

EXTERNAL AUDIT RECOMMENDATIONS - ANNUAL AUDIT

Number	Area	Year	Recommendation	Management Response	Update	Date Closed
1	Short-term Investments	20/21	Included within the short term investment balance is £2k in respect of historic transactions which management are unable to identify. We have communicated to management over the previous two audits that this should be written off.	Management response - This will be written off in 21/22. The balance is not material.	This was actioned in the 21/22 accounts	31/03/22
2	Prepayments	20/21	From our audit work we have identified that in the current year that the recording of prepayments are not consistent, which has resulted in the extrapolated errors in expenditure as set out on page 31. We recommend that the Authority reiterates to all staff the need to record prepayments at the year-end to ensure items are recorded in the correct financial year.	Management response - The Authority operates a strict timetable to ensure compliance with the statutory deadlines. There is therefore an accepted risk that there may be adjustments that are not actioned, but the processes that are in place, are designed to mitigate any significant, material omissions. The Authority will continue to take a risk based approach to balancing the degree of accuracy vs. meeting the statutory deadlines. For context, the error identified totaled £3k and is therefore immaterial	Reduced de-minimus in 21/22 to 2k - continued with this 22/23 - see year end timetable	03/04/23
3	Journals	20/21	From our journals work we have identified that two users have the ability to both post and approve journals. Whilst this has not been utilized in the current period, management should review that the same person who has posted the journal does not approve it and check if there are any system controls that can be put in place to prevent someone being able to both post and approve journals.	Management response - The two users identified are system administrators and therefore require access to both to carry out their roles. It is noted that there are no instances of the same user raising and approving any journals in 2020/21, nor in the previous financial year. Therefore the Authority accepts the managed risk and will continue to review accordingly.	An action to be added to the year end timetable to report on any journals entered and approved by the same person prior to producing the accounts. (from 23/24 closedown)	03/04/23
			Through our journals testing, we have identified that some reviews were not as effective as errors were not identified during the review and were picked up after the journals were posted which required corrective journals to be posted. We recommend that management increase the number of reviewers as at the moment all journals are reviewed by one individual and would only be reviewed by an alternative individual should they be absent. We further, recommend that management implement a checklist of items requiring review prior to approving journals to ensure that the number of correcting journals are reduced.	The new financial services restructure is now in place, including the introduction of an accountancy manager. All journals are now approved by either the finance services manager or the accountancy manager. With regards to a checklist, the Authority feels that this is not necessary as the issues identified by the audit were as a result of staffing levels / structure at the time, which has now been improved by the new structure as outlined above.		03/04/23
4	Delayed review of governing documents	20/21	From our planning work we have identified that a number of constitution documents have not been reviewed by the document owner by their planned date and there is in certain cases a time lag of in excess of 6 months from the planned review date. Whilst we understand that these documents are currently being reviewed, documents should be reviewed on a timely basis to ensure that they remain appropriate or have updates where required.	Management response - The most urgent parts of the constitution which are those out of review for longer than 6 months, were updated first and revised copies have been added to the FRA website. There are 11 parts still under review by officers from the Service, Legal Services, Internal Audit (BMBC) etc. one of which is significantly out of review (Part 4). This is due to an internal governance review within the Service. Internal Audit (RSM) are fully aware of the situation and have been kept informed throughout the review. Work continues through the Governance Coordination Group which meets approximately quarterly to discuss the outstanding parts.	Counter Fraud updated March 24. Financial Regulations work under review.	
5	Value for Money	20/21	We recognise staff sickness and absence has impacted the ability to deal with the requested information in respect of the Authority's arrangements to achieve Value for Money for the agreed deadline of June 2021 and have agreed subsequent deadlines with the Authority. The work required in the first year of the new VFM standard will be more than in future years as we seek to gain an understanding of the arrangements in place and therefore we recommend that the Authority refreshes the information template throughout the year as any processes change to alleviate any future burden to staff.	Management response - This was completed in late September 2021.		03/04/23
6	Non Purchase order Accruals	20/21	From our design and implementation testing of the non-PO accruals, we have identified that on the 7 April all non-PO Invoices that relate to 2021 should be passed to financial services, which are then placed into a folder for review. A list of expected non-POs are then created, however, there is no specific control which is completed in relation to non-PO accruals. We recommend that there should be a regular review and update of the non-PO accruals list to ensure that all non-PO accruals have been captured and updated regularly. This should be reviewed by a separate member of the team and will allow for any fluctuations and variances in the non-PO accrual amounts to be investigated.	Management response pending further discussions with the Audit team.	Accountancy team now in place and a log of accruals and prepayments is kept this includes checking for discharge the following year and to ensure non are missed where a PO can be raised it will there are very few non-PO invoices and accruals	03/04/23
7	PWLB Fair Value Disclosures	20/21	The PWLB fair value disclosures are not code compliant and reflect the reborrowing rate rather than the market rate under the Code. We recommend that the Service reviews the calculations from the treasury advisor to confirm that the methodology uses complies with the accounting standards and CIPFA guidance.	The Authority will change the methodology for 21/22.	Completed for 21/22	31/03/22
8	Cash	20/21	In the previous year audit, we identified a £1.3m corrected misstatement, which was as a result of the grant received in advance not recognized in the general ledger. In 2020/21, management revised the control to include an unidentified receipt to miscellaneous income code. For any receipt which was not able to be identified then this is posted to the miscellaneous income code. This approach, however, could result in an overstatement of income / understatement of creditors if the cash is required to be returned. We therefore recommend that where there are any unidentified receipts then they should also be recorded within a liability code until they are identified and the Service is sure that this money will not be due back to the entity who sent the cash.	Management response pending further discussions with the Audit team.	Any unidentified income is coded to misc for Accountancy to review and this is cleared out monthly. The error identified was due to the start of covid and all staff having to immediately de-camp at home. The error has been corrected and measures put in place to prevent this again. Between 31/3 and the date of the ledger closing all income is put into a folder for Financial Services Manager to review - this ensures any late income relating to the year in question is checked to ensure it is accounted for in the correct year and correct code	03/04/23

9	PPE - Revaluation Date	20/21	As part of our audit, we identified that management had not assessed the impact of the movement in the BCIS indices on the assets which were valued as at 1 April 2020 to consider if their valuation was materially accurate as at 31 March 2021. We recommend that management should perform an assessment annually to ensure that the assets that are not subject to a formal valuation each year are reviewed and that this assessment is documented.	The Authority will review the impact of the movement in BCIS rates and consider whether there is a material change to the assets that are not formally revalued in year.	This is no longer an issue as valuations are all now done as at 31/3 - the year end	03/04/23
10	PPE - Useful Economic Lives	20/21	From our disposals testing we note that there are assets which have a nil net book value but are still in use. We recommend that management reassess their useful economic lives to ensure that they appropriately reflect the usage of the Authority's assets.	They are "disposed" of purely in accounting terms and the Authority accepts that these assets remain in use. The assets are consumed, again, from an accounting basis, over an appropriate useful life, set at the time of purchase. The impact of amending these lives is immaterial in terms of the impact on the financial statements.	Useful lives to be reviewed as part of a wider review of the capital processes	03/04/23
11	PPE - Verification of Assets	20/21	Management complete their physical verification checks using the Fixed Asset Register, however, the Fixed Asset Register removes assets when they are nil net book value even if the asset is still in use. This therefore means that the Authority is not verifying the existence of all assets. We recommend that all assets should be retained on the Fixed Asset Register through to disposal to ensure the register includes all items and all assets are subject to annual verification checks.	Management response - The Fixed Asset Register holds all historic data in terms of all assets. The Authority will implement a process that pulls a comprehensive list from the FAR to ensure that the check can be done.	This was corrected for the 22/23 SOAs due to the timing of the 20/21 recommendations The FAR is now on a spreadsheet rather than the CIPFA model due to the issues of going backwards following the issues in 20/21. This enables reviews of assets to be done more effectively in service	03/04/23
12	PPE - Revaluation Exercise	20/21	Through our testing of the information provided to the valuer, we have identified that management have been unable to provide audit evidence (primarily floor areas / MEA designs and evidence of review of the reports) as the documentation around the revaluation exercise was not kept centrally and the person who had been responsible for this has subsequently left the organization. Following the updated valuations obtained by management in order to correct the errors identified, we have been able to subsequently verify this. We recommend that all documentation is kept in a central storage repository that is accessible to those who require access.	The Authority will create a central repository for all asset data, within the assets/property team.	No longer an issue - all buildings re-measured with the final 3 for 22/23	03/04/23
13	PPE - Modern Equivalent Asset Valuations	20/21	From our work in respect of the PPE revaluation we identified that there was very limited information provided in respect of the MEA assumptions, how these were derived and the basis for understanding the assumptions. Management, in the updated valuations, did remove the MEA assumptions as a result of the lack of documentation of these assumptions. There is a risk that the valuation could be completed on the incorrect basis. We recommend that the Service ensures appropriate documentation is held both internally and also in the reports provided by the valuer which sets out any future MEA assumptions.	The Authority will maintain a policy with regards to the adoption of a modern equivalent asset (MEA) methodology.	17/3 - meeting PF, SS and Bruton Knowles - agreed that for 22/23 would not include MEA, confirmed all stations and buildings are currently in full use. Scoping work is being carried out with regards to moving to modular build and the decarb/sustainability commitment. In addition work on the CRMP during this calendar year will review risk and locations. For any re-builds/changes to the estate when this is all confirmed and the costs known will feed into a strategy for replacement stations and then MEA will be considered as part of this work. All buildings were valued 100% in 20/21 and confirmed by valuers all in use. Rolling programme of 25% continues (22/23 being the 2nd year)	03/04/23
14	PPE - Estate wide improvement costs	20/21	From our additions testing we have noted that improvement works which are completed across the estate are summed together and allocated across all 23 fire stations irrespective of where the work has been conducted. We recommend that management allocate the estate wide improvement costs to the stations which have had the works rather than all assets to ensure that the valuation of each individual station appropriately reflects work completed.	Management response - The Authority will ensure that the capital expenditure is recorded against the appropriate asset moving forwards.	This was completed for 21/22 onwards	03/04/23
15	PPE - Revaluation Exercise	20/21	As part of our experts review of the valuation, they identified the following areas of non-standard practice: 1) not applying professional fees to the external works element of the DRC calculation; and 2) valuing the separate element of each site individually. We recommend that the Service discuss these with the valuer for future years.	The Authority will discuss these two points with the valuer.	17/3 - PF, SS ad Bruton Knowles - Valuers always apply prof fees to external - clear in the spreadsheet - can add this to the report for clarity. DRC is on all land and buildings with services and externals separated.	03/04/23
16	PPE - Gross Internal Areas	20/21	Management have not obtained gross internal area measurements for all assets. We recommend that all gross internal area measurements are obtained for assets that the Authority owns.	The Authority has since commissioned Gross Internal Areas of the 3 remaining sites. An exercise has already taken place to ascertain a large number of the assets as part of the restatement exercise.	The recommendation on the 3 properties was not known at the time of 21/22 valuations which were based on the current measurements of the 3 involved Maltby, BFS and TDC Hot tower. The company that measured all the estate have been commissioned to carry out the measurement for 22/23 valuation - the tower is difficult as it needs to cool to a H&S temperature for measuring.	03/04/23
17	PPE - Floor Measurement errors	20/21	As part of the revised valuations management have obtained updated floor areas measurements from Fulkers. As part of our completeness check between 2018/19, 2019/20 and 2020/21 we have identified that management have changed some of the square metres. We recommend that management annually confirm that the drawings obtained from Fulkers agree to the actual estate and that this information is then provided to the valuer and then ensure that where there are changes that these are appropriately documented and that where they change updated drawings are obtained.	The Authority will commission revised measurements where significant changes / alterations occur. Confirmation will be given to the valuers in terms of assets that haven't changed.	The size will only change if extension work or re-builds take place - we will look to update as and when this happens. Most of the estate was measured in 21/22 and the final 3 in 22/23 - there should be no reason to request this exercise every year.	03/04/23
18	PPE - Lack of Asset Disposals	20/21	From our sample testing we have identified a boiler replacement did not have an associated disposal of the previous boiler. This is as a result of the previous boiler not being separately identified on the FAR. We recommend that all assets are individually recorded within the FAR such that they are capable of separate disposal.	The Authority maintains a pragmatic approach in terms of asset components. Certain components are integral to the asset valuation so can be difficult to strip out, which does not always. Where the asset is significant and easily separable, the Authority will account for separately, in line with componentisation policy.	FAR now on spreadsheet and will be easier to manage in service	03/04/23
19	PPE - Land Registry	20/21	From our sample testing on property ownership, we identified that the address of Handsworth Training Centre is in need of updating on the Land Registry system as it is currently showing as St John Fisher Secondary School which from our review of the revaluation report was the previous building on that site. We recommend management review the details stored on the Land Registry.	The Authority will look to amend the Land Registry accordingly.	PF going to look at this	
20	PPE - Impairment Exercise	20/21	Through our audit work and discussion with management, we note that no impairment exercise has been carried out on the vehicles, plant, furniture and equipment and asset under construction. We recommend that management review as to whether there are any indicators of impairment within their assets, such that a review needs to be undertaken.	The Authority will implement a process to identify any potential impairment to its assets.	requirement to check if there are any indicators of impairment as part of a wider fixed asset review - however all land and buildings are revalued on a rolling 4 year programme	

1	Ineffective review of GRN's at year end	21/22	As part of our design and implementation work on controls over year end accruals, we noted that an ineffective review of the GRN listing led to an amount of £23k being recognised in the incorrect period. It is recommended that a thorough review of the GRN listing takes place at year end	All open purchase orders are reviewed throughout the year. However, this was not the case for goods receipts, and this was flagged during the 22/23 year-end, prior to the 21/22 audit. The Accountancy manager receives and updated list daily to action. Year-end procedures have now been updated to include a review of all outstanding good receipts at year-end.	Reviewed during 23/24 and included in the 23/24 year end procedures	01/04/23
2	Lack of documentation supporting the review of manual accruals	21/22	As part of our design and implementation work on controls over year end accruals, we noted that there is a lack of supporting documentation available relating to the review and approval of manual accruals. It is recommended that during the process of reviewing and approving manual accruals, documentation is kept that evidences this process taking place.	All journals are processed through the system and should not be approved without supporting documentation. If this is relating to the review that the Financial Services Manager carries out after 31/3 then potentially there wasn't any documentation as the walkthrough was carried out after the 22/23 year -end. The review is that all invoices from 31/3 until closedown of integra are reviewed as to which financial year they fall within. If they fall within the financial year that is closing, they are passed to accountancy to check if an accrual is in the system. If not then a manual accrual is raised -and this will be via a journal with supporting documentation. Need further information as to what this recommendation applies to as accruals will either be via a journal as above or automatic in the system following a good receipt.	FSM to retain evidence of review that will satisfy External Audit	
3	Lack of documentation regarding the review of the valuation report	21/22	As part of our design and implementation work on controls over year end Property Valuations, we noted that there is a lack of supporting documentation available to evidence the review and challenge by management of the Valuation report provided by Brunton Knowles. It is recommended that management document the process of reviewing and challenging the valuation report provided by Brunton Knowles.	The valuation report is reviewed and there are emails of any challenge or discussion, if there is anything to raise. Some of the discussions have taken place informally and not documented. For 23/24 it has been agreed that regular meetings will be scheduled with the valuers and these meetings will be logged, with action and query logs.		31/01/24
4	Ineffective implementation of journal review controls	21/22	As part of our design and implementation work on controls over management override, we have identified instances of the undermining of the journal review controls. These specifically relate to recoding and corrections where individuals have told members of staff what posting to make and have then reviewed it themselves. It is recommended that where a recoding or correction journal is posted, this is then reviewed and approved by a separate individual to the original reviewer.	We have controls set for raisers and approvers. Unfortunately the team is small and the through review Danielle and I could find errors/misstatements that we request the journals to be raised. However, all journals are reviewed before approved and the majority are code corrections - which are low risk. However to reduce this risk the Accountancy Manager and the Financial Services Manager will approve each other's journals		31/01/24
5	Review of related party transactions	21/22	Management does not review related party transactions throughout the year. Transactions are only reviewed as part of the year end exercise. There is risk that transaction occurred in the year may not have been flagged as inappropriate related party transaction until year end. It is recommended that management perform a review of related party transactions throughout the financial year.	The level of related party transactions is low (in fact non in the last few years) and the process hasn't changed with no challenge in previous years from external audit. We will look to assessing the risk with the Governance team and update accordingly	FSM to explore system or process options which could enable and efficient real time control. Compensating controls exist in that all individuals are required to sign up to the declaration of interest and to step away from procurement processes in which they may have a conflict so this and procurement and finance segregation reduce the risk of a related party unduly influencing contracts with their related parties	
6	Incorrect capitalisation of retention payments	21/22	As part of our PPE additions testing, we have identified the incorrect capitalisation of retention payments. The total amount of retention payments capitalised is £77k, which is below our reporting threshold. It is recommended that management review their accounting treatment of retention payments to ensure retention payments are not being capitalised as part of the assets.	Following previous discussions with the Audit Manager this was implemented in 22/23. All assets not completed at year-end are now reported as WIP and appropriately recorded in the accounts		31/01/24
7	Nil net book value items being removed from the fixed asset register when still in use	21/22	As part of our PPE work, we have identified that assets are being removed from the fixed asset register when they have a net book value of nil, even if they are still in use. It is recommended that assets are not removed from the fixed asset register until disposed of.	This was amended for 22/23 from the 20/21 recommendations which were received after the 21/22 accounts were completed. It was agreed with Deloitte that this was not a significant balance to update the 21/22 accounts. FAR for 22/23 updated as required		31/01/24
8	Floor measurements	21/22	Management have not obtained the floor measurement for Barnsley Fire Station, Maltby Fire Station and TDC RFTB (Fire House). It is recommended that management obtain the floor measurements for these three areas for the 2022/23 audit.	This was completed for 22/23 and agreed with Deloitte that it wasn't material to update 21/22 Accounts. Confirmation that ALL the estate has been re-measured as part of the 20/21 issues. No material changes at any location - however CHQ will be re-measured following the work currently being carried out - this will be effective for the 24/25 accounts		31/01/24
9	DRAA insight 1 – Build costs	21/22	We note Barnsley Fire Station is a new build fire station completed after 1 April 2021. We understand the completed costs for building the fire station have not been provided to the valuer. We recommend, for all newly built assets, a breakdown of the actual build costs is provided in order for the valuer to compare with BCIS.	The accounting team understood that costs had been shared. There have been no re-builds since. As agreed with the valuers at a meeting 31/1/24, should any re-builds happen full costings will be supplied		31/01/24
10	DRAA Insight 2 - Sheffield Office Head Quarters	21/22	We note that no internal floor areas were provided to the valuer for the Sheffield Office Head Quarters. It is recommended that for future valuations the client provides the valuers with Net Internal Floor areas of the Sheffield Office Head Quarters, or if these are not available, that they instruct the valuer to undertake a measurement of the property	Do not understand this recommendation as all buildings were re-measured including CHQ both station and HQ - need further information to understand this recommendation	Recommendation being queried with External Audit	

in line with RICS requirements.

11	DRAA Insight 3 - Land Evidence	21/22	The evidence provided by the valuer for commercial land reflects a number of sales from 2020 in the local vicinity. We highlight that we would typically expect the valuer to provide more current evidence Whilst we conclude that the land values applied within the DRC valuations are still within an expected tolerance, we recommend more recent evidence is obtained by the valuer for future valuations.	Discussed with the valuers 31/1/24 and they always use the most upto date evidence It may have been that due to covid, at the time of the 21/22 valuation that the most recent data was 2020.		31/01/24
----	--------------------------------	-------	---	--	--	----------

EXTERNAL AUDIT RECOMMENDATIONS - VALUE FOR MONEY REVIEW

Number	Area	Year	Recommendation	Management Response	Update	Date Closed
1	Financial Sustainability	20/21	There is scope to improve the communication of medium term impacts of short term decisions to Authority members.	Spending decisions made post MTFP and Budget which were not included in the MTFP and Budget will include the Budget and MTFP impact. Finance will track and update the MTFP with all projects and updated spending decisions.	To embed this in all processes from 1/04/24	
2	Financial Sustainability	20/21	There is scope for the Authority to refresh its processes towards the identification / review / approval and tracking of savings plans.	Efficiencies will be itemised in budgets from 2024/25 and progress on delivery of efficiencies will be reported to FRA at least quarterly as part of financial reporting. The Efficiencies long list will capture all savings plans and these will be reviewed and developed and added to budget and the MTFP where possible and safe to do so	To embed this from 1/04/24	
3	Governance	20/21	With the context of the Authority's current finances it is recommended that the Authority conducts a review to determine if the financial ratings provided within the risk suggestions remain appropriate since £500k loss, in the context of the level of reserves held, would not be catastrophic to service delivery. Additionally the Authority may wish to consider whether 75% chance really is almost certain or whether a higher threshold should be required for the highest level of risk.	The risk register has been reviewed and updated. The current year and medium term financial risks are reviewed and updated quarterly		19/02/24
4	Governance	20/21	The Authority should consider whether there are appropriate financial skills in order to challenge management on key financial assumptions and whether any additional training, in addition the budget training, should be provided.	The Monitoring Officer will assess Members' competencies and review future training and recruitment requirements accordingly. Briefings and training have been provided on Treasury and budget setting for 2024/25	confirmed ready to close with Monitoring Officer	28/02/24
5	Governance	20/21	Management should review the finance function and look to build in greater resilience to ensure that more people are able to perform the tasks of others and therefore reduce reliance on key members.	Since the time of review, the financial services restructure has been implemented, to ensure that the team is fit for future. In addition, a review of the Executive Team structure has been carried out and approved, with a new post of Director of Finance and Procurement created. Now the restructure is embedding we will continue to assess the capacity of the team and risks to delivery of key objectives, we will also re-examine the team size vs benchmark for other FRS and re-evaluate the split of responsibilities with BBMC for optimal efficiency and effectiveness	To complete by June 2024	
6	Governance	20/21	The ability of members to make informed decisions would perhaps be enhanced were the budget to be accompanied by summary of the key decisions made throughout the year, or alternatively the proposed budget be reconciled to the existing budget via plans and strategies approved throughout the year.	See Management Response to recommendation 1		
7	Governance	20/21	There is scope for the reporting of the Service Improvement Plan to be enhanced to include the expected completion date in the report to allow all information to be included in one place.	Completion dates are included in the SHOAL system so are available, albeit offline. The Authority will review this recommendation.	RESPONSE: Report will be updated to include due dates.	
8	Governance	20/21	There is scope to enhance the GIP breadth and ensure that this ties to the other risk registers.	Management response pending further discussion with the Audit Team.	Recommendation being queried with External Audit	
9	Governance	20/21	There is scope for the record keeping to be enhanced so that it shows what role people are attending in. i.e. the role of the S151 officer.	Management response pending further discussion with the Audit Team.	Recommendation being queried with External Audit	