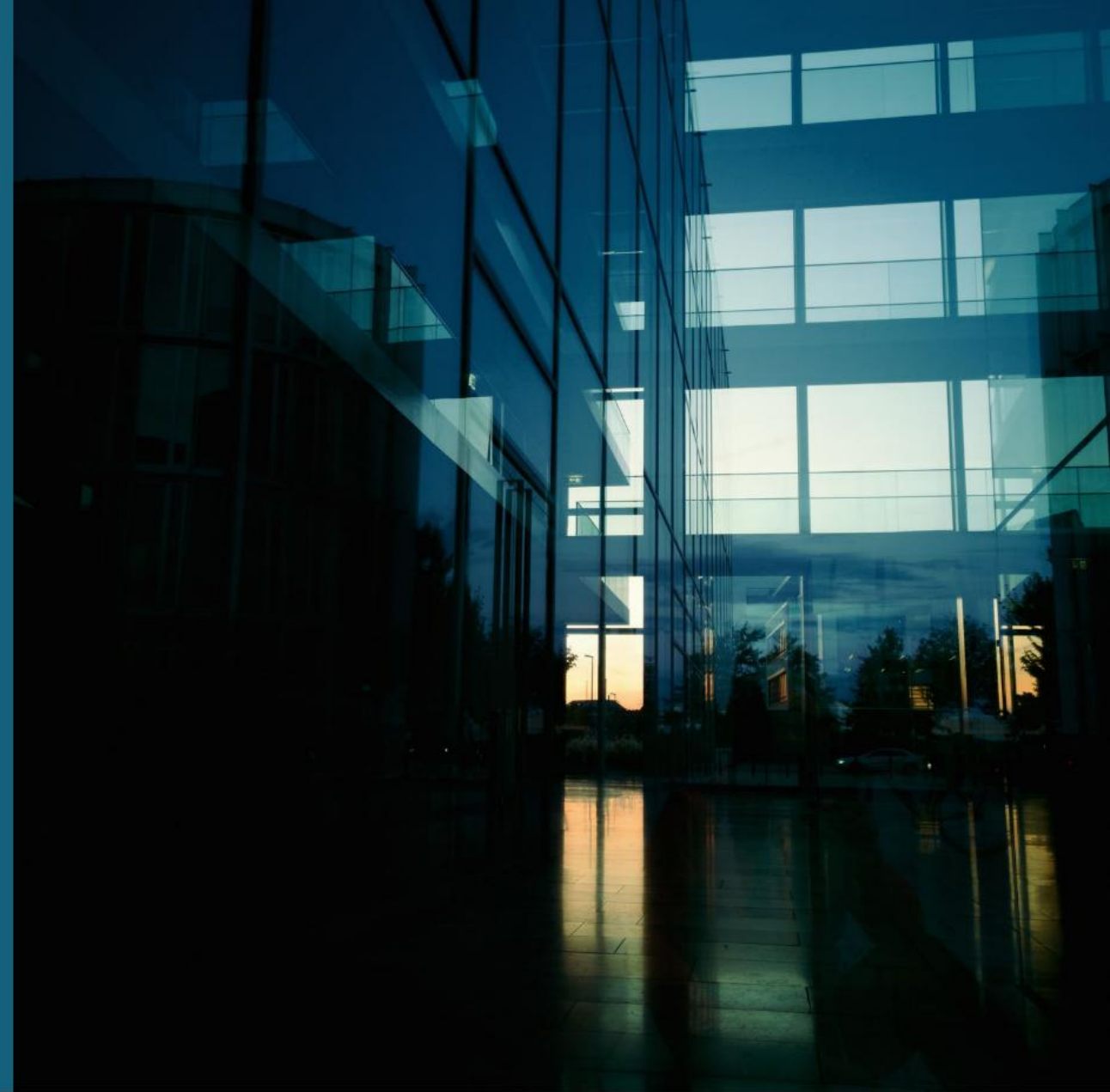


Auditor's Annual Report

Tyne & Wear Fire & Rescue Authority –
year ended 31 March 2021

January 2022



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Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Authority. No responsibility is accepted to any member or officer in their individual capacity or to any third party.

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Section 01: **Introduction**

1. Introduction

Purpose of the Auditor’s Annual Report

Our Auditor’s Annual Report (AAR) summarises the work we have undertaken as the auditor for Tyne and Wear Fire and Rescue Authority (‘the Authority’) for the year ended 31 March 2021. Although this report is addressed to the Authority, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice (‘the Code’) issued by the National Audit Office (‘the NAO’). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued our audit report on 9 December 2021. Our opinion on the financial statements was unqualified. Our audit report included an emphasis of matter paragraph in respect of material uncertainty in relation to the valuation of property and land assets included in the financial statements.



Wider reporting responsibilities

We have not yet received group instructions from the National Audit Office in respect of our work on the Authority’s WGA submission. We are unable to commence our work in this area until such instructions have been received.



Value for Money arrangements

In our audit report issued we reported that we had not completed our work on the Authority’s arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements at the time of reporting. Section 3 confirms that we have now completed this work and provides our commentary on the Authority’s arrangements.



02

Section 02:

Audit of the financial statements

2. Audit of the financial statements

The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Authority and whether they give a true and fair view of the Authority's financial position as at 31 March 2021 and of its financial performance for the year then ended. Our audit report, issued on 9 December 2021 gave an unqualified opinion on the financial statements for the year ended 31 March 2021. Our audit report included an emphasis of matter paragraph in respect of material uncertainty in relation to the valuation of property and land assets included in the financial statements.

Our Audit Completion Report, presented to the Authority's Governance Committee on the 29 November 2021, provides further details of the findings of our audit of the Authority's financial statements. This includes our conclusions on the identified audit risks and areas of management judgement, internal control recommendations and audit misstatements identified during the course of the audit. A follow up letter was also sent on 6 December 2021 to conclude on the areas listed as outstanding in the Audit Completion Report.

Qualitative aspects of the Authority's accounting practices

We reviewed the Authority's accounting policies and disclosures and concluded they comply with the 2020/21 Code of Practice on Local Authority Accounting, appropriately tailored to the Authority's circumstances.

Draft accounts were received from the Authority on 30 July 2021 and were of a good quality.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Given the ongoing impact of COVID-19 the whole audit was undertaken remotely.

03

Section 03:

Commentary on VFM arrangements

3. VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **Financial sustainability** - How the Authority plans and manages its resources to ensure it can continue to deliver its services.
- **Governance** - How the Authority ensures that it makes informed decisions and properly manages its risks.
- **Improving economy, efficiency and effectiveness** - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

At the planning stage of the audit, we undertake work so we can understand the arrangements that the

Authority has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements. Where we identify significant risks, we design a programme of work (risk-based procedures) to enable us to decide whether there is a significant weakness in arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

During the year we have undertaken work to update our understanding of the Authority's arrangements. This work did not identify any risk of significant weakness in the Authority's arrangements.

The table below summarises the outcomes of our work against each reporting criteria. On the following page we outline further detail of the work we have undertaken against each reporting criteria, including the judgements we have applied.

Reporting criteria	Commentary page reference	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability	9	No	No
Governance	12	No	No
Improving economy, efficiency and effectiveness	14	No	No

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria

Background to Tyne and Wear Fire and Rescue Authority’s operating environment in 2020/21

The Authority entered the 2020/21 financial year just as the country entered the first national lockdown in response to the Covid-19 pandemic. The Authority immediately faced a significant operational impact to respond to a range of challenges presented by the pandemic.

In order to help the Authority respond to the additional pressures created by the Covid-19 pandemic additional funding was provided by Government, and as a result, Tyne and Wear Fire Authority received £1.483m in the form of government grant for 2020/21. As at 31st March 2021 the Authority had only used £1.256 million of this balance, with the unspent grant amount of £0.227 million transferred into the Covid-19 Reserve. From review of minutes from the June 2021 Authority meeting and through discussions with officers, there are firm commitments to spend £0.124 million, and the remaining balance of £0.103 million will be held to meet any future costs.

2020/21 Financial Status Performance

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

The Authority’s balance sheet has remained fairly stable when compared to the prior year. The most significant change in the balance sheet relates to movements in the Authority’s share of the pension fund net liability (being a deficit position) of £989.4m, up from £896.7 million in the prior year. It is not unusual to see material movements in the net pension liability and this is consistent with our experience at other public sector bodies. The deficit position is typical across the sector.

The Authority’s useable reserves have increased from £35.8 million at 31 March 2020 to £40.7 million at 31 March 2021. This reflects an increase in earmarked revenue reserves to £35.224 million (compared to £29.419 million in the previous year), although is offset by a decrease in capital reserves of £1.572 million (compared to £2.409 million at 31 March 2020). The General Fund Balance has remained consistent at £3.943 million which is in line with our expectation based on our knowledge of the Authority.

These reserves provide some mitigation against future financial challenges. However, the Authority will need to ensure that any use of reserves to smooth the financial position over the next few years is properly planned.

The use of reserves cannot be relied on to provide a long term solution to funding gaps.

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

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

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

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

The outturn report for 2020/21 was presented at the Authority meeting in July 2021, with the revenue budget showing a net underspend of £0.965 million, which was greater than the budgeted underspend of £0.490 million as reported in January 2021. The difference is mainly associated with savings and additional funding as a result of the Covid-19 pandemic; for example changes in the way of working and restrictions to normal operating activities. It is expected that the factors leading to the underspend are ‘one-offs’ and therefore the savings will not be replicated in future years as the Authority returns to a more normal way of working in life after the pandemic.

The original capital programme approved by Members in February 2020 showed planned capital expenditure of £9.794 million, although this was subsequently revised to £8.133 million and reported to Members in January 2021. The Capital Programme outturn reported in July 2021 reflected a further reduction in spending with revised capital expenditure of £3.563 million. The reduction was mainly due to variations caused by the impact of the COVID-19 pandemic, however noted that some of the slippage from 2020/21 has been built into the 2021/22 capital budget.

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria - continued

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

The MTFS sets out savings required to bridge the funding gaps over the medium term. The most recent MTFS, which covers the period 2021/22 to 2024/25 and presented to the Authority for approval in February 2021, shows a funding gap of £1.177 million in 2021/22, followed by further smaller funding gaps in both 2023/24 and 2024/25, although it does show savings in 2022/23,

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

Our work has not highlighted a risk of significant weakness in the Authority's arrangements for ensuring financial sustainability.

We also noted that the budget and MTFS are updated on an ongoing basis for any issues arising during the year. In 2020/21, this included building in assumptions around the impact of COVID-19, particularly around the impact on Collection Fund income, as well as any other known changes in costs or funding. This can be evidenced through a report which was taken to members in Feb 2021 to provide an updated on the budget position which had previously been reported in January 2021. The report provided detail on changes to the budget caused by business rates deficits reported by the District Councils in respect of the Collection Fund.

The Authority retains an appropriate level of earmarked reserves as determined by the Authority's MTFS and Risk Analysis. A Statement of the Estimated Earmarked Reserves and Provisions and their planned usage in 2021/2022 is prepared by the Authority which shows an estimated use of reserves in 2021/22 of £12.577m, reducing earmarked reserves from £30.782 million to £18.205 million. The reserves have been subject to a thorough review by senior management of the Authority, including the Finance Director, to ensure they are robust, appropriate and will meet the assessed financial risks of the Authority. Furthermore, our review of minutes has highlighted there is sufficient challenge on the use of reserves by members, although the Authority is limited in its capacity to reduce the level of use of reserves given the uncertain funding position.

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

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

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

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

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

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

The Authority work closely with Sunderland City Council, who are responsible for the Treasury Management function on behalf of the Fire Authority. Treasury Management, including Borrowing Strategy and Risk management Reviews, are reported on a regular basis to the Governance and Authority Committees, with the Treasury Management Policy and Strategy for 2021/22 being approved by Full Authority at the meeting in March 2021.

3. VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria - continued

How the Authority identifies and manages risks to financial resilience

The MTFS outlines uncertainties, challenges, and risks facing the Authority over the life of the plan.

Appendix C of the MTFS presented to full Authority in February 2021 details the financial risk analysis carried out by the Authority to show the potential risks and impact of those risks on the MTFS. Substantial work is undertaken to understand possible future impacts on the budget, and the Authority's medium term budget projections consider various budget pressures, such as pay and price increases, as well as the revenue implications of the capital programme and other pressures including the implications of Covid-19.

In addition, the Authority proactively manages financial risks, for example after the 2020/21 budget was set it was recognised that the Covid-19 pandemic would impact on Council Tax income received in 2020/21. It was anticipated the pandemic would result in an increase in households eligible for Local Council Tax Support and therefore reduction in Council Tax income – which would materialise as a Collection Fund deficit when setting the 2021/22 budget. The budget was updated and reported so that members were aware of the most up to date position.

There was regular reporting of the Authority's 2020/21 financial position to full Authority through out the year. The outturn report presented to the July 2021 Authority meeting was consistent with the financial position reported during the year and did not indicate a weakness in the Authority's budget monitoring and reporting arrangements.

Based on the above considerations we are satisfied there is not a significant weakness in Tyne and Wear Fire and Rescue's arrangements in relation to financial sustainability.

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria

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

The Authority has approved a Code of Corporate Governance, which is consistent with the seven principles of good governance as identified in the CIPFA/SOLACE 2016 Framework – “Delivering Good Governance in Local Government”. Furthermore, a Corporate Governance Action plan is also in place which is updated on a regular basis. The Corporate Governance Action Plan 2020/21 Update was presented at the Governance Committee in March 2021. Our review of the Code of Governance has not identified any significant weaknesses in arrangements.

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

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

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

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

The Internal Audit Plan 2020/21 was taken to Governance Committee and approved in March 2020. Regular reporting of progress against internal audit plan occurred through the year, with the Internal Audit Annual Report 2020/21 taken to Governance Committee in May 2021. The report provides detail on the performance of Internal Audit for 2020/2021, areas of work undertaken, and the internal audit opinion regarding the adequacy of the overall system of internal control within the Service. The report concluded that:

“This report provided assurance that sufficient audit work was completed within the year to enable an opinion on the service’s internal control environment, with no high or significant risk issues being identified.

Using the cumulative knowledge and experience of the systems and controls in place, including the results of previous audit work and the work undertaken within 2020/21, it is considered that overall, throughout the Service, there continues to be a good internal control environment”.

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

As part of our audit procedures we also considered the Authority’s Annual Governance Statement which was reported to the Governance Committee in July 2021. Our review included consideration of the Statement and our cumulative audit knowledge. We identified no matters indicating a significant weakness in arrangements.

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

Part 2 of the Fire Authority’s Standing Orders is Financial Regulations, which refers to guidelines for financial planning and annual estimates.

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

3. VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

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

We have reviewed Authority minutes and confirmed there was regular reporting of the financial position during 2020/21 financial year. This included detail of movements in the budget and forecast outturn between quarters. The reports detailed the in-year pressures as well as planned mitigations. See Financial Sustainability section above for further detail on the reporting and monitoring of financial position. The Authority has a strong records for delivering against its budgeted position and this is evidence of effective arrangements for budgetary control.

Our audit of the financial statement did not identify any matters to indicate a significant weakness in the accuracy of the financial information reported or the process for preparing the accounts. It is our experience that management takes action to address audit matters in a timely and appropriate manner.

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

The Standing Orders set out how the Authority operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people. Areas of potential change are identified throughout the year and the Standing Orders are reviewed on an annual basis.

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

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

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

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

How the Authority monitors and ensures appropriate standards are maintained

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

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

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

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

Based on the above considerations we are satisfied there is not a significant weakness in Tyne and Wear Fire and Rescue's arrangements in relation to governance.

3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

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

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

The Authority's Integrated Risk Management Plan (IRMP), which drives continuous improvement and innovation, aims to ensure that savings are achieved in a safe way, balancing risk and resources.

An interim plan was in place for 2020/21, with the IRMP for 2021 to 2025 being agreed following consultation period in 2021. Noted that the previous TWFRS IRMP covered the period of 2017-2020, and although it was anticipated that a review and presentation to Fire Authority of a new IRMP for 2020-2023 would have taken place during 2020, this was delayed to March 2021 due to the pressure and requirement to focus on the response to the pandemic.

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

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

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

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

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

TWFRS was subjected to inspection by HMICFRS in 2018/19, and received an overall rating of 'Good' which was published in June 2019. The report also provides specific ratings in each of the three areas:

- **Effectiveness** - *How effective is the fire and rescue service at keeping people safe and secure from fire and other risks?;*

- **Efficiency** – *How efficient is the fire and rescue service at keeping people safe and secure from fire and other risks?;* and
- **People** - *How well does the fire and rescue service look after its people?*

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

The report was considered in detail as part of our previous year VFM review, where we noted that whilst there are some areas for improvement identified and the continued financial challenges remain, there was nothing in the inspection report which highlights any significant risks relevant to our VFM conclusion responsibilities.

We are satisfied that this position has not changed for 2020/21, although our understanding from attendance at Governance Committee and through discussions with officers is that the next HMICFRS review has taken place in late Autumn 2021, and is still ongoing at the date we are carrying out our Value for Money work. Officers expect that the findings will be formally reported by HMICFRS in late spring/early summer 2022. This is after we will have reported on our findings for 2020/21, however, based on the informal feedback and conversations with the Director of Finance, the outcome is expected to be positive.

In August 2020, HMICFRS were commissioned by the Home Secretary to inspect how fire and rescue services in England are responding to the COVID-19 pandemic. The review of TWFRS took place between 28 September and 9 October 2020, with findings reported back to Authority via letter in January 2021. The letter concluded that:

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

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

3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

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

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

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

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

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

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

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

Internal Audit also include procurement and contract management as a key risk area, per Internal Audit Annual Report 2020/21 which was presented to Governance Committee in May 2021. The overall opinion from

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

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

04

Section 04:

**Other reporting responsibilities and
our fees**

4. Other reporting responsibilities and our fees

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We have not yet received group instructions from the National Audit Office in respect of our work on the Authority's WGA submission. We are unable to commence our work in this area until such instructions have been received

4. Other reporting responsibilities and our fees

Fees for work as the Authority's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Governance Committee in May 2021. Having completed our work for the 2020/21 financial year, we can confirm that our fees are as follows:

Area of work	2019/20 fees	2020/21 fees
Planned fee in respect of our work under the Code of Audit Practice ¹	£23,590	£23,590
Additional fees in respect of additional work on PPE valuations	£5,912 ³	£TBC ²
Additional fees in respect of additional work on pensions	£4,011 ³	£TBC ²
Total fees	£33,513	£TBC

¹ This scale fee was initially set by Public Sector Auditor Appointments Ltd (PSAA) in 2018.

² The new Code of Audit Practice has led to a substantial amount of additional audit work to support the new value for money report. At the time of preparing this report, we have not yet agreed the additional fees associated with delivering the additional work required this year. Any additional fee will be discussed with the Finance Director, and is also subject to PSAA approval.

³ In relation to the 2019/20 audit, additional fees were required to meet additional work required for:

- additional regulatory requirements in respect of land and building valuations, including additional considerations for material uncertainty disclosures made by the Valuer as a result of the pandemic;
- additional regulatory requirements in respect of pensions, including additional considerations for material uncertainty disclosures in respect of the Authority's share of the Pension Fund assets as a result of the pandemic;
- additional work due to the revised floor plans and valuations produced during the audit; and
- additional work as a result of the Authority's revised GAD report.

Fees for other work

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

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*where permitted under applicable country laws.

