 years, an external assessment of compliance with the PSIAS and Code of Ethics in application undertaken in 2022/23 that concluded that Internal Audit “Generally Conforms”, being the highest of three opinions possible. The next assessment is due in 2027/28.
- 1.4 Coupled with the analysis of the performance of the internal audit function against its performance indicators and quality assurance process and delivery of the 2025/26 Audit Plan, the Director of Finance & Procurement has used this data in formulating her assessment of the Authority’s system of internal audit to conclude the degree of reliance can be placed on its work and opinion on the internal control environment.
- 1.5 In accordance with best practice the annual review of the Audit Charter, Mandate and Strategy has been conducted.
- 1.6 This report then provides an opinion on the adequacy and effectiveness of the Authority's governance, risk management system and internal control environment during the year, particularly in support of the Draft Annual Governance Statement that accompanies the Annual Accounts.

The opinion is drawn from the matters included in the Quarterly Reports to the Committee during the year on the audit opinions reached on the level of assurance concerning each risk, system or process controls examined.

2. Effectiveness of the System of Internal Audit

- 2.1 Eleven of the planned fourteen audits have been concluded and three have been deferred. A refund under the SLA with Kirklees Council has been agreed with the Director of Finance & Procurement totalling just over £13,000.

- 2.2 This body of evidence provides a meaningful opinion on the overall internal control, governance and risk management framework.
- 2.3 The Internal Audit function is included in the Financial Services Service Level Agreement with Kirklees Council. The most recent benchmarking information from CIPFA, albeit increasingly dated, showed internal audit operations have been at approximately the lower quartile of costs (based on £m gross expenditure) compared with Metropolitan and Unitary authorities.
- 2.4 At no point during the year has any Officer or Member sought to influence or restrict the scope or areas of activity of any piece of work. The conclusions reached in all the work presented are those of Internal Audit.
- 2.5 The new Global Internal Audit Standards (GIAS) (prepared by the Institute of Internal Auditors, an essentially American based international organisation) took effect from early 2025. In contents these Standards are not substantially different from those in proceeding years but they are more substantially codified (in a way more like the UK CIPFA interpretation, that applied to local authorities) and more complex in terms of specific requirements. One interpretation of the new Standards suggests a slightly less onerous expectation on smaller client organisations, such as this Authority compared to larger organisations.
- 2.5 As referred to above, the Audit Charter, Mandate & Strategy (see Appendix 1) has been reviewed to ensure it continues to meet the needs of the Authority. The review has confirmed that overall, it remains fit for purpose. As agreed by Members and the Executive Leadership Team, the audit strategy has been refocused with a greater emphasis on aspects of the internal control environment and governance, being satisfied as to the consistent positive assurance on the management of risks in the Corporate Matrix. This conclusion continues to be reflected in the Draft 2026/27 Plan attached. Members are asked to re-approve the document accordingly.
- 2.6 A summary of the performance of Internal Audit in delivering the 2025/26 Plan as reported to the Audit Committee during the year is as follows:

Performance Indicators	25/26 Target	25/26 Actual
Audits completed within the planned time allowance	80%	91%
Draft reports issued within 10 days of fieldwork completion	90%	55%
Client satisfaction in returned post audit questionnaires	90%	n/a
Chargeable audit days (cumulative)	160	125
QA compliance sample checks – pass rate	90%	100
Planned Audits Completed	12	11
Planned Audits in Progress		0

Planned Audits Postponed			3
Planned audit deferred by Management			0
Unplanned Audits Requested by Management Board Completed			0

- 2.6 A summary of plan delivery itself is shown as Appendix 2, together with the opinion reached for each audit completed.
- 2.7 A positive working relationship has developed with the external auditors, Grant Thornton, facilitated by GT also fulfilling this role for Kirklees Council which provides the key financial systems to the Authority, in order to maximise the use of audit resources and ensure our mutual roles are fulfilled effectively.
- 2.8 Members may wish to endorse the positive opinion on the effectiveness of the system of internal audit and control reached by the Director of Finance & Procurement.

3. Operational Information

- 3.1 The scope of activity is established by the Financial Procedure Rules, the Audit Charter & Strategy and statements of operating practice.
- 3.2 In line with the Audit Strategy, assurance about the governance, risk management and internal control environment is obtained by the maintenance and delivery of a risk based audit plan approved by Members. Planned work targeted areas of significant risk and where most value could be added, particularly on wider business and governance controls. Areas of significant risk are determined by the Authority through its risk management process and in particular the Corporate Risk Matrix.
- 3.3 Each audit concludes with an opinion about the level of assurance derived on the adequacy and effectiveness of the system, process or location concerned at the time of the audit, based upon the management of risk and the adequacy and operation of financial and other controls. The approach involves the follow up of any activities about which less than "Adequate Assurance" is given, as a means of seeking to ensure that the work carried out by Internal Audit maximises the chances of improving the Authority's control environment.
- 3.4 The Audit Committee has previously agreed definitions of the different levels of assurance given and how these are derived from audit recommendations. Implementation of the agreed recommendations by management should provide for a satisfactory degree of control in all cases.
- 3.5 The outcome of individual audits is summarised quarterly and reported to the Audit Committee for consideration. These reports also include an increased focus on action taken by management regarding the implementation of any agreed key recommendations and follow up where this has not occurred by the agreed time.

4. Summary of Audit Outcomes in 2025/26

4.1 The agreed Audit Plan for 2025/26 included 160 days of planned work in the following main areas:

- financial system and process audits,
- main business and governance risks and controls,
- follow up audits, and
- ongoing project assurance to the Emergency Services Mobile Communication and Major Projects Strategic Finance Boards.

Liaison with the Director of Finance & Procurement throughout the year ensures that internal audit work undertaken continues to focus on the high risk areas and is reflective of any new developments or particular areas of concern so as to ensure the most appropriate use of internal audit resources.

4.2 11 of 14 planned audits had been completed and each one performed during the year concluded with a positive assurance opinion.

4.3 The Authority's risk management arrangements have been considered in individual pieces of audit work, whereby management activity to address particular business risks, as recorded on the Corporate Risk Matrix, has been assessed. These audits all concluded with positive assurance opinions and conclusions that management controls to address the key risks to the Authority were robust and operating effectively. Where appropriate, management has agreed recommendations to further enhance the control environment.

4.4 In accordance with our commitment to provide help, assistance and add value, questions and issues raised by managers have been resolved, particularly in relation to advice/approval for authorisation of contracting matters, and to evaluation of potential suppliers. In addition, the Audit Plan is designed to be sufficiently flexible to accommodate any ad hoc requests for audit reviews.

5. Internal Audit in 2026/27 and beyond

5.1 Internal Audit will continue to strive to reliably achieve planned audit work and to address Authority priorities and activities that will add value for the organisation. A renewed focus will be placed on both providing the Audit Committee with extended details about the activity area being audited and on assurance concerning the implementation of agreed recommendations by management.

5.2 We will ensure the activity continues to comply with the prevailing professional standards.

5.3 We will continue to review the probity of the Authority as well as its' key organisational and business controls encompassed in the revised Audit Strategy to focus on areas of highest risk and thus to contribute to the level of assurance required by the Chief Fire Officer / Chief Executive, Chair of the Authority and

Director of Finance & Procurement in order to complete and sign-off the Draft Annual Governance Statement.

- 5.4 The risk based Draft Audit Plan for 2026/27 identifies both key areas that are due for cyclical review within all the areas of activity that are subject to audit, plus an assessment of the overall revised arrangements as reported to Members by management. Both the Director of Finance & Procurement and the Executive Leadership Team have agreed the 2026/27 Draft Plan, and a summary forms Appendix 3 for approval.

6. Conclusion and Governance, Risk Management & Internal Control Opinion

- 6.1 This report has summarised the main activities of Internal Audit during 2025/26, detailed information on which has been provided to this Committee during the year.
- 6.2 Audit work during the year and consideration of professional standards compliance provided sufficient evidence to demonstrate that overall, the system of internal audit and wider audit arrangements are effective.
- 6.3 A review of the Authority's framework of governance, risk management and control, and business systems controls, has provided sufficient evidence and assurance that overall each is robust and effective and that in the small number of occasions where it has been necessary, management have taken/agreed appropriate action to address weaknesses.
- 6.4 Overall, the Authority has a sound control environment, and no matters are brought to the attention of management as worthy of consideration for inclusion in the Draft Annual Governance Statement for 2025/26 as a Significant Governance Issue.

7. Recommendations

- 7.1 Members endorse the Director of Finance & Procurement's overall conclusion as to the effectiveness of the system of internal control and audit and re-approve the Audit Mission, Mandate, Charter & Strategy for 2026/27.
- 7.2 Members note the overall positive audit opinion on governance, risk management arrangements and the internal control environment, thereby providing assurance to the compilation process for the 2025/26 Draft Annual Governance Statement.
- 7.3 Members approve the Audit Plan for 2026/27.

Appendix 1 – Audit Mission, Mandate, Charter & Strategy



West Yorkshire Fire & Rescue Authority

INTERNAL AUDIT MISSION,
MANDATE, CHARTER & STRATEGY

April 2026

EXECUTIVE SUMMARY

INTERNAL AUDIT MISSION, MANDATE, STRATEGY & CHARTER

1. Internal Audits mission is to independently assure the organisation and its management in achieving its objectives, by providing assurance, advice and insight.
2. Internal Audit's mandate is set out principally in the Financial Procedure Rules.
3. Its work will involve.
 - a) Assurance about the internal financial and (other) business controls, and the broader assurance framework, including both a programme of planned assurance based internal reviews, and other more ad hoc assurance based work and projects.
 - b) Advice and insight/consultancy work as commissioned, relating to business, financial and process controls and value for money, efficiency, and effectiveness.
 - c) Development of anti-fraud, anti-corruption and anti-bribery measures and investigation of any suspicions of inappropriate behaviour.
 - d) Information, advice, advocacy, and training in respect of best practice in achieving a high level of internal control, including Financial and Contract Procedure Rules.
 - e) Contributing to corporate/high impact projects, particularly those involving partnership and procurement.

Internal Audit coverage will apply to all the direct operations, all wholly owned or controlled organisations or subsidiaries, including limited companies, and other partnership bodies (where the Service so determines).
4. Internal Audit work will address all the business controls of the organisation, prioritised based on risk. This involves a full coverage of all aspects of operations, including financial systems, processes and activities, all other business processes, risk management, governance arrangements, information management and appropriate use of technology-
5. Internal Audit activity will be planned, carried out and reported within a general philosophy of providing evidence-based analysis and helpful advice to all levels of management and achieving positive consequential progress.
6. Except where otherwise agreed, written reports will provide summary information, detail on any findings of note, conclusions and recommendations to advise and inform managers at all levels.
7. Establishing effective systems of operation and implementation of audit recommendations is the responsibility of management. It is not the role of Internal Audit to act as a proxy for appropriate performance management of, or by, senior management.
8. Internal Audit will follow up the implementation of accepted recommendations in all cases where there were concerns about a system, process, or activity, or where recommendations result from an investigation. Other agreed recommendations may be followed up on a sample basis.
9. Internal Audit will co-ordinate the overall corporate assessment of business controls and risk management. It will help develop and monitor the Risk Management Statement.
10. Internal Audit will operate in accordance with the (mandatory) Global Internal Audit Standards (GIAS) and the supplementary CIPFA guidance.
11. Internal Audit officers will act ethically to achieve high professional standards: independence, objectivity and integrity and respect the confidentiality of organisational information.

CONTENTS

- Internal Audit Mission & Mandate
- Internal Audit Charter
 - Objectives of Internal Audit
 - Independence, Responsibilities and Authority
 - Performance Management and Quality Control
 - Reporting
 - Internal Audit Delivery
 - Partnership; Obtaining & Providing Assurance to Others
 - Internal Audit Strategy

Background and Context

1. Local Authorities are required under the Local Government Acts and the Accounts and Audit Regulations 2015 to have a continuous internal audit of their financial and other business controls. It will be delivered in compliance with the Global Internal Audit Standards (GIAS) This is mandatory guidance which states the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of Internal Audit's performance. These standards in Local Authorities are supplemented by additional guidance from CIPFA that has regulatory authority for local government in the UK. .
2. The GIAS require that there is a formal Internal Audit Charter defining the purpose, authority and responsibilities of Internal Audit, which must be consistent with the GIAS definition of internal audit, code of ethics and professional standards. For the purposes of comparability, the following terms apply.

GIAS Term	Kirklees Arrangement
The Board	Audit Committee
Senior Management	Chief Executive / Chief Fire Officer & or Executive Leadership Team
Chief Audit Executive	Head of Internal Audit

3. The main purpose of Internal Audit is to support the organisation in achieving its objectives, and particularly to play a key role in the Corporate Governance arrangements in ensuring Members and Corporate Managers have adequate assurance that they are meeting their responsibilities.
4. The role of Internal Audit is also to support the statutory officers (Head of Paid Service, Director of Finance & Procurement and Monitoring Officer) in carrying out their roles and equally needs their support in fulfilling its role.
5. This Mission, Mandate, Charter and Strategy will be regularly presented to senior management and reviewed regularly by the Audit Committee. Its purpose is to set out the purpose, nature, objectives, outcomes and responsibilities of the internal audit service.

1. MISSION AND MANDATE OF INTERNAL AUDIT

The mission of Internal Audit is to provide an independent, objective assurance and advice and insight designed to add value and improve the organisation's operations. Internal Audit aims to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The mandate of Internal Audit is prescribed by the Financial Procedure Rules under the obligation and intention to provide assurance to the Service about all its financial and business systems and control arrangements.

Responsibility

The Chief Executive / Chief Fire Officer, (in consultation with the Director of Finance & Procurement and Monitoring Officer) must arrange a continuous internal audit, which is an independent review of the accounting, financial and other operations of the Service. The Head of Audit will report directly to the Chief Executive / Chief Fire Officer, the Chair of the Audit Committee or the External Auditor in any circumstance where the functions and responsibilities of the Director of Finance & Procurement are being reviewed. (Other than routine reporting of work carried out).

The Head of Audit has authority to

- (a) Enter at all times any premises or land or location from which services are provided.
- (b) Have access to all property, records, documents and correspondence relating to all activities of the Service.
- (c) Require and receive explanations concerning any matter; and
- (d) Require any employee of the Service, without prior notice, to produce cash, stores or any other property for which they are responsible.
- (e) Require any Director to ensure that within 5 working days notice (or such other time as might be agreed by the Head of Audit)
 - i) to ensure sufficient resource by way of time or otherwise, that an adequate response by employees of the service to any request for information, and, or
 - ii) any employee attends a meeting at any location (within West Yorkshire) chosen by the Head of Audit and, or
 - iii) (the provision of any information, data, records, currently held in any media format be provided that that format, or in any other reasonable format chosen by the Head of Audit, and as appropriate delivered to a location chosen by the Head of Audit and
 - iv) to be accountable to the Audit Committee should they fail to act.

The Head of Audit may delegate the rights of access to premises, information, explanation etc. to any employee or agent of the Service (albeit this will normally be staff within the Internal Audit or Counter Fraud team).

Planning and Reporting

The Head of Audit must plan and report (in accordance with the approved Audit Strategy and Charter, Global Internal Audit Standards and any instruction from the Audit Committee) upon

- a) The risks inherent in and associated with each system.
- b) The soundness, adequacy and application of the financial and other management controls and systems within each Service
- c) The extent of compliance with, and the financial effects of, established policies, plans and procedures.
- d) The extent to which the organisation's assets and interests are accounted for and safeguarded from losses of all kinds arising from fraud, other offences, waste, extravagance and inefficient administration, poor value for money and other cause.
- e) The suitability, accuracy and reliability of financial and other management data within the organisation; and
- f) Value for money aspects of service provision.

In respect of any audit report or communication issued, the Director must reply within 4 weeks indicating the action proposed or taken, by whom and including target dates. Where a draft report is issued for initial comments, a reply must be made within 2 weeks of issue.

The Head of Audit & Risk will provide a written summary of the activities of the Internal Audit function to the Audit Committee at least four times per year and an Annual Report produced for consideration by the Audit Committee, including an audit opinion on the adequacy and effectiveness of the governance, risk management systems and internal control environment.

The Head of Audit will review the system of internal audit on an annual basis (and arrange for an external assessment once every 5 years) and report the outcome to the Audit Committee.

Investigations and Suspected Fraud, Corruption or Bribery.

The Director of Finance & Procurement and the Monitoring Officer are responsible for the development and maintenance of the Anti-Fraud, Anti-Corruption and Anti Bribery Strategy and Whistleblowing Strategy and for directing efforts in fraud investigation.

The Director concerned must immediately notify the Director of Finance & Procurement who may act by way of investigation and report following consultation with the Head of Audit.

Where, following investigation, the Head of Audit considers that there are reasonable grounds for suspecting that a loss has occurred as a result of misappropriation, irregular expenditure or fraud, consultations will be held with the Director of Finance & Procurement on the relevant courses of action, including the possibility of police involvement and the invoking of any internal disciplinary procedure in accordance with the relevant conditions of service.

THE INTERNAL AUDIT CHARTER

2.1 Objectives of Internal Audit

2.1.1 Internal Audit's objectives can be defined as:

“Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

This definition goes beyond basic compliance by evaluating and improving the effectiveness of the entire risk, control and governance arrangements (including financial and non-financial control systems). As an independent appraisal function Internal Audit can offer assurance on the effectiveness of internal control arrangements, contributing to the efficient use of resources and generally helping management to monitor performance, improve operational efficiency and target objectives. These actions will add value by supporting the organisation in achievement of its’ corporate objectives.

2.1.2 Specifically the role is to provide:

- *Assurance, principally by a review of the control environment* - The 'control environment' comprises the business systems which are operated to implement the statutory obligations and its policies and objectives. This includes systems and processes, governance and decision making, and risk identification and management. It involves the review of all the major financial and accounting systems and practices, and controls of other kinds (such as purchasing and human resources). For financial controls it involves a more detailed review of information, records, assets and other resources to identify appropriate financial stewardship. (See Appendix 1). It also includes matters relating to organisational ethics, use of technology and matters such as management of data and information.
- *Consultancy* - Undertake, when commissioned, other reviews and projects which use investigative, analytical and consultancy skills. This work can be specific or involve on-going advice and may include value for money related activity. Where this advice is provided it is given notwithstanding the responsibility to provide assurance as above. Any work performed will be accepted only within the competencies of staffing.
- *Assurance and Investigation into suspected Fraud, Corruption and Bribery*- Internal Audit oversees the Corporate Anti-Fraud, Anti-Corruption and Anti-Bribery policies and undertake investigations into suspected irregularity, fraud, or corruption, provides guidance for managers and Members and helps to promote good corporate governance and the highest ethical standards. It also coordinates

the approach to the mandatory biennial national fraud initiative. The Head of Audit is also required to be notified of all cases of suspected or detected fraud, corruption or impropriety.

- *Advice* - Provide operational advice on the development of processes and systems and on the interpretation of the rules (principally Financial Procedure Rules and Contract Procedure Rules).
 - i. Audit advice and recommendations are given in all cases without prejudice to the right of Internal Audit to review the relevant policies, procedures and operations at a later date.
 - ii. The Service is responsible for establishing and maintaining appropriate risk management processes, control systems, accounting records and governance arrangements. Internal Audit advises the Service on whether effective and efficient arrangements exist, cumulating in the annual opinion of the Head of Internal Audit, which informs the Annual Governance Statement. Optimum benefit to the Service should arise when Internal Audit work in partnership with management to
 - improve the control environment.
 - achieve organisational objectives.

2.2. Independence, Responsibility and Authority

2.2.1 An effective internal audit function must be independent, objective and unbiased, operating in an ethical way.

2.2.2 Governance

It is the responsibility of the Service and its senior management, and in particular the statutory officers (Head of Paid Service, Director of Finance & Procurement and Monitoring Officer) to ensure that the organisation has all appropriate operational and business control arrangements.

Internal Audit is a part of Kirklees Council and in accordance with a SLA reports both to the senior management and to the Audit Committee.

2.2.3 The Head of Internal Audit

- Reports functionally to the Audit Committee and issues reports under his own name.
- Reports managerially to the Chief Executive, Director of Finance & Procurement
- Has the right to communicate directly with any Director, or any other officer. The Head of Internal Audit may also communicate with any Chair of the Authority, Councillor, or other person.
- Has the right to communicate confidentially with the Chair of the Audit Committee on any matters.

- Must advise the Audit Committee on any matter where any significant risk or threat to the organisation, identified through audit assurance work, has not been adequately addressed by management.
- Is responsible for the delivery of the Internal Audit function and achievement of the standards described within this document.

The Head of Internal Audit will ensure that audit work is shared with Directors and other senior managers and their appointees, and commissioning officers for investigations and reviews. Additionally, summaries will be provided to the Audit Committee, individual Members or others (e.g., whistle-blowers) who refer matters to Internal Audit, the external auditor and to other authorities and agencies to facilitate joint and partnership working as appropriate. Audit work will (except when otherwise agreed) be treated as confidential, but in certain circumstances may be wholly or partially subject to disclosure under the Freedom of Information.

2.2.5 Responsibilities of Internal Audit

The responsibilities and objectives of Internal Audit are as follows:

- To provide soundly based assurances to management on the adequacy and effectiveness of their internal control, risk and governance arrangements, including ethics, information management and technology.
- To review, appraise and report on the extent to which the assets and interests of the Authority are accounted for and safeguarded from loss.
- To review, appraise and report on the suitability and reliability of financial and other management data and information.
- To assess the adequacy and effectiveness of the Authority's procurement, contract and partnership arrangements.
- To assess the corporate risk management processes.
- To evaluate the risk of fraud and how it is managed and controlled. To provide corporate fraud and irregularity prevention, detection and investigation services in accordance with the Counter Fraud, Corruption and Bribery Strategy.
- To reach conclusions about the effectiveness of the control environment, and to recommend improvements to management.
- To contribute to assurances in relation to the robustness and reliability of internal controls and governance to support the Annual Governance Statement.
- To support the achievement of efficiency, value for money and effective change management.
- To provide advisory and consultancy services intended to add value and improve value for money, governance, risk management and control processes.
- To provide advice in respect of the development of new or significant changes to existing programmes and processes including the design of appropriate controls. This is usually through membership of groups, boards or working parties as well as direct contact with officers within Services.

- To support effective procurement.
- To support activities of the Audit Committee to discharge its responsibilities.
- To support the Director of Finance & Procurement as the Chief Financial (s151) Officer and all senior management in meeting their corporate responsibilities.
- To monitor the implementation of agreed recommendations.
- To plan, manage and operate the internal audit function in an efficient and effective manner.

2.2.6 Responsibilities and expectations of Internal Auditors

Internal Auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined, working with honesty, diligence and responsibility. They must always observe the law and respect and contribute to the legitimate and ethical objectives of the Authority.

Objectivity:

Internal Auditors must make a balanced assessment of all the relevant circumstances and not be, or appear to be, unduly influenced. This means.

- Not taking part in any activity or relationship that may impair or be presumed to impair their unbiased assessment.
- Declaring any real or perceived interests on an annual basis, or at any time that they recognise any impairment to the objectivity.
- Not accepting anything that may impair or be presumed to impair their professional judgement such as gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties.
- Disclosing all material facts known to them that, if not disclosed, may distort the reporting of activities under review.
- Not using information obtained during duties for personal gain and,
- Complying with the Bribery Act 2010.

Confidentiality:

Internal Auditors must.

- Act prudently when using information acquired in the course of their duties and protecting that information, and
- Not use information (derived or obtained through their official role) for any personal gain.

All records, documentation and information accessed while undertaking internal audit activities are to be used solely for the conduct of these activities. The Head of Internal Audit and all Internal Audit staff are responsible and accountable for maintaining the confidentiality of the information they receive during their work.

Integrity:

In the conduct of audit work, Internal Audit staff will:

- Comply with relevant professional standards of conduct and perform their work with honesty, diligence and responsibility.

Competency:

Internal Auditors are expected to be competent in their role by:

- Possessing the knowledge, skills and technical proficiency relevant to the performance of their duties.
- Being skilled in dealing with people and communicating audit, risk management and related issues effectively.
- Maintaining their technical competence through a programme of continuous professional development.
- Exercising due professional care in performing their duties; and
- Complying with all requirements of the GIAS.

Awareness:

- Being alert to the issue of fraud and corruption.

Internal Audit staff must declare any conflict of interest, or potential conflicts of interest, actual or perceived, to their manager.

2.2.7 Independence & Objectivity

Internal Audit has no operational or non-audit functions to perform and is therefore independent of all operational activities that it audits. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records or engage in any other activity that may impair an internal auditor's judgement. This allows Internal Audit to make independent, impartial and effective professional judgements and recommendations on the area under review. The internal audit activity will remain free from undue interference from any part of the Service, including matters of audit selection, scope, procedures, frequency, timing, or report content to permit maintenance of a necessary independent and objective mental attitude.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited and will exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors will make a balanced assessment of all of the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgements.

Audit responsibilities are periodically rotated to avoid over-familiarity and complacency and to provide for service continuity and resilience. Internal Auditors are not involved in undertaking non audit activities and an Auditor will not be

involved in the audit of any system or process for which they had previous operational responsibility.

2.2.8 Statement of pre-existing areas of conflict in current audit activity

The Head of Internal Audit – as “Head of Risk” has direct operational responsibility at Kirklees Council has direct responsibility for the Counter Fraud, Insurance, Risk Management, Corporate Customer Standards (complaints) and Information Governance functions and provides input into certain procurement functions and corporate projects. Should any of this responsibility impinge on the audit of any activities related to these areas for the Service when audits are required of these areas, the Audit Manager reports directly to the Director of Finance & Procurement. This arrangement helps maintain independence and avoid any conflicts of interest, albeit that this arrangement is not in compliance with the Global Standard, which requires any internal audit assurance work in relation to areas managed by the Head of Internal Audit to be conducted by a third party.

In practice:

- Audit work of insurance activity is conducted by the external insurer (who retain ultimate rights and responsibilities).
- Work by internal audit on (corporate) complaints management is essentially that of consultancy. The Standard would not prevent audit of directorate-based complaints handling, as that is not managed by the Head of Audit.
- Fraud and Risk Management are seen as an intrinsic part of internal audit work.

2.3. Performance Management & Quality Control

2.3.1 Performance Management

The Audit Committee will establish performance measures for the Service, in respect of the control environment, and for the Internal Audit function, and consider performance against those measures in reviewing the activity of Internal Audit.

2.3.2 Quality Control

The GIAS requires the operation of quality assessment and review mechanisms, which must be assessed internally at least annually, and by an external assessor at least every 5 years.

The Head of Internal Audit is responsible for advising the Committee on the appropriateness of measures and targets, and on collecting this information.

The Head of Internal Audit will establish internal quality control and review practices consistent with the requirements of the GIAS, and report on the

outcome of this review work to the Audit Committee as a part of the Annual Report.

Quality control will include direction and supervision of work performed, the retention of appropriate, reliable and relevant evidence to justify findings and conclusions and recommendations, and the internal review and assessment of work, including its preparation in accordance with detailed standards, and compliance with the requirements of GIAS and CIPFA.

The Head of Internal Audit is responsible for arranging for the external assessment, providing the necessary information, and acting on any outcomes from the assessment. This will be done under the oversight of the Chair of the Audit Committee, in accordance with GIAS.

The external auditor and other external review agencies may evaluate the work of Internal Audit as part of their assessment of Service activity.

2.4. **Reporting**

The Head of Audit will report to the Audit Committee.

- Quarterly on each piece of work completed in the period, the opinion arising from that work and performance of internal audit (achievement of the annual audit plan (as revised when required), client satisfaction and quality assessment).
- Annually on the overall achievement and assessment of the internal audit work programme, including an opinion on the control system, risk management and governance arrangements, and performance information, such as issuing reports on time, completing work within time allocated.
- Annually on the overall risk environment and the overall planned work on assurance in the forthcoming year, plus any investigative and consultancy tasks. This will include an assessment on the availability of resources, and any impact this may have on the ability to assess the control environment.
 - As necessary on any matter impacting on the overall integrity of the control environment, typically indicated by a “no assurance” audit opinion, or on any operational matter that seriously impacts on the delivery of the audit plan or resourcing of the internal audit function.

Internal Audit reports to all levels of management, with reporting of detailed operational work usually being to Directors. The Chief Executive and Directors receive the full summary of activity.

2.5 **Partnerships, and Obtaining & Providing Assurance to Others**

In respect of operations through partnership and semi-independent organisations:

- (i) Usually, the Authority will require its internal auditors to have access to property, records, documents and correspondence in respect of any activity operated or controlled by the organisation working for the Authority, and for

its auditors to be provided with explanations by officers of the organisation. Contracts and agreement documents will set out these rights where it is appropriate.

- (ii) The Authority (through agreement by the Head of Internal Audit) may agree that alternative review arrangements operated by or on behalf of the organisation, or independently, will provide sufficient evidence to enable the Authority to secure assurance conclusions about the aspects of the effectiveness of the control environment to which the partnership relates, although the Authority will retain an ultimate right to review any activity dependent on the Authority's funding. In this context the Head of Internal Audit will seek to develop relationships, formalised where practical, with other internal auditors and other review agencies to facilitate this. This may include obtaining all or some elements of assurance from the internal auditors employed by the organisation, and/or participating with other internal auditors (e.g., employed by local authorities in the sub region) to evaluate the procedures operated by shared partners (such as a regional wide public body) and using such assurance instead of obtaining direct assurance.
- (iii) The Authority will, when requested and appropriate, provide assurance (based on work performed) to other partner organisations.

2.6 **The external auditor of the Authority**

The external auditor has full and free access to any records and work performed by Internal Audit. Action will be taken to coordinate work to avoid any duplication, and to ensure effective mutual working.

3 **INTERNAL AUDIT STRATEGY**

This strategy statement must be read alongside the full Audit Strategy.

- 3.1.1 The Head of Internal Audit is responsible for the effective use of resources to deliver the Audit Plan.
- 3.1.2 Delivery is by direct employees of Kirklees Council under a wider financial services SLA, including trainees and secondees and, where necessary, temporary and casual employees. The use of specialist consultancy and contractors will be considered, if necessary, to deliver specific elements of the workload.
- 3.1.3 At least annually, the Head of Internal Audit will submit to the Audit Committee a risk based Internal Audit Plan for review and approval. The plan will consist of a schedule of planned assurance and consultancy work (including some contingency) which will establish resource requirements for the next financial year. This will be balanced between resource requirement and capacity. The Standard requires the Head of Internal Audit to advise the Audit Committee if the number of resources available compromises the ability to offer appropriate levels of assurance.
- 3.1.4 The internal audit plan is based on a risk-based assessment. The current standard is to potentially cover all areas of activity from the most significant to the most minor, although prioritisation is to ensuring that assurance coverage concentrates on those areas of highest risk in terms of potential exposure or likelihood of failure,

covering both financial and other business controls (where assurance work utilise the responsibilities and processes for control effected by other teams such as Health & Safety).

3.1.5 Necessary material variations from the approved Internal Audit Plan are reported to and approved by the Audit Committee.

3.1.6 Besides Kirklees Council, Internal Audit also provides Internal Audit services to:

- Kirklees Active Leisure, which is a charitable trust under a service level agreement. Although the Council is the main partner of KAL, audit accountability and reporting are to Kirklees Active Leisure only.

Appendix 2 – Summary of Audit Coverage 2025/26

Audit	Report Status	Assurance Opinion
Financial Systems & Risks <ul style="list-style-type: none"> • Payroll • Bank Reconciliation 	Final Final	Substantial Adequate
Other Systems & Risks <ul style="list-style-type: none"> • IT Network Access • Keighley Fire Station Refurbishment Contact 	Final Interim	Adequate Substantial Substantial Substantial
Business Risk Management <ul style="list-style-type: none"> • Vehicle Accident • Flooding • Grenfell Phase 2 Recommendations Implementation • Industrial Dispute 	Final Final Final Final	Substantial Adequate Adequate Substantial
Governance <ul style="list-style-type: none"> • Corporate Governance Arrangements 	Draft	Adequate
Executive Leadership Team Requests <ul style="list-style-type: none"> • Safe & Well Visits • Fire Prevention Database 	Final Final	Adequate Substantial

Appendix 3 – Internal Audit Plan 2026/27

Previous audit / assurance

Audits b/fwd from 2025/26

- Business Continuity*
- Workforce Planning*

More than 5 years ago
New audit

Audit Opinion on **Internal Control**

- Accounts Payable Key Controls
- Overtime
- Accounts Receivable Key Controls
- Energy Supply Management System
- HQ Catering*

2024/25, Substantial
2022/23, Substantial
2023/24, Adequate
2023/24, Substantial
More than 5 years ago

Audit Opinion on **Governance**

- National Fraud Initiative 2026/27 (Mandatory)
- Programme of Change Process Review*

2024/25, Substantial
New audit

Audit Opinion on Risk **Management**

- Overall arrangements
- Safeguarding
- Data Management & Security

More than 5 years ago
2023/24, Substantial
2020/21, Substantial

Consultancy

per Terms of Reference agreed with the respective Boards

- Major Project Strategic Finance Group
- Emergency Services Network Programme SROs

160 Days in Total per SLA

*ELT request

The Audit Plan for West Yorkshire Fire & Rescue Authority 2025-26

Year ending 31 March 2026

9 April 2026



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1. The Backstop

The Future of the Backstop

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. These Regulations require audited financial statements to be published by a specific date. The upcoming backstop dates are as follows:

- for years ended 31 March 2026 by 31 January 2027
- for years ended 31 March 2027 by 30 November 2027
- for years ended 31 March 2028 by 30 November 2028.

The Regulations are supported by the National Audit Office's (NAO) Code of Audit Practice 2024. The backstop dates were introduced to clear the backlog of historic financial statements and support the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Local Government National Context – Local Audit Recovery and work proposed for 2025-26 at the Fire and Rescue Authority

In our first two years as appointed auditors to the Fire and Rescue Authority, we have issued a disclaimer of opinion on the financial statements due to the backstop. We inherited a backstopped disclaimed audit opinion on the 2022-23 accounts from the predecessor auditor and we are currently in the process of rebuilding assuring and working to get the Authority back to a 'clean' unqualified opinion as soon as possible.

In the last two years, we have obtained appropriate assurance over the 'in-year' income and expenditure transactions which represents a good outcome to date.

The further build back work that we are required to complete includes:

- Obtaining assurance over the Local Government Pension Scheme membership data used in the latest triennial valuation. The results of the 2025 LGPS triennial valuation are expected to be reflected in the March 2026 IAS19 report and the pension fund auditor is expected to undertake audit procedures as part of this year's audit so we envisage that that the necessary assurances can be obtained this year
- Working on the assumption that in 2025-26 we shall obtain assurance over the closing balance of property, plant and equipment and the Firefighters Pension Scheme net pension liability, we envisage that this should be sufficient to return to a 'clean' unqualified opinion on these balances in our audit opinion for the 2025-26 year
- Transactions which affected usable reserves and posted during 2022-23 will also be a focus of our build back work. Recognising that there is only one year for which external audit work has not been performed (2022-23), our aim is that focussed audit work can be performed during the 2025-26 audit fieldwork process to obtain the necessary assurance over these 2022-23 transactions.

Our Work

In order to meet future statutory deadlines, for 2025-26 we will be working towards an internal deadline of 30 November 2026, as a dry run for future years.

Our initial focus for the audit will once again be on in-year transactions including income and expenditure, journals, capital accounting, payroll and remuneration disclosures; and closing balances for 2025-26.

Our objective is to establish a pathway to recovery, by providing assurance over the in-year 2025-26 transactions and movements, where possible, and those closing balances which can be wholly determined in isolation without regard to the opening balance, such as creditors and debtors.

Our strategy as to how assurance can be gained on prior years and return the Authority to an unqualified 'clean' opinion is set out in the middle column on this page.

We will need the continued cooperation and input of management and those charged with governance on the Audit Committee throughout the rebuilding process – effectively a continuation of the excellent cooperation that we have experienced in our first two years of working with the Authority.

2. Introduction and headlines



Purpose

This document provides an overview of the planned scope and timing of the statutory audit of West Yorkshire Fire & Rescue Authority ('the Authority') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued the Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body.

Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Fire and Rescue Authority. We draw your attention to these documents.

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Authority's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit Committee); and we consider whether there are sufficient arrangements in place at the Authority for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

The audit of the financial statements does not relieve management or the Audit Committee of your responsibilities. It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Authority and is risk based.

Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of the local government pension scheme net balance & firefighters pension scheme net liability
- Closing valuation of land & buildings.

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report in November 2026.

Materiality

We have determined planning materiality to be £2.97m (PY £1.2m) for the Authority, which equates to 2.5% of your prior year gross expenditure on the deficit on the provision of services. The measurement percentage has increased from the 1.9% used in the prior period. We reached the judgement to increase measurement percentage since we now have two years' worth of cumulative audit knowledge and experience and our work in the prior year did not identify any audit misstatements that impacted on the Authority's reported outturn position or usable reserves balances. The increase in materiality percentage is also as a result of a benchmarking review of materiality levels of the Firm compared to other public sector external audit providers.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

Our 'clearly trivial' reporting threshold for issues to be brought to the Audit Committee's attention has been set at £148k (PY: £60k).

We have set a lower materiality level for senior officer remuneration disclosures, as these are considered sensitive disclosures. We have set a lower materiality of £20,000 for the audit in this area.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not identified any significant weakness areas or related risks, requiring separate attention.

We will continue to monitor and update our risk assessment and responses until we issue our Auditor's Annual Report (to be issued and reported to Audit Committee in November 2026).

Audit logistics

Our planning and interim work commenced in March and will continue into April. Our year-end audit will take place from July through to November.

Our key deliverables are this Audit Plan, due to be reported to the Audit Committee in April, our Audit Findings (ISA260) Report and our Auditor's Annual Report on VFM arrangements – both of which are planned to be reported to Audit Committee in November 2026.

Our proposed fee for the audit is £144,814 (PY: £117,384), subject to the Authority delivering a good set of financial statements and working papers, no significant changes in scope to the Audit, management being responsive to audit requests and providing sufficient appropriate audit evidence when requested. The increase in the fee relates to the proposal to utilise the £27,228 build back assurance grant that the Authority received in 2025. We aim to complete the build back assurance work in 2026 (as set out previously on page three) to move the Authority back to a full audit opinion.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

3. Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Audit team’s assessment	Planned audit procedures
<p>Management override of controls</p> <p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.</p>	<p>We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.</p>	<p>In response to this risk we will:</p> <ul style="list-style-type: none"> • Evaluate the design effectiveness of management's controls over journals. This will include the controls management has in place to review journal postings • Analyse the journals listing and determine the criteria for selecting high risk unusual journals • Perform a risk-based interrogation of the financial ledger to identify any unusual and potentially fraudulent transactions for testing • Test unusual journals made during the year and after the draft accounts stage for appropriateness and corroboration • Gain an understanding of the accounting estimates and critical judgements applied by management and consider their reasonableness with regard to corroborative evidence • Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions • Examine journals and manual entries made around the time of the preparation of the draft financial statements for appropriateness and corroboration.



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Closing valuation of land and buildings</p>	<p>The Authority re-values its land and buildings on a rolling five-yearly basis in line with the Code requirements.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £96m for land & buildings) and the sensitivity of this estimate to changes in key assumptions.</p> <p>The Authority only holds specialised buildings within its portfolio. The specialised assets comprise 40 fire stations and support buildings includes the Supplies and Transport building and Training Centre buildings.</p> <p>The specialised buildings listed above are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision as existing buildings.</p> <p>The key DRC valuation assumptions are the rebuild cost, building size and adjustments for obsolescence (buildings age & condition), as well as accounting for additional add-ons on a theoretical rebuild. These include professional fees and external areas (such as car parking and landscaping).</p> <p>The land portfolio, comprising the land on which the fire stations and other buildings are sited, has been valued on the existing use basis with reference to open market comparables from the West Yorkshire area.</p> <p>We therefore identified the closing valuation of land and buildings, as a significant risk, which was one of the most significant assessed risks of material misstatement.</p> <p>Based on our work in the prior year, there is an expectation that some assets have now become surplus, including Oakroyd Hall at the Birkenshaw site. Such decisions or changes in use may impact on classification and/or the assets' valuation at the year end.</p> <p>For the first time in 2025-26, the Code now requires indexation in the intervening years between revaluations. The Authority will be adopting this for the first time this year, and applying indexation to land and buildings not subject to a full revaluation during the financial year.</p>	<p>We have identified the closing valuation of land and buildings as a significant risk. In response to this risk we will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • discuss with the valuer the basis on which the valuation was carried out • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding • test, on a sample basis, revaluations made during the year to see if they had been input correctly into the Authority's fixed asset register • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end • agree, on a sample basis, the internal floor areas (GIAs) to records held by the estates management function • for assets valued on the existing use value (EUJ) basis, which are exclusively land, obtain market comparables to assess the appropriateness of market comparables selected by management's expert and used in the valuation calculations • noting the plans for some degree of estate rationalisation and disposal of a number of buildings following the relocation of services to the new headquarters site, we shall consider whether these now-vacant buildings have been appropriately classified at year end be that as surplus assets, assets held for sale or operational land & buildings • assess the Authority's application of indexation to land and buildings not subject to a full valuation in 2025-26 in terms of the selection of an appropriate and relevant index for the specific land and building and the accurate application and calculation of the indexed valuation.

Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
<p>Valuation of the local government pension scheme net balance & firefighters pension scheme net liability</p>	<p>The Firefighters Pension Fund (FPS) liability, as reflected in its balance sheet as an overall defined benefit pension liability, represents a significant estimate in the financial statements. This is an unfunded scheme and therefore there are no pension assets. As a result, the FPS scheme will always represent a liability on the balance sheet. The Firefighters Pension Fund liability is considered a significant estimate due to the size of the numbers involved (£1.03bn on the Fire Authority's balance sheet at March 2025) and the sensitivity of the estimate to changes in key assumptions.</p> <p>The Authority also has a share in the West Yorkshire Pension Fund Local Government Pension Scheme, which was in an IAS19 surplus position at 31 March 2025, with a share of the surplus relating to the Authority capped at £nil as per the IFRIC 14 calculation presented by Management's expert actuary.</p> <p>Both schemes represent a significant estimate in the Authority's financial statements, however, the valuation of the FPS scheme liability is significantly greater as a multiple of materiality than the LGPS scheme net surplus.</p> <p>The sensitivity of the estimate to changes in key assumptions has given rise to a significant risk. The actuarial assumptions used are the responsibility of the entities but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and CPI inflation rates, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 1.5% effect on the gross liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions, we have therefore identified valuation of the Authority's defined benefit pension funds balances as a significant risk.</p> <p>The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. We have not identified the LGPS unfunded liabilities of £0.23m as being within the scope of the significant risk.</p> <p>The Authority also needs to consider the impact of IFRIC 14 - IAS 19 - the limit on a defined benefit asset in respect of its share in the West Yorkshire Pension Fund local government pension scheme. Because of this, we have assessed the recognition and valuation of the LGPS pension surplus as a significant risk.</p>	<p>We have identified the valuation of the FPS pension liability and the valuation of the LGPS net pension balance as a significant risk. In response to this risk we will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net balance is not materially misstated and evaluate the design of the fund assets valuation in the pension fund financial statements and associated controls • evaluate the instructions issued by management to their management expert (Aon for LGPS and GAD for Firefighters') for this estimate and the scope of the actuary's work • assess the competence, capabilities and objectivity of the actuary (Aon for LGPS and GAD for Firefighters') who carried out the Authority's pension fund valuation • assess the accuracy and completeness of the information provided by the Authority to the two actuaries (Aon and GAD) to estimate the IAS19 pension valuation <p>(continued overleaf)</p>

Significant risks identified (continued)

Significant risk	Planned audit procedures
<p>Valuation of the local government pension scheme net balance & firefighters pension scheme net liability</p>	<ul style="list-style-type: none"> • assess the accuracy and completeness of the information provided by the Authority to the two actuaries (Aon and GAD) to estimate the IAS19 pension valuation • test the consistency of the pension fund figures and disclosures in the draft financial statements with the actuarial report from the actuary • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • obtain assurances from the auditor of the West Yorkshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the Authority • perform appropriate data checks in respect of Firefighters' membership data and test the accuracy and validity of data used in the most recent quadrennial valuation • assess the calculation performed to identify the IFRIC 14 net pension asset ceiling and where appropriate, challenge management on the validity and appropriateness of the assumptions used in the calculation including the existence of a minimum funding requirement, the future lifetime of the scheme (in years) and the level of future funding contributions (as a % of payroll costs). Further, assess the impact of the reduction in the level of cash contributions agreed following to most recent triennial valuation of the net pension surplus that can be recognised on the Fire and Rescue Authority's balance sheet at 31 March 2026 • review and assess the response from the Auditor of the Pension Fund following their work on the data used in the 2025 triennial valuation, and specifically in respect of the accuracy and completeness of membership data • obtain assurances over the reasonableness and appropriateness of any experience items arising following the 2025 triennial valuation being reflected in the Authority's LGPS IAS 19 report as at 31 March 2026.



Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Risks rebutted

Significant risk

The revenue cycle includes fraudulent transactions (rebutted)

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Audit team's assessment

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of public services bodies, including the Authority, mean that all forms of fraud are seen as unacceptable.

Therefore, we have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams except due to the low fraud risk in the nature of the underlying transactions.

Planned audit procedures

Whilst the risk has been rebutted and we do not consider revenue recognition to be a significant risk for the Authority, we shall perform standard audit procedures on this material stream of transactions. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate up to the time of concluding the audit.

Based on our expectation set at audit planning, we envisage that income generated from Customer and Client Receipts will be immaterial to the financial statements for year ended 31 March 2026 and as such detailed substantive procedures will not be required to be performed. We shall review this assessment on receipt of the draft accounts and should this stream of transactions become material then this stream of transactions shall be brought into scope.

In respect of income recognised (risk rebutted) we will:

- Evaluate the Authority's accounting policy for recognition of grant income for appropriateness and compliance with the Code.
- For grant income, we sample tested items for supporting evidence and checked the appropriateness of the accounting treatment in line with the CIPFA Code, including the treatment of credited to services and recognition as non-ringfenced other grant income. Testing will also give regard to the treatment of grant income as principal or agent.

Risks rebutted

Significant risk	Audit team's assessment	Planned audit procedures
<p data-bbox="104 235 422 386">The expenditure cycle includes fraudulent transactions (rebutted)</p> <p data-bbox="104 411 524 782">Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition.</p> <p data-bbox="104 796 524 1015">As per PN10, fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p data-bbox="104 1029 524 1288">As a result under PN10, there is a requirement on auditors to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p>	<p data-bbox="542 235 1294 301">We have rebutted this presumed risk for the Authority because:</p> <ul data-bbox="542 315 1370 1200" style="list-style-type: none"> <li data-bbox="542 315 1370 425">• there is little incentive to manipulate expenditure for the Authority where services are provided to the public through taxpayers' funds <li data-bbox="542 439 1370 615">• there are plans in place for the Authority to deliver cashable savings, indicating a culture of officers dealing with the challenges faced head on, which is considered incompatible with the deliberate suppression of expenditure <li data-bbox="542 629 1370 772">• the Authority requires cash to meet its payroll and third-party payment obligations and therefore any manipulation of expenditure between accounting periods does not generate any clear financial benefits <li data-bbox="542 786 1370 1043">• the Authority has a number of contracted key suppliers with whom frequent recurrent transactions are made, which are followed by timely payments, usually within 30 days of receipt of goods. As such, regular bank payments are required to suppliers, which reduces any opportunity to exclude expenditure transactions from being reported in the general ledger <li data-bbox="542 1058 1370 1200">• the Authority has clear and transparent reporting of its financial position, including regular reporting of budget variance analysis to its Finance and Resources Committee and Audit Committee. <p data-bbox="542 1215 1340 1288">Therefore, we do not consider this to be a significant risk for the Authority.</p>	<p data-bbox="1393 235 2435 415">Whilst the risk has been rebutted and we do not consider revenue recognition to be a significant risk for the Authority, we shall perform standard audit procedures on this material stream of transactions. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate up to the time of concluding the audit.</p> <p data-bbox="1393 429 2219 465">In respect of expenditure recognised (risk rebutted) we will:</p> <ul data-bbox="1393 479 2435 1265" style="list-style-type: none"> <li data-bbox="1393 479 2435 551">• Evaluate the Authority's accounting policy for recognition of expenditure for appropriateness and compliance with the Code <li data-bbox="1393 565 2435 665">• Update our understanding of the system for accounting for the expenditure and procedures to ensure the completeness of expenditure recorded in the financial year <li data-bbox="1393 679 2435 822">• Undertake a detailed substantive analytical procedure on pay expenditure, including checking that changes in gross pay year on year are supported by underlying data including enacted pay awards and movements in workforce numbers <li data-bbox="1393 836 2435 908">• Agree, on a sample basis, non-pay expenditure to supporting evidence to demonstrate occurrence and accuracy of expenditure recorded <li data-bbox="1393 922 2435 1022">• Inspect a sample for year end accrued expenditure not yet invoiced to assess whether the value of the accrual was consistent with the value invoiced post year end <li data-bbox="1393 1036 2435 1108">• Complete substantive testing of expenditure streams in 2025-26, including sample testing material transactions <li data-bbox="1393 1122 2435 1265">• Design and carry out appropriate audit procedures to ascertain that recognition of expenditure is in the correct accounting period, for example, using cut off testing, focusing either side of the reporting date of 31 March 2026.

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Authority
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors within the borough of the Authority’s remit the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements
 - issuing a report in the public interest or written recommendations to the Authority under section 24 of the Local Audit and Accountability Act 2014 (the Act)
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

4. Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Description

Determination

We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Fire and Rescue Authority, including consideration of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements. Materiality at the planning stage of our audit is £2.97m, which equates to 2.5% of your prior year (2024-25) gross expenditure on the surplus/deficit on the provision of services (prior year: £1.2m). We concluded it appropriate to increase the percentage of the benchmark from 1.9% to 2.5% to reflect the 2 years' worth of cumulative audit knowledge and experience that our team possesses and that no material adjustments were identified in the prior year that impacted on the Authority's useable reserves balances. The increase in materiality percentage is also as a result of a benchmarking review of materiality levels of the Firm compared to other external audit providers.

Other factors

An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature where it may affect instances when greater precision is required.

Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

Planned audit procedures

We determine planning materiality in order to:

- establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements
- assist in establishing the scope of our audit engagement and audit tests
- determine sample sizes and
- assist in evaluating the effect of known and likely misstatements in the financial statements.

We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. We have set a materiality of £20k.

We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. In the context of the Authority, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £148k (PY £60k). If management has corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.

Our approach to materiality (continued)

Description	Amount	Qualitative factors considered
Materiality for the Authority's financial statements	£2.97m	This equates to 2.5% of the Authority's gross expenditure on the deficit on the provision of services for 2024-25 based on the audited statement of accounts for the year then ended (£129.6m). Our overall risk assessment at the planning stage supports the 2.5% benchmark applied. In the materiality determination, we adjusted for non-recurrent items of expenditure in 2024-25 comprising revaluation losses on the new headquarters buildings (£10.8m).
Performance Materiality (PM)	£2.22m	The performance materiality has been set at 75% of financial statement materiality (2025: 70%). This reflects our risk assessed knowledge of potential for errors occurring. Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This is the amount we set at less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Trivial Matters	£148k	The amount below which findings would be clearly inconsequential both individually or in aggregate to any reader of the financial statements. This equates to 5% of headline materiality. We will report all misstatements identified in excess of £148k to Audit Committee.
Materiality for specific transactions, balances or disclosures	£20k	Due to the public interest in senior officer remuneration disclosures, we apply specific audit procedures to this work and set a lower materiality level for this area. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior officer remuneration disclosures. We evaluate errors in the remuneration report for both quantitative and qualitative factors against this lower level of materiality. We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set or would alter the bandings reported for any individual.

Reassessment of materiality

Our assessment of materiality is kept under review throughout the audit process. We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality. We will reconsider our materiality level upon receipt of the Authority's draft 2025-26 financial statements which are expected at the end of June 2026.



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

5. Progress against prior year audit recommendations

We identified the following issues in our 2024-25 audit of the Authority's financial statements, which resulted in three recommendations being reported in our 2024-25 Audit Findings (ISA260) Report. We have followed up on the implementation of our recommendations and Management's view is that these have been implemented. We shall review implementation as part of our audit fieldwork and provide our view on whether recommendations have been fully addressed in our Audit Findings (ISA260) report due November 2026.

Assessment Issue and risk previously communicated

In progress **Intangible assets – Command and Control System – establishing an appropriate valuation once brought into use**

In our 2025 ISA260 report, we noted that the Authority had been developing a new Command and Control system, which we understand became operational during the 2025-26 financial year. The Authority has expended approximately £2.5m on this new system. The Code requires intangible assets to be valued at cost less any impairment loss. During the 2024-25 year of audit, we discussed with the finance team whether any impairment had been identified to date. We also made enquires about the potential cost estimate of a system that delivers equivalent economic benefits for least cost.

We reported that the Authority should conduct an impairment assessment once brought into use in the 2025-26 financial year to ensure the carrying value of intangible asset is appropriate and materially accurate. We recommended that the Authority considers whether it can obtain a form of external professional valuation of this Command and Control System.

Update on actions taken to address the issues

External audit update (April 2026):

We have revisited our assessment of this recommendation recognising the increase in audit materiality in 2025-26 as set out on page 14 of this report.

Management has indicated that it shall provide us with its impairment assessment based on the command and control system's carrying value in the financial statements as at March 2026 and from early discussions we understand Management is not expecting to identify any impairment to the system's historic cost as recorded in the financial statements. Aside from the request for this assessment, we have agreed that nothing further shall be required to address this recommendation.

Progress against prior year audit recommendations (continued)

Assessment Issue and risk previously communicated	Update on actions taken to address the issues
<p>In progress Accuracy and completeness of Local Government Pension Scheme membership data provided to the Authority's actuary</p> <p>One factor behind our disclaimer of opinion in the prior year was that we were unable to obtain assurance over the accuracy and completeness of LGPS membership data submitted to the actuary in 2021-22 for use in the 2022 triennial valuation. This work would routinely have been performed in 2022-23 (post triennial valuation), however, this was not completed by the predecessor auditor.</p> <p>During the course of our work in 2024-25, we initiated audit procedures to address this gap in assurance with the goal of rebuilding assurance in respect of LGPS pension balances. These procedures identified some variances in the data between what the actuary disclosed in their IAS 19 report and the underlying data from the pension fund, which were above our acceptable tolerance threshold. We note that there is a further triennial valuation with a date of 31 March 2025 which we expect will be captured in the Authority's 2025-26 IAS 19 report. We noted that there are procedures that the Authority could perform ahead of 2025-26 closedown to ensure that the underlying membership data provided to the actuary and that used in their IAS 19 report is accurate.</p> <p>We recommended that the finance team obtain the 2025 triennial valuation membership data provided by West Yorkshire Pension Fund to the fund actuary for LGPS and compare this with the data used by the actuary in their IAS 19 report. This comparison of these two datasets should be used to identify and resolve any variances that may exist ahead of the draft accounts being finalised and the external audit fieldwork for 2025-26 commencing.</p>	<p>Management update (April 2026):</p> <p><i>A comparison of membership data provided by West Yorkshire Pension Fund to the fund actuary will be compared against that used by the actuary in the IAS19 report.</i></p>
<p>In progress Perform a review of control accounts and suspense accounts used within the Authority's general ledger</p> <p>Our audit procedures in the prior year identified that:</p> <ul style="list-style-type: none"> • there is a high volume of transactions in the ledger being posted to control accounts and then being re-posted to an appropriate general ledger/cost centre code. • general ledger codes mapped within the Authority's chart of accounts as customer and client receipts (income) were being used as a control account for pension scheme accounting entries <p>We recommended that the Authority take steps to explore how it can reduce the volume of transactions being posted via a control account and increase the proportion being posted directly to an appropriate general ledger code. We also recommended that the Authority should look to provide the audit team with a list of pension entries posted through customer and client receipts income codes so that these can be contra cleansed prior to audit sampling taking place.</p>	<p>Management update (April 2026):</p> <p><i>Management will undertake a review of transactions being posted via control accounts.</i></p> <p><i>Confirmed that customer and client income codes will not be used for pension contributions in 25/26.</i></p>

6. IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs.

SAP is the only system that has been identified as in scope for the purpose of our IT audit work. SAP is in scope as the key accounting system at the Fire and Rescue Authority. The SAP system is shared across Kirklees Council and the Authority. As in prior periods, our IT audit specialists will perform a joint piece of work across Kirklees Council and West Yorkshire Fire and Rescue Authority recognising the common accounting system in place across the two audited bodies.

Based on the planned financial statement audit approach we will perform the level of assessment required, which are set out in the table below. We will keep this under review as the audit progresses and update our understanding if there are additional IT systems within the scope of the audit.

We will report to you including our assessments and findings (as applicable) in our Audit Findings (ISA260) Report due November 2026.

IT system	Audit area	Planned level IT audit assessment
SAP	Core Financial Reporting, including Accounts Payable and Receivable	<ul style="list-style-type: none">• Detailed ITGC assessment design effectiveness• Test the design and implementation of the ITGCs• Follow up on IT related recommendations raised in the previous audit• Review of cybersecurity controls.

7. Interim Audit Work

Details of work to be conducted at interim:

The backstop date is moving earlier in the year, as a result and to ensure that all work can be completed by this date, we will be using an interim visit as a key part of the audit approach. Interim visits should be treated with the same importance as final accounts and will include regular catch-ups between management and the audit team to facilitate this work. An indicative plan of the areas that we would cover at interim is set out below. This has been discussed with management prior to the issue of this Audit Plan.

Description	Work commentary
Review of prior year recommendations	We will perform a review of the authority’s progress against audit recommendations we have raised in the prior year.
Payroll	We will: <ul style="list-style-type: none"> • Select & test a sample of starters, leavers and change of circumstances • review monthly payroll reports.
Property, Plant and Equipment – Existence Testing	Where asset disposals have occurred during the prior year, we will perform existence testing based on the opening balances for PPE at 1 April 2025 and obtain photographs and title deeds, as appropriate, to obtain assurance that the existence assertion has been satisfied.
Advance testing areas	We will select samples and perform advance testing (up to month 10) on: <ul style="list-style-type: none"> • grant income • operating expenditure • non-payroll employee benefit expenditure.
Journal entries	We will review material journal entries made from the beginning of the financial year up to month 10.
Validating information provided by the entity (IPE)	We observe the following data being shared with audit to gain assurance over its accuracy and completeness: <ul style="list-style-type: none"> • general ledger transaction listings up to month 10 • payroll listings that underpin the remuneration disclosure notes to the financial statements.
The Authority’s preparations for the indexation of land and building valuations	We will make inquires and perform a review of the authority’s approach to land and buildings valuations and implementation of indexation within the revaluation cycle.

8. Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2026

The National Audit Office updated its Code of Audit Practice in November 2024. The Code expects auditors to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report a commentary each year under the specific reporting criteria and where significant weaknesses in arrangements are identified. 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 was introduced from November 2025. The three specified reporting criteria are set out below:

Financial sustainability

How the Fire and Rescue Authority plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the Fire and Rescue Authority ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness

How the Fire and Rescue Authority uses information about its costs and performance to improve the way it manages and delivers its services.



We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our AAR. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. Any significant weaknesses identified will be reflected in our AAR and included within our audit opinion.

Risks of significant weakness in VFM arrangements

Initial Risk assessment of the Authority's VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2025-26. We will continue to evaluate risks of significant weakness and if any risks are identified, we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2024-25 Assessment of arrangements	2025-26 Risk assessment	2025-26 risk-based procedures planned
Financial sustainability	G No significant weaknesses identified and no improvement recommendations raised.	No risks of significant weakness identified.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Governance	G No significant weaknesses identified and no improvement recommendations raised.	No risks of significant weakness identified.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Improving economy, efficiency and effectiveness	G No significant weaknesses identified and no new improvement recommendations raised.	No risks of significant weakness identified.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.

- 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.

Risks of significant VFM weaknesses

As part of our initial planning work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources where we needed to perform additional procedures. The risks we have identified are detailed on the table overleaf along with the further work we will perform. We will continue to review the Authority's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the table below.

Potential types of recommendations



Statutory recommendation

Written recommendations to the Fire and Rescue Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Fire and Rescue Authority to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Authority. We have defined these recommendations as 'key recommendations'.

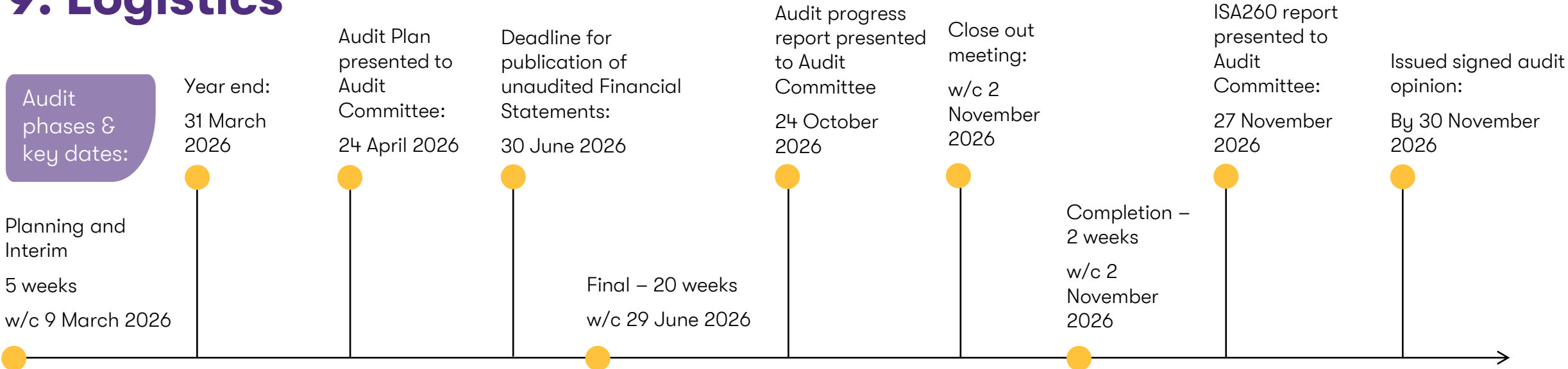


Improvement recommendation

Auditors may also include areas for improvement or to keep in view even if they do not identify any underlying significant weaknesses in arrangements. These recommendations set out actions for consideration which are not a result of identifying significant weaknesses in arrangements, but which if not addressed could increase the risk of a significant weakness in future periods.

9. Logistics

The audit timeline



Key elements

- Audit scoping and risk assessment to be completed
- Completion of system walkthroughs and document design effectiveness of relevant controls
- Discuss and agree timetable and deliverables with management
- Review of key judgements and estimates
- Select samples for advance audit testing and share with management
- Issue the Audit Plan to management and Audit Committee.

Key elements

- Audit teams onsite to complete fieldwork and detailed testing - using a hybrid approach (on-site and remote)
- Audit of the financial statements
- Weekly update meetings with management to help ensure progress and identify issues as they arise
- Progress tracker to be shared with management weekly
- Value for money team to undertake enquires, collate evidence and draft their assessment on the Authority's arrangements. 136

Key elements

- Audit Findings (ISA260) Report shared and agreed with management
- Audit Findings (ISA260) Report issued to Audit Committee
- Audit Findings (ISA260) Report presentation to Audit Committee in November 2026
- Auditor's Annual Report issued to management (October) and reported to Audit Committee in November 2026
- Finalise and sign financial statements and audit report by the end of November 2026

10. Our team and communications

Grant Thornton core team

Gareth Mills

Engagement Lead & Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance

Greg Charnley

Audit Senior Manager

- Audit planning
- Main contact for the finance team
- Project and Resource management of the delivery of the audit
- Performance management reporting

Chris Schulz

Audit Assistant Manager

- Audit team management
- Day-to-day point of contact
- Audit fieldwork lead contact

Curtis Wallace

VFM Audit Manager

- Value for Money planning and risk assessment
- Main contact for review of VFM arrangements
- Preparation of the VFM commentary in the Auditor's Annual Report

Pool of specialists and other technical specialists:

- Internal IT audit team.

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"> • Annual client service review 	<ul style="list-style-type: none"> • The Audit Plan • Audit Progress and Sector Update Reports • The Audit Findings (ISA260) Report • Auditor's Annual Report on VFM arrangements 	<ul style="list-style-type: none"> • Audit planning meetings • Audit clearance meetings • Communication of issues log • Quarterly liaison meetings with the Chief Fire Officer and Director of Finance 	<ul style="list-style-type: none"> • Technical updates
Informal communications	<ul style="list-style-type: none"> • Open channel for discussion 		<ul style="list-style-type: none"> • Communication of audit issues as they arise 	<ul style="list-style-type: none"> • Notification of upcoming issues

11. Our fee estimate

Our fee estimate

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Authority will:

- prepare good quality sets of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant estimates made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
 - Closing valuation of land and buildings
 - Valuation of the local government pension scheme net balance & firefighters pension scheme net liability

Previous year

In 2024-25 the scale fee set by PSAA was £114,384. The actual fee charged for the audit was £117,384. At the time of drafting this audit plan, the £3k fee variation for the IFRS 16 implementation review remains subject to PSAA agreement.

As the audit report from the 2024-25 audit was a disclaimer of opinion due to the imposition of a backstop date (and 2023-24 & 2022-23), we will need to undertake further audit work in respect of opening balances.

In addition, we aim to complete the required targeted audit work to regain assurance over the areas listed on page three of this Plan – for the ‘missing’ year of audit assurance in 2022-23. As such, we have included the build back assurance grant that the Authority received in 2025 from MHCLG of £27,228, in the proposed audit fee balance below.

	Audit Fee for 2024-25	Proposed fee for 2025-26
Scale Fee (per PSAA contract)	£114,384	£117,586
IFRS 16 implementation review (first year adoption of the new accounting standard)	£3,000	-
Audit build-back grant from MHCLG towards regaining audit assurance (we will discuss the scope, extent and timings of the build back work with your Director of Finance and Procurement and whether this initial £27k will be adequate to cover the full scope of build back work required).	-	£27,228
Total (Exc. VAT)	£117,384	£144,814

Our fee estimate (continued)

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audits for the Authority to begin with effect from 2023-24. The scale fee set out in the PSAA contract for the 2025-26 audit is £117,586.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final Auditor's Annual Report on VFM arrangements for the previous Audit Year or opinion issued (but not before 1 December 2025)
- Production of the draft Audit Plan report to the Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed.

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

12. Independence considerations

Auditor Independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, and managers). In this context, we disclose there are no matters that we are required to report.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard.

Other services

- There are no other audit or non-audit related services as at the date of this Audit Plan.
- Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP will be included in our Audit Findings (ISA260) Report at the conclusion of the audit in November 2026.

Independence considerations (continued)

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority or investments in the Authority held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Following this consideration we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful that there are no non-audit fees charged in the current or prior year.

13. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management / those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings (ISA260) Report will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Communication of audit matters with those charged with governance (Continued)

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Our communication plan	Audit Plan	Audit Findings
Views about the qualitative aspects of the Authority's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and / or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

14. Financial reporting changes

Changes to the CIPFA Code of practice on local authority accounting for 2025-26

The main change is a revaluation expedient for property, plant and equipment. From 1 April 2025, revaluations are required once every five years or on a five year rolling basis with indexation in intervening years. This is a substantial change to the accounting for non current asset, that may require engagement with valuers, changes to underlying systems, asset records and accounting treatment.

New or revised accounting standards that are expected to be adopted by the CIPFA Code in future years.

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

The International Accounting Standards Board (IASB) issued amendments to IFRS 9 and IFRS 7 to improve the reporting of nature-dependent electricity contracts, such as power purchase agreements (PPAs). These contracts, which secure electricity from sources like wind and solar power, can vary due to uncontrollable factors like weather. The amendments clarify the 'own-use' requirements, permit hedge accounting for these contracts, and introduce new disclosure requirements to help users of the accounts understand their impact on an entity's financial performance and cash flows. The amendments are expected to be adopted by the CIPFA Code for 2026-27.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities (including settling financial liabilities using an electronic payment system), adds guidance on the solely payment of principal and interest (SPPI) criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the CIPFA Code for 2026-27.

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the comprehensive income and expenditure statement as well as introduce specific disclosure requirements. Some of the key changes are:

- introducing new defined categories for the presentation of income and expenses
- introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal
- disclosure of management defined performance measures
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 will be effective in the UK from 1 January 2027 and so could impact the CIPFA Code from 2027-28.

Appendix – Letter to Chair of Audit Committee

Letter regarding 2025-26 audit timelines

4 March 2026

Dear Cllr Renshaw

Copied to: Alison Wood, S151 Officer

Proposals for the annual accounts and external audit timeframes from 2026 onwards

Ahead of us starting our work on your 2025-26 Accounts, we wanted to send you a letter to set out our plans for your audit timelines over the course of the next two years and what we will need from you as an Authority as part of these plans.

As I am sure you are aware, 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. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027.

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

As you know, the Authority received a fully 'disclaimed' audit opinion for 2022-23 from our predecessors. For the past two year, with strong engagement from officers, the finance team and the Audit Committee, we have managed to obtain 'in year' assurance over 2023-24 and 2024-25. These are important outcomes for the rebuilding of audit assurance at the Authority.

I know both the Authority and ourselves are committed to ensuring the rebuilding of assurance continues to take a significant step forward in the 2025-26 audit by once again obtaining "in-year" assurance over income and expenditure transactions and, as far as possible, over the closing balance sheet at 31 March 2026.

In addition, we also hope to perform some targeted assurance work in relation to the 'missing' year of audit (2022-23). This is pending on a nationally agreed approach, however, if the scope of the proposed work is agreed with finance colleagues and the required assurance is obtained, this could result in the Authority moving back to a full unqualified "clean" audit opinion.

To be able to achieve the targets for the next two financial years, as a firm we are looking to put things in place to enable us to achieve the end of November 2027 deadline. In order to help make this achievable, we are going to undertake a 'dry run' of finishing our work on the 2025-26 Accounts by the end of November 2026.

As a first step, we are very grateful for your assistance in setting a new Audit Committee date for the end of November 2026, to enable us to sign off our opinion by that date. Many thanks for this.

(cont.)

Letter regarding 2025-26 audit timelines (cont.)

We would note that the NAO has already set a requirement that our Value for Money (VfM) work is completed by 30 November each year which has been set to align with the upcoming 30 November accounts deadline.

One area which we see as crucial to supporting a November completion date is to make increased use of our planning and interim audit work. We are seeking to perform an enhanced interim audit involving early, advanced sample testing on a number of areas by the end of April 2026. We will be liaising with the finance team to support audit testing of transactions in the first nine to ten months of the financial year. This should reduce the level of detailed transactional testing from the year-end audit work in the Summer and Autumn.

We are aiming to start our work on your accounts from the end of June 2026, following receipt of the Council's draft accounts. We are committed to working closely with finance colleagues from the commencement of our audit and throughout, with weekly meetings expected to take place to monitor progress and achievement against key milestones, through to November's Audit Committee.

This plan should allow us as a firm to deliver all of our 2025-26 Local Government audits by the end of November 2026, which will then put us in a strong position ahead of the backstop formally moving to the end of November 2027. We appreciate this will require a change on how both sides will need to work to make this a reality, but we are committed to making this happen.

We will undertake early engagement with your finance team to clearly set out our expectations and what is needed to make a success of these plans. MHCLG have asked us as a firm to report by 31 July 2026, on a case by case basis, our assessment of the Council's ability to both maintain and where necessary rebuild assurance. Having a clear and agreed project plan to complete all financial statements and VFM work by 30 November 2026 is a key part of this assurance.

If you have any queries or questions, then do not hesitate to let us know.

Yours sincerely

Gareth Mills

Key Audit Partner & Engagement Lead for West Yorkshire Fire and Rescue Authority



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