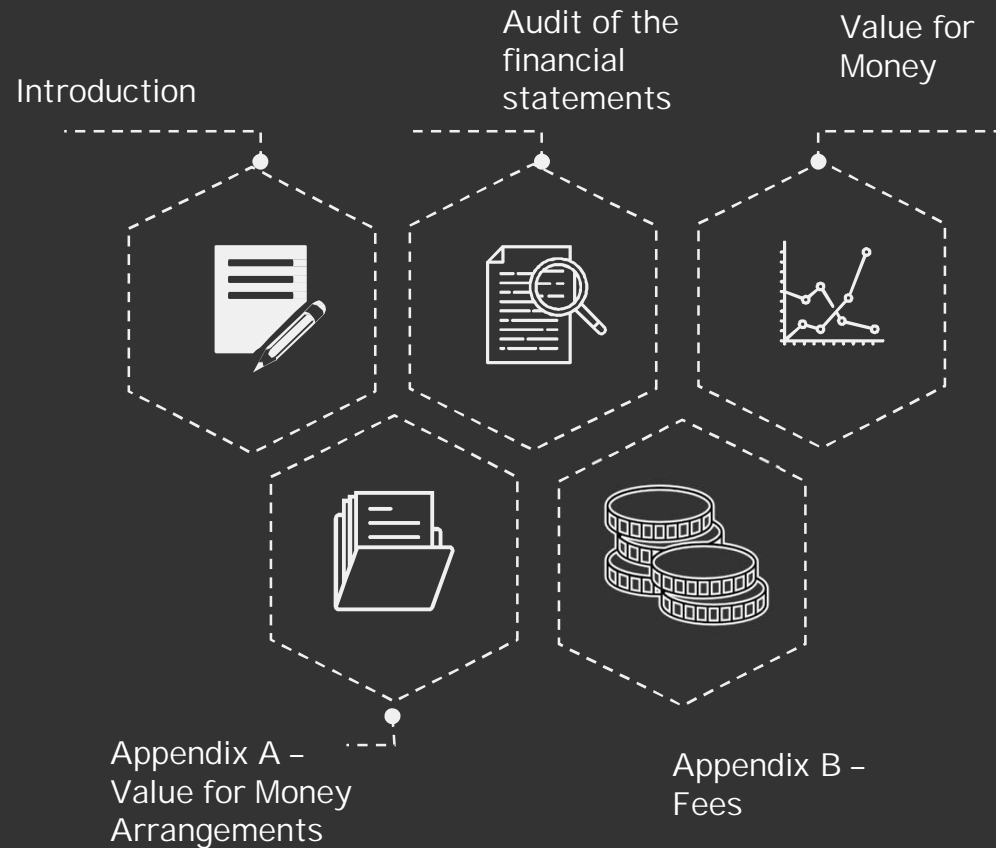


The background image shows a modern, multi-story building with a glass facade. The interior is visible through the glass, showing a bright, open-plan space with a polished floor that reflects the ceiling lights. The ceiling has recessed lighting fixtures. The glass panels are held together by dark metal frames. The overall atmosphere is clean, professional, and contemporary.

East Sussex Fire Authority Auditor's Annual Report

Year ended 31 March 2022

Contents



Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Scrutiny & Audit Panel and management of East Sussex Fire Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Scrutiny & Audit Panel and management of East Sussex Fire Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Scrutiny & Audit Panel and management of East Sussex Fire Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



Introduction

Purpose

The purpose of the auditor's annual report is to bring together all the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the Authority, and the wider public, relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2021/22 audit work in accordance with the planning report and updated audit planning report presented to the 12 May 2022 and 21 July 2022 Scrutiny & Audit Panel meetings respectively. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2021/22 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Authority;
- If we identify a significant weakness in the Authority's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

Responsibilities of the Authority:

The Authority is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



Introduction (continued)

2012/22 Conclusions

Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended. We issued our auditor’s report on 30 November 2022.
Going concern	We have concluded that the Treasurer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Consistency of the other information published with the financial statement	Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.
Value for money (VFM)	We had no matters to report by exception on the Authority’s VFM arrangements. We have included our VFM commentary in Section 03.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the Authority.
Public interest report and other auditor powers	We had no reason to use our auditor powers.
Whole of government accounts	We have not performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. This is because guidance from HM Treasury and group audit instructions for 2021/22 on which our work is based have not yet been released.
Certificate	We have not issued our certificate for 2021/22 as we have not completed the procedures required by the National Audit Office on the Whole of Government Accounts submission as explained above.

Audit of the financial statements

Key findings

The Narrative Statement and Accounts is an important tool for the Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

On 30 November 2022, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 11 November 2022 Scrutiny & Audit Panel meeting. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan.

Significant risk	Findings and Conclusion
<p>Misstatements due to fraud or error</p> <p>An ever present risk that management is in a unique position to commit fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<p>From our work performed, we did not identify any material evidence of material management override. Specifically:</p> <ul style="list-style-type: none">• Our review of trends in general ledger data, and detailed consideration of unusual or unexpected journal postings, did not identify any journal entries that suggested the manipulation of accounting records or override or controls by management.• Our review of accounting estimates, including estimates with a higher level of inherent risk, identified no evidence of management bias.• There were no significant unusual transactions.
<p>Inappropriate capitalisation of revenue expenditure</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Authority, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the general fund</p>	<p>In response to the risk, we focused on whether expenditure was properly capitalised in its initial recognition, or whether subsequent expenditure on an asset enhances the asset or extends its useful life. Specifically, we:</p> <ul style="list-style-type: none">• Sample tested additions to property, plant and equipment to ensure that they had been correctly classified as capital and included at the correct value.• Sample tested additions to property, plant and equipment to ensure that revenue items were not incorrectly classified.• Did not identify any journal entries that incorrectly moved expenditure into capital codes from our data analytical procedures. <p>We concluded the expenditure was properly capitalised and classified.</p>

Audit of the financial statements (continued)

Key findings (continued)

Other area of audit focus	Findings and Conclusion
<p>Valuation of land and buildings</p> <p>Land and buildings is a significant balance in the Authority's balance sheet. The valuation of land and buildings is subject to valuation changes and impairment reviews.</p> <p>Management is required to make material judgemental inputs and apply estimation techniques to calculate year-end balances recorded in the balance sheet. A small movement in these assumptions can have a material impact on the financial statements.</p>	<p>Our work in response to this risk:</p> <ul style="list-style-type: none"> • Found no issues regarding the adequacy of the valuers' scope of work, their professional capabilities and the results from their work; • Found that the valuers assumptions were accurate, based on our sample testing, i.e. correct floor plans and price per square metre used and considered potential impacts on useful economic lives; • Confirmed assets not subject to valuation were not materially misstated; • Confirmed accounting entries were processed correctly in the financial statements; <p>Consequently, we were satisfied that the valuation of property, plant and equipment was fairly stated and appropriately disclosed.</p>
<p>Pension Liability valuation</p> <p>The Pension Fund liability is a material balance in the Balance Sheet. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>Our approach focussed on:</p> <ul style="list-style-type: none"> • Liaising with the auditors of East Sussex Pension Fund in obtaining assurances over the information supplied to the actuary in relation to East Sussex Fire Authority. • Assessing the work of the LGPS Pension Fund actuary and the Firefighters pension actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team. • Evaluating the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model. • Reviewing and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19 <p>An immaterial misstatement was identified in the pension fund assets attributable to the Authority. We were, however satisfied, that the valuation of the pension fund liability was fairly stated and appropriately disclosed.</p>

Audit of the financial statements (continued)

Key findings (continued)

Other area of audit focus

Going concern disclosures

The Authority is required to carry out an assessment of its ability to continue as a going concern for the foreseeable future, being at least 12 months after the date of the approval of the financial statements. There is a risk that the Authority's financial statements do not adequately disclose the assessment made, the assumptions used and the relevant risks and challenges that have impacted the going concern period.

Findings and Conclusion

Management produced a going concern assessment up to 30 November 2023. Our approach on these assessments focussed on:

- Challenging management's identification of events or conditions impacting going concern.
- Testing management's resulting assessment of going concern by evaluating supporting evidence, including consideration of the risk of management bias.
- Reviewing the cashflow forecast covering the foreseeable future, to ensure that it has sufficient liquidity to continue to operate as a going concern.
- Undertaking a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, in drawing our conclusions on going concern.
- Challenging and reviewing disclosure made in the accounts in respect of going concern and any material uncertainties to confirm that this is sufficiently detailed, transparent and accurately reflects management's underlying assessments.

From this we concluded that the Authority remains a going concern based on reasonable and supportable assumptions that have been appropriately disclosed in the Authority's financial statements.

We did not identify any risks of significant weaknesses in the Authority's VFM arrangements for 2021/22.

Our VFM commentary highlights relevant issues for the Authority and the wider public.

We have no matters to report by exception in the audit report.

Scope

We are required to report on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our final VFM risk assessment to the September Scrutiny & Audit Panel meeting which was based on a combination of our cumulative audit knowledge and experience, our review of Authority reports, meetings with the officers and evaluation of associated documentation through our regular engagement with senior management and the finance team.

Reporting

We fully completed our risk assessment procedures by October 2022 and did not identify any significant weaknesses in the Authority's VFM arrangements. We did not identify any risks of significant weaknesses in arrangements during the course of our audit. As a result, we had no matters to report by exception in the audit report on the financial statements.

Our commentary for 2021/22 is set out over pages 9 to 11. The commentary on these pages summarises our conclusions over the arrangements at the Authority in relation to our reporting criteria (see below) throughout 2021/22. Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Annual Auditors Report and have been updated for 2021/22.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Authority plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weaknesses identified
Governance: How the Authority ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness: How the Authority uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weaknesses identified

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

The Authority's financial planning for 2021-22 was based on its Integrated Risk Management Plan (IRMP) for 2020-21 to 2024-25 and outlined its risks and service demands for the year. The Authority submitted a balanced annual budget for 2021-22 to Policy & Resources Panel (P&RP) on 21 January 2021 for recommendation and approved by the Fire Authority on 11 February 2021. This demonstrated the baseline to monitor in-year expenditure and savings. This included an overview of the anticipated revenue and capital expenditure, taxation & grant income, and risks including setting out the next steps to enable financial risk assessments.

The Authority operated in a financially constraining environment during the year as additional savings of £2.3m outlined in the budget needed to be achieved over the MTFP period 2022-23 to 2025-26. The Authority continued to actively monitor short-term financial pressures throughout the year and action mitigating strategies to address these when identified. These actions were monitored by the Senior Leadership Team (SLT) monthly at a granular level with regular reporting to the delegated P&R Panel for review and debate. The Authority continued to effectively control its in-year spending by achieving an overall underspending of £20k against an approved budget of £40.7m for 2021-22.

The Authority also developed its 2021-22 Annual Corporate Plan which set its service priorities, identified future improvement plans and strategic collaborations within the wider system, and detailed its financial plan for the year. This corporate plan supported year-on-year monitoring in achievement of these service priorities. The Authority further incorporated its 2021-2025 People Strategy during the setting of its 2021-22 annual budget. This will ensure that it provides the highest quality service to the communities it serves across the spectrum from community-based services to highly specialised rescue services.

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

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

Primary oversight in relation to making decisions and managing risk lies with the Fire Authority, with some delegated responsibilities (such as financial management) to the Scrutiny & Audit (S&A) Panel and the Policy & Resources (P&R) Panel, both of which report to the Fire Authority. As set out in the constitution, the Fire Authority has the overall duty to establish and maintain the strategic direction of the Authority. It agrees the vision, strategy, and policy, and agrees a forward plan with clear objectives to deliver the organisation's purpose. It is accountable for governing the organisation and holds the executive and its members to account for the delivery of strategy. The Authority is risk-aware and receives assurance about progress against its corporate aims and objectives.

The Authority continued effective risk management during 2021-22 through its established Corporate Risk Register. This risk register is regularly reviewed by the S&A Panel which challenges the risks included and gains assurance that the right risks and mitigations are included. There were no significant risks included in the risk register for 2021/22 which we concluded needed to be considered in our value for money risk assessment. These are risks that we would expect to see for the Authority and are not an indication of a weakness in their governance arrangements.

Internal Audit issued 8 reports during 2021-22 of which 2 obtained a "substantial assurance" opinion, 4 obtained a "reasonable assurance", and 2 obtained a "partial assurance". We have not identified any weaknesses in relation to the governance of the Authority through review of these reports. We note that the partial assurance opinions relate to implemented and effective operating controls around HR/Payroll and surveillance camera system deployment in public areas. The S&A Panel ensured that appropriate focus was maintained and consequently Internal Audit issued an overall reasonable assurance opinion that the Authority had an adequate and effective framework of governance, risk management and internal control throughout 2021-22.

The National Fire Chiefs Council Code of Ethics was issued on 18 May 2021 with the aim to guide employees of the Fire and Rescue Services to act in the best way towards each other and while serving the public. The Authority's constitution was further updated during 2021-22 to include reference to the Core Code of Ethics and was approved by the Fire Authority on 9 December 2021. The SLT has also approved plans for staff surveys for the period of the 2021-2025 People Strategy which will help provide additional evidence about staff understanding and compliance with the Code of Ethics and was launched in April 2022.

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2021/22 to enable it to make informed decisions and properly manage its risks.



Value for Money (continued)

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

The Authority's P&R Panel and S&A Panel respectively monitored financial and non-financial performance information throughout 2021-22 and challenged officers on any departures from plans or expectations. These panels held regular meetings where reports were presented detailing the Authority's financial and non-financial performance. They monitor and challenge the performance and quality of the services provided by the Authority, as well as considering recommendations and recovery plans if required.

The Authority's 2021-22 Annual Performance Outcome Report was presented to the Fire Authority on 8 September 2022. There were 21 indicators for 2021-22 but only 16 had comparable data due to limitations imposed by COVID-19 restrictions during the national pandemic in the preceding year. The Authority was able to improve or meet targets set for eight top-level indicators while eight declined against the previous year. This decline is, however, not indicative of weaknesses in the Authority's arrangements.

The Authority continued to discharge its responsibilities through collaboration with other sector-wide partners throughout the year. In November 2021 the Authority signed a joint Memorandum of Understanding with West Sussex, Kent and Surrey Fire and Rescue Services for the 4F Collaboration fire investigation function which aims to provide a standard and consistent level of fire investigation across the four fire and rescue services. This collaboration further aims to provide additional resilience across the South East as well as consistency in the approach to fire investigation and the training of all fire investigation officers. During 2021-22, the Chief Fire Officer was also elected as chair of the "National Water Safety Forum" which is a network of more than 50 organisations, who work together in order to reduce water-related deaths and associated harm in the UK. The Authority continued its collaboration with existing other sector-wide partners. An example of this is the Authority's involvement in the Sussex Resilience Forum which aims to prepare and respond to major emergencies within East and West Sussex and the City of Brighton & Hove.

The Authority's constitution and procurement policy directed the effective discharge of its statutory and non-statutory duties and functions relating to agreed contract values, and authorised resource limits. All proposals are furthermore monitored against the pre-defined and agreed framework by the programme leads and senior responsible officer with further reference where necessary through contract management processes. The Authority furthermore has implemented professional standards and policies including whistleblowing/bribery are also present.

Conclusion: Based on the work performed, the Authority had proper arrangements in place in 2021/22 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Appendices



Building a better
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Appendix A – Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them.

Findings

The Authority is responsible for the delivery of fire and rescue services within East Sussex and Brighton & Hove. Its main sources of funding are from central government revenue resource grants as well as business rates and council taxes that are collected on behalf of the Authority on an agency basis by the six billing authorities within its service area.

To effectively discharge these responsibilities, the Authority established a medium-term Integrated Risk Management Plan (IRMP) which covers the five-year period 2020-21 to 2024-25 and outlines the Authority's understanding of community risks and service demands, both current and future.

The Authority set an annual balanced revenue budget and related capital budget for 2021-22 that were aligned to its IRMP to ensure financial resources were allocated to address risks and demands, whilst ensuring financial stability and resilience to unplanned changes. These budgets were further linked into the Authority's medium-term financial plan (MTFP) which outlines its IRMP aligned aspirations over the medium-term.

Primary oversight of financial sustainability is the responsibility of the Authority's governing body (the "Fire Authority") with delegated authority to the Policy & Resources Panel (P&R Panel). Annual revenue budgets, related capital budgets and medium- to long-term financial strategies are reviewed by the P&R Panel and subsequently approved by the Fire Authority. Achievement of these budgets are monitored in-year with regular (at least quarterly) financial reporting against these taken to the P&R Panel for discussion and challenge. These meetings cover key issues facing the Authority and identifying financial pressures and risks are key goals.

Financial risks are included in the Authority's Corporate Risk Register along with strategies to mitigate them and are regularly updated and challenged, and reported quarterly through the Assurance Performance & Governance Group (APGG), Senior Leadership Team (SLT) and ultimately Scrutiny & Audit Panel (S&A Panel).

Appendix A – Summary of arrangements (continued)

Financial Sustainability

Reporting Sub-Criteria

How the body plans to bridge its funding gaps and identifies achievable savings.

Findings

The Authority sets a balanced annual budget and accompanying 5-year Medium Term Financial Plan (MTFP) for each financial year. A bottom-up and top-down approach is undertaken to identify any potential budget gaps and consequent savings through strategic efficiency activities required over the MTFP period.

Known and emerging service pressures, investment bids and savings proposals are also considered and quantified as part of this planning process and are supported by directorate templates, including impact assessments. Other savings are driven by strategic decisions that are taken at Authority or relevant panel level. Following this initial appraisal, funding sources, service pressures and savings are kept under continual review.

Regular reporting on financial performance and planning to the delegated P&R Panel enables the Authority to identify gaps in funding, emerging risks and monitor progress on meeting savings targets.

Reporting Sub-Criteria

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

Findings

The annual budget and MTFP sit alongside and facilitate the Authority's IRMP for 2020-21 to 2024-25. The IRMP is developed collaboratively with elected members, staff, partners, and residents to prioritise the Authority's most important future focus areas to achieve the Government's expectations of fire and rescue authorities, as described in the Fire and Rescue National Framework 2018. This enables the Authority to focus its limited resources on service delivery areas that meet the risks in the community.

Defining the IRMP is achieved through incorporation of the Authority's business planning, financial planning, and risk management processes. It provides the framework for the Authority's decision making and planning to ensure that it is making the best use of the resources available, thoroughly understanding the value for money delivered, and remaining focused on the service delivery priorities. The Authority also ensures year-on-year monitoring and achievements through its corporate and departmental plans and corporate strategies with oversight through quarterly performance monitoring and annual benchmarking to the S&A Panel.

The annual budget and MTFP were further aligned to the IRMP to achieve its planned and agreed service delivery priorities and outcomes. Achievement against the annual budget is monitored throughout the year with regular reporting thereof to relevant delegated panels. This also enables the Authority to identify unforeseen financial pressures and emerging risks in a timely manner and amend its financial plans where necessary.

Appendix A – Summary of arrangements (continued)

Financial Sustainability

Reporting Sub-Criteria

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system.

Findings

The integration between the Authority's business and financial planning has been described above, including the link to its capital strategy and capital programme. The development of its annual budget and MTFP, including detailed assumptions on the operations of the Authority that underpin them, is driven by its strategic objectives outlined in its IRMP and linked to the key governance and control arrangements of the Authority, such as performance and risk management arrangements.

The Authority incorporated its People Strategy into the 2021-22 annual budget and MTFP, thereby ensuring that financial resources are allocated to strategic recruitment and training initiatives that will ensure that it has a sufficiently staffed and skilled workforce. This included an additional investment of almost £400k over 5 years.

The Authority's has entered various collaborations with other sector wide partners within East Sussex and the City of Brighton & Hove to effectively discharge its responsibilities. These collaborations include crime and disorder reduction partnerships, health & wellbeing projects, a joint fire control initiative, and various shared services with East Sussex County Council including finance & treasury, legal, and occupational health services. Provisions for these collaborations have been outlined in both its "Purpose & Commitments" and corporate strategies which feed into its financial planning processes.

Reporting Sub-Criteria

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Findings

The Authority's arrangements for identifying its significant financial pressures as part of its annual budgeting and medium-term financial planning have been described above.

Performance against these plans is monitored monthly by the SLT with regular reporting to delegated panels. This also provides an integrated assessment of the Authority's business and financial performance, enabling the Authority to detect any unplanned changes to its service activities and operations with potential to impact its financial resilience on an ongoing basis and consequently considered in its continuous budget planning. Its risk and performance management arrangements, which are considered further below, also feed into this.

The Authority has achieved and seeks to continue maintaining an adequate level of usable reserves in future that provides a contingency for unexpected changes and sustains financial resilience. Reasonable contingencies are built into the annual revenue budget, with the general reserve being used to provide a stable platform for service planning as the MTFP is developed. It is also intended to be the first call on the Authority resources to deal with any unforeseen in year expenditure if the revenue contingency budget were to be exhausted.

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

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

Findings

Primary oversight of governance is the responsibility of the Fire Authority with delegated authority to the Scrutiny & Audit Panel (S&A Panel). The Authority's constitution sets out how it monitors and assesses risk to gain assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud. This requires the Authority to operate a risk management strategy and risk management framework that consider both strategic and operational risks and ensure that they are appropriately managed and controlled. This also supports the achievement of the Authority's strategic priorities, its decision-making processes, and protects its reputation and other assets and is compliant with statutory and regulatory obligations by:

- enabling a culture of risk awareness.
- formally identifying and managing risks.
- involving elected members in the risk management process.
- mapping risks to financial and other key internal controls.
- documenting and recording details of risks in a risk management information system.
- monitoring the progress in mitigating significant risks, and relevant reporting to Members.
- reviewing and, if required, updating its risk management process at least annually.
- considering risk within all projects.

The S&A Panel is responsible for providing independent assurance of the risk management framework and the internal control environment. It provides an independent review of the Authority's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It also oversees both internal and external audit, helping to ensure efficient and effective assurance arrangements are in place to assist in the management of risk and performance.

The Authority has an internal audit function provided by Orbis which reports regularly to the S&A Panel. The internal auditors provide feedback on work undertaken to assess the internal controls within the Authority and counter-fraud services.

The Authority's "Purpose & Commitments" are furthermore published on its website and together with its Leadership Behavioural Framework promote a strong culture based on its shared values of pride, accountability, integrity, and respect. This achieved by adopting, monitoring, and reviewing:

- A Code of Conduct for Members.
 - An Officer Code of Conduct.
 - A register of Members' Interests.
 - A register of Officer Declarations of Conflicts of Interest and declarations of Gifts and Hospitality accepted.
-

Appendix A – Summary of arrangements (continued)

Governance

- Comprehensive induction programmes for both Officers and Members built on the standards of behaviour expected, supported by appropriate training.
- A Competency Framework and Appraisal Scheme used for improving organisational performance through focusing and reviewing everyone's ability and potential.
- A People Strategy which includes the Authority's approach to inclusion, equality and diversity.
- Member Panels with clear responsibilities for governance, audit, and standards.
- Effective Anti-Fraud, Bribery and Corruption policies allowing for reporting and actioning any incidents.
- A whistleblowing policy providing protection to individuals raising concerns.

Minimising any losses to fraud and corruption is an essential part of ensuring that all the Authority's resources are used for the purposes for which they are intended. To facilitate this, the Authority has a published Whistleblowing Policy which provides protection to individuals raising concerns and is periodically reviewed in line with guidance. It also has a published Anti-Fraud, Bribery and Corruption Strategy which sets out its policy and strategy for preventing and detecting fraud, bribery and other wrongdoing and participates in the National Fraud initiative.

The Authority also ensures that effective, transparent, and accessible arrangements are in place for dealing with complaints. The website contains guidance for submitting complaints against the Authority by the public and processes are in place to progress any complaints that are made.

Reporting Sub-Criteria

How the body approaches and carries out its annual budget setting process.

Findings

As outlined earlier, the Authority is required to set annual balanced revenue budgets that support the delivery of its key priorities outlined in its IRMP. This budgeting process including relevant responsibilities and procedures are set out in the Authority's constitution. The annual service planning and budgeting process seeks to reconcile corporate and business plans and strategies with the relevant resources including finance.

The Senior Leadership Team (SLT) has a lead role for each of the programmes and support the planning process starting with forecast outturn, adjusting for non-recurrent expenditure then adjusting for net inflation, growth, known commitments and cost pressures plus reflecting requirements of the planning guidance. This is consolidated and is supported by a confirm and challenge process known as "Star Chamber" and triangulation with the wider system.

This is presented by the Treasurer to the SLT and subsequently taken to the P&R Panel for consideration and the Fire Authority for approval.

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

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

Findings

The Authority's constitution sets out the responsibilities of the Chief Fire Officer & Chief Executive for providing appropriate financial information to enable effective monitoring of both the revenue budget and capital programme.

The Authority's financial performance against its revenue and capital budgets, savings delivery, and business performance are monitored monthly during meetings between the Treasurer, Finance Manager, and SLT that cover budgetary variances, related issues raised, and agree remedial actions to be taken by relevant assistant directors. These feed into regular financial reporting to the P&R Panel and quarterly risk management and performance reporting to the S&A Panel that cover actual year to date results, a forecasted year-end position, and areas where performance is not meeting set targets including relevant corrective actions to ensure further monitoring and scrutiny. The Authority therefore takes an integrated approach to its financial and business performance reporting.

The Authority also acts against internal audit recommendations and the S&A Panel holds management to account for these actions.

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee.

Findings

A key responsibility of the Fire Authority is to ensure that the Authority has made sufficient arrangements to ensure that it exercises its functions effectively, efficiently, and economically, and complies its corporate governance arrangements set out in its constitution. This implies that challenge and transparency are key to delivering robust governance. The Authority's P&R Panel and S&A Panel have certain delegated responsibilities to maintain an overview of the operation of Authority's internal control and governance. As described above, these panels also meet regularly throughout the year to discuss and address key issues raised through effective challenge from its members and the public.

There is also evidence of good arrangements in place to regarding tracking and responding to the recommendations made by internal audit and that management have been held to account throughout the year regarding progress on these issues.

The Authority further ensures effective transparency by:

- Publishing relevant information relating to salaries, business interests and performance data on its website.
 - Having a procurement team that provides advice and issues clear guidelines for procuring goods and services.
 - Having the S&A Panel operating in accordance with guidance provided by the Chartered Institute of Public Finance and Accountancy (CIPFA).
 - Publishing information to the Authority and its Panels as part of established accountability mechanisms.
 - Preparing its Annual Governance Statement, Annual Statement of Assurance and Corporate Plan.
 - Publishing transparent performance information on its website.
-

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

Findings

The main responsibility for ensuring appropriate standards such as meeting legislative/regulatory requirements in terms of member behaviour has been delegated to the S&A Panel who have responsibility of monitoring and reviewing risk, control, and governance processes, and associated assurance processes to ensure that internal control systems are effective, and that policies and practices comply with statutory and other regulations and guidance.

The Authority has adopted several codes and protocols that govern the standards of behaviour expected of the Fire Authority and of the body covering public service values, openness and public responsibilities, and relations with suppliers and for staff. These include detailed HR policies which are communicated as part of the induction process, ongoing awareness training and made available via the intranet/internet. These include policies on Conflicts of Interest, Counter Fraud & Bribery, Hospitality & Gifts, the Leadership & Behavioural Framework, and Whistleblowing Policies. The latter can be used by employees to raise concerns about the Authority, including accounting, auditing, IT, or internal control issues.

The Authority has implemented systems to ensure conflicts of interest are identified, recorded, and acted upon accordingly, excluding anyone from decision-making where a conflict arises, and making public declaration of interests through its Register of Interests which is published on the Authority's website.

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria

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

Findings

The Authority's P&R Panel and S&A Panel monitor financial and non-financial performance information respectively, and challenge officers where there are any departures from plans or expectations. The Fire Authority monitors the reasons for movements and uses these to identify areas for improvement within the Authority.

In addition to assurance services, the Authority's Internal Auditors provide operational recommendations and controls reviews. The outcome of these and any recommendations are tracked by the S&A Panel and used in conjunction with financial and performance information to identify areas for improvement. We have noted this process in action through our inspection of the Corporate Risk Register and minute reviews, which details a governance level assessment of areas for improvement.

Several key areas of the Authority's performance and activity are reported to the S&A Panel on a quarterly basis where key areas for improvement will be identified and prioritised for improvement, with regular updates to the panel on the impact of those action plans.

The analysis of the financial information by the SLT and P&R Panel provides direction to the Authority during the year on whether it will or it will not meet its set budget. On a more detailed basis, it also shows the underspend/overspends against each expenditure category. This in turn allows the Authority to identify and implement cost saving measures against these. Performance information has been used to assess performance against its priority areas for service and prioritising its resource allocations.

Reporting Sub-Criteria

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

Findings

The Authority's service delivery objectives are set out in its annual Corporate Plan. The P&R Panel and S&A Panel monitor the Authority's financial and non-financial performance against these objectives throughout the year through a review of the performance report. Service improvements are also informed by the feedback from internal audit and public feedback.

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria

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

Findings

The Authority works with various stakeholders that include a range of public bodies, local authorities, other fire & rescue services, the NHS, and Sussex Police. Other tiers of local government are important partners in many areas of service delivery, strategic planning, and community development. The arrangements in place not only ensure continued corporate direction and leadership but also secure the delivery of value for money through sustained improvements in community safety. The Authority is currently involved in various partnership arrangements with public, private, and voluntary sectors to achieve this, which includes:

- Local Strategic Partnerships:
To bring local councils within Authority's service area, other public sector agencies, the business sector and third sector, voluntary and community organisations together.

- Crime and Disorder Reduction Partnerships:
Working with other local agencies and organisations to develop and implement strategies to address crime and disorder, including anti-social behaviour, adversely affecting local environment as well as the misuse of drugs in their area. The responsible authorities are police authorities, local authorities, fire and rescue authorities, primary care trusts and the probation service.

- Safer Communities Partnership:
To reduce crime, disorder, anti-social behaviour and hate crime, reoffending and substance misuse. This partnership is supported by the Safer East Sussex Team which is made up of staff from the Sussex Police, East Sussex Fire & Rescue Service, Kent, Surrey and Sussex Rehabilitation Company, National Probation Service and East Sussex County Council.

- Health and Wellbeing Visits Project:
To arrange for older people to be visited in their own homes for a conversation with the client about their health and wellbeing needs and priorities.

One of these strategic partnerships include a collaboration agreement between the Authority and East Sussex County Council in which the County Council provides a range of shared finance support services to the Authority through resource sharing, thereby fulfilling its business requirements and legal obligations in an efficient and effective manner. Other collaboration arrangements are in place, for example: legal services from Brighton and Hove City Council and joint fire control services with Surrey and West Sussex Fire Services.

The Authority also has an approved and published Collaboration Framework in place that identifies and guides clear collaboration priorities. These partnerships, collaboration frameworks and policies are reviewed with the support of internal audit and evaluated on a regular basis to ensure they offer value and contribute towards the Authority's strategic objectives.

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria

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

Findings

The Authority's Procurement Standing Orders and the Financial Regulations and Procedures within its Constitution and provide rules for lawful and sound processes for contract and spending decisions. These are managed by the Treasurer and supported by the subject matter experts sitting within the central procurement and finance, risk and insurance teams in consultation with the Monitoring Officer.

Furthermore, the Authority's Procurement Strategy sets the framework in which it operates to ensure that procurement delivers value for money across all services and directly contributes to the achievement of its strategic goals. The S&A Panel has delegated responsibility for the overview of procurement and contract management. It monitors the Authority's performance and seeks to identify areas where procured goods and services are not delivering expected benefits by identifying significant overspending on projects and budgets.

The Authority manages the risk around potential supply chain management and potential disruptions through the inclusion of related risks in its Corporate Risk Register and reviews by Internal Audit planned and carried out during 2021/22, which resulted in a substantial assurance opinion. Progress in addressing these risks is monitored throughout the year and reported quarterly together with applicable Internal Audit reports to the S&A Panel for monitoring and scrutiny.

Appendix B – Fees

Fees

We carried out our audit of the Authority's financial statements in line with PSAA Ltd's "Statement of Responsibilities of auditors and audited bodies" and "Terms of Appointment and further guidance (updated April 2018)". We have discussed an associated additional fee with the Treasurer which remains subject to approval by PSAA Ltd.

Description	Notes *	Final Fee 2021/22 £	Planned Fee 2021/22 £	Final Fee 2020/21 £
PSAA scale fee		23,690	23,690	23,690
Scale fee rebasing	1	34,417	34,417	
Revised proposed scale fee		58,107	58,107	
In-year scale fee variation:				
• PSAA pre-approved additional fee for VFM and ISA540:				
• ISA 540 accounting estimates	2	1,943	1,900	18,548
• VFM commentary	2	5,580	5,000 to 9,000	(Determined by PSAA – Note 1)
• Additional work: Going Concern	3	694	1,825	
• Additional work: Pension Fund IAS19 valuations (Our internal pensions specialists will be engaged to undertake an auditor's estimate of the gross liability)	3	1,749	560	
• Additional work: Other	3	Nil	Nil	
Total in-year scale fee variation		9,966	9,285 to 13,285	42,238
Total fees		68,073	67,392 to 71,392	

* Details to notes follow on next page

All fees exclude VAT

Appendix B – Fees (Continued)

Notes to the fees table

Note 1 - In order to meet regulatory and compliance audit requirements not present in the market at the time of our most recent bid to PSAA, we assessed that the recurrent cost of additional requirements to carry out our audit should increase by £34,417. This was based on the amount we shared with the Authority in 2019-20, uplifted for the 25% increase in PSAA hourly rates. We remain in discussion with PSAA about increasing the 2021-22 scale fee to reflect the additional work auditors are required to do to meet regulatory requirements. This was previously communicated in 2019-20, and in our 2020-21 Auditors Annual Report.

We also submitted a further in-year fee variation of £11,423 for the 2020-21 audit. PSAA has subsequently determined the total fee variation across both elements for 2020-21 as £18,548. We expect similar costs in nature in 2021-22 and subsequent years. However, PSAA has stated that this will need to be determined each year.

Note 2 - In August 2022, PSAA published 'Additional information for 2021-22 audit fees'. PSAA commissioned external independent technical research for setting standardised fee variations to assess the expected impact on audit work programmes of a range of new and updated audit requirements. The figures included here are the minimum additional fee ranges set out in this document.

Note 3 - During 2020-21 we undertook additional work to address specific risks identified. For 2021-22 we have included an estimate of this fee where we have carried out additional work. Detail for the additional fees (over and above VFM and ISA540 set out above) for 2021-22 has been shared with the Treasurer.

Appendix C – Fees Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Authority, and its members and senior management and its affiliates, including all services provided by us and our network to the Authority, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity. We have delivered no non-audit services. As at the date of this report, there are no future non-audit services which have been contracted and no written proposal to provide non-audit services has been submitted.

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