

# Auditor's Annual Report on Kent and Medway Fire and Rescue Authority

**2022/23**

January 2024



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We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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# Executive summary



## Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Authority's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our conclusions are summarised in the table below.

Criteria	Risk assessment	2022/23 Auditor judgement on arrangements
Financial sustainability	No risks of significant weakness identified	G Demonstrated good financial management in the face of challenge, but the Authority must continue development of a robust savings plan for long-term financial sustainability.
Governance	No risks of significant weakness identified	G Governance arrangements and communication within the Authority are strong and garner effective processes and decision-making.
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	G Commitment to delivering value for money is evident and performance monitoring and procurement arrangements are good.

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



## Financial sustainability

Kent and Medway Fire and Rescue Authority (The Authority) finished with a £0.82m overspend for 2022/23, which was reduced and offset through underspends in the capital programme and transfers from reserves. The Authority showed strong financial management, though would benefit from developing a distinctive savings plan to ensure they can fund the projected £2-5m budget gap in the medium term.



## Governance

The Authority has robust governance arrangements with a culture of striving for constant improvement. Relevant information is presented and consultations with the appropriate stakeholders are undertaken before decisions are made, which allow for effective outcomes. The ways of working and strong communication between leadership and members take governance at the Authority from satisfactory to good.



## Improving economy, efficiency and effectiveness

Our review has provided us with confidence that the Authority deliver economy, efficiency and effectiveness. Their delivery and performance is monitored through and benchmarked against their Customer Safety Plan, putting public service and safety at the centre of what they do and as the core benchmark of their effectiveness as a Local Authority. Moreover, their procurement function continues to be strong.



We have not yet completed our audit of your financial statements although work is well progressed. We expect to issue an unqualified audit opinion following the completion remaining testing. Our findings are set out in further detail on 16.

# Use of auditor's powers

We bring the following matters to your attention:

2022/23

## Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

## Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

## Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make an application to the Court.

## Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

## Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review.



# Securing economy, efficiency and effectiveness in the Authority's use of resources

All Authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Authority's responsibilities are set out in Appendix A.

Authorities report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



## Financial sustainability

Arrangements for ensuring the Authority can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



## Governance

Arrangements for ensuring that the Authority makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Authority makes decisions based on appropriate information.



## Improving economy, efficiency and effectiveness

Arrangements for improving the way the Authority delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Authority, Cabinet and committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit Committee
- Considering the work of internal audit
- Reviewing reports from third parties including Ofsted
- Reviewing the Authority's Annual Governance Statement and other publications



Our commentary on the Authority's arrangements in each of these three areas, is set out on 7 to 15.

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# KMFRA landscape

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## Local context

Kent and Medway Fire and Rescue Service is the long-standing statutory fire and rescue service for the Kent and Medway area. They have 55 fire stations and 4 district fire safety offices across Kent and Medway. The Fire and Rescue Service is governed by a Fire Authority, which is made up of 25 elected Councillors appointed by Kent County Authority (21) and Medway Authority (4) as well as the Kent Police and Crime Commissioner. 17 of these Councillors are from the Conservative Party, 5 Labour, 1 Liberal Democrat, 2 Green and Independent Members, which reflects the conservative-majority Kent County Authority. Kent and Medway have a combined population of over 2 million people. The Fire Service has partnerships with local police, ambulance and blue light services and offer their staff and resources when responding to emergencies all around the region.

The Authority's strategy is focussed on operational excellence, accessibility of services and investment into key infrastructures. The Authority's plan is provide a good quality of service, that is accessible to anyone and everyone in the region including vulnerable groups and that their resources function at their best. Like many in the sector, the Authority is faced with the challenges of inflation, uncertainty around government funding and supply chains.

# Financial sustainability



## We considered how the Authority:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

## Financial output 2022/23

The Authority finished 2022/23 with an overspend of £0.82m against a gross budget of £77.4m. This is largely due to the later than anticipated and higher than budgeted 7% pay award for operational staff settled which came into effect on 1<sup>st</sup> July 2022. Like others in the sector the Authority budgeted for a 3% pay award. The Authority was able to offset the majority of the £1.3m in unanticipated pay award costs through £1.85m additional income generated through increased interest from investments and increased grants and contributions. There was also a £2.3m underspend in the capital programme which had subsequent impact on the revenue outturn. The largest source of the capital programme underspend was business change and IT where there was a saving of £0.7m achieved on a new contract for Microsoft Licenses.

The Authority's flexible approach to managing the budget throughout the year aids financial planning and mitigates against large, unexpected variances. The management of the 2022/23 budget is evidence that the Authority's flexible approach garners positive results. Moreover, assumptions made when setting the 2022/23 budget were deemed to be sensible. They consider settlement funding, a one off services grant and increases in staff costs. This turned out to be largely accurate, with the exception of the pay award detailed above.

## Reserves

The Authority has a healthy reserves balance. As of 31 March 2023, the reserve balance stood at £45.66m, £3.97m of which are un-earmarked General Fund Reserves. At the end of the financial year, £0.82m from the Insurance and Resource reserve was transferred to offset the revenue overspend. The Authority's reserves strategy underpins the capacity and ability to utilise reserves to maintain a balanced budget, and the use of reserves in 2022/23 reflects this.

## Short and medium term financial planning

The Authority's sensible assumptions and considerations when budget setting creates a strong foundation for their medium term financial planning.

A key change in the assumptions compared to previous years is an estimate of a 1.5% and a 1% increase in Council Tax in 2023/24 and 2024/25 respectively, and a 2% increase per year in Council Tax charge for the Authority. Moreover, the Authority have budgeted for £0.46m of additional of funding from the Local Provisional Government Finance Settlement for 2023/24, a reasonable assumption considering current guidance.

## Strategic priorities

The Chief Executive has outlined the following strategic priorities in the MTFP to help meet those aims:

- Operational excellence – responding to incidents efficiently and demonstrating professionalism within the organisation through continued learning
- Equality of access – targeted engagement to ensure everyone, particularly vulnerable people, who live in or travels through the region have access to services
- Infrastructure investment – investment in emergency response resources, IT and core infrastructure

The subjective and functional analysis within the Budget Book displays clear alignment between the 2022/23 budget and the strategic priorities. The largest portion of the budget went towards operational response and resilience, followed by investment into the Authority's Internal Services Teams, including core infrastructure and training.

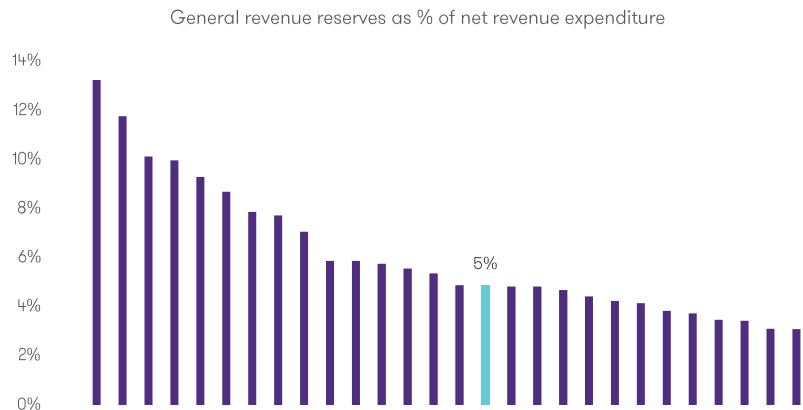
Spending on operational response and resilience affords the Authority optimal resource to fulfil their statutory duties as a Fire Service, ensure services are accessible and cater to the resource demand from other local blue light services. Furthermore, spending on Internal Services Teams ensures everyone working at the Authority has the knowledge and tools to provide best practice service and support continuous learning and improvement. Annual budget forecasts through to 2026 follow the same trend in the allocation of spending. This exemplifies the Authority's understanding of where budgets must be allocated to meet their strategic objectives.

# Fire Authority reserves comparative analysis

## Fire Authority reserves comparative analysis

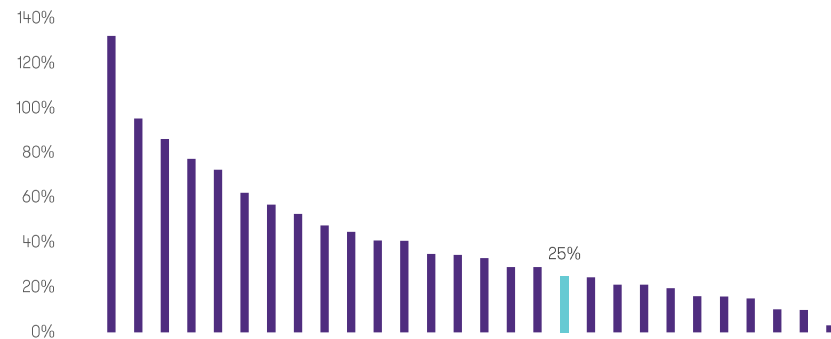
The following charts compare KMFRA reserves position to the other 27 standalone fire Authorities in England. This information is based on 2022/23 revenue outturn data as published by Department for levelling up, housing and communities.

The graph below shows KMFRA (blue bar) maintain a general reserve at 5% of net revenue budget. Each individual authority will maintain reserve balances and policies relevant to their local financial strategy and any comparisons should be taken in the wider financial context of each authority.



As well as unallocated reserves authorities hold other useable revenue reserves for specific purposes such as specific risks or projects. Including these balances (as shown to top right of the page) shows KMFRA has balances totalling 57% of the net revenue expenditure for 2022/23.

Total useable revenue reserves as % of net revenue expenditure



During 2022/23 the total useable revenue reserves for KMFRA reduced by £2.074 million, a 50% reduction in opening balances. Across fire authorities there was a range of changes to useable reserves. It should be noted there are many reasons for reductions or increases in reserve balances both planned and unplanned.

Change in useable revenue reserves as percentage of opening balances during 2022-23





# Financial sustainability

## Capital Plans

KMFRA's capital strategy aligns with their strategic priorities. The core of it is to deliver to the Authority's aims as set out in the Customer Safety Plan. Between 2022 – 2026, the largest proportion of capital budget is allocated to vehicles and equipment, which are imperative to the Authority delivering their service effectively.

The Authority has the following large-scale capital projects from 2023/24:

- Mobile data terminals – upgrading data technology in fire engines and emergency vehicles.
- Vehicle replacements – long-term programme to replace emergency response vehicles. Building works. The Director of Finance expressed the Authority's ambition to replace 49 front line appliances over the next two years.
- Building works – maintain the Authority's 80 building sites and redevelop the Ashford site to become a state-of-the-art Live Fire training facility. The Director of Finance outlined that £13m has already been allocated to the redevelopment of the Ashford site.

While the Authority delivered capital plans within budget in 2022/23, due to the scale of their ambitions in the medium term, it is important for the Authority to generate savings. As capital plans are constantly monitored, we are confident that any financial risks regarding the capital programme will be managed promptly.

## Identifying savings

The Authority is forecasting a balanced budget till 2025/26. The robust financial management that currently in place provides some assurance this can be delivered. However, there is still a risk around the Authority's ability to deliver the level of savings required.

The Authority made planned savings in 2022/23 of some £1.769m to ensure a balance budget was delivered. The 2022/23 Budget Book reported that "£1.08m of unidentified base budget savings are required to balance the budget in 2023/24 but that projected funding levels in 2024/25 and 2025/26 exceeded the base budget requirement by £0.24m and £1.09m respectively". Whilst the Authority estimated that there could be a budget shortfall in 2023/24, it is expected that this would be balanced out over the 3 year period. The Authority has good reserve balances to meet any potential shortfalls in the short term, although the Authority would benefit from developing a number of potential savings options which could be progressed if necessary in the medium term. We note from our conversations that work on this is already underway. The Director of Finance highlighted that the Fire Authority are liaising with budget managers about how to handle financial pressures and identifying savings going forward.

## Financial Governance

### Managing risks to financial resilience

The Authority is prudent in managing financial risks. Financial risks are captured in the Corporate Risk Register and are discussed in Fire Authority and Audit & Governance Committee meetings. In our conversation with the Director of Finance, it was explained that the most pressing financial risks currently are inflation, supply chain delays, scarce resources such as electronic chips and certain vehicles and the rising cost of utilities. Considering national context, these risks are common across all Fire Authorities.

### Budget setting

Budget setting arrangements and processes are appropriate. Key stakeholders are presented with relevant information including economic context, key trends and service needs. All relevant stakeholders are consulted, including budget managers. The budget setting is informed by the Customer Safety Plan, the development of which the public were consulted on. Therefore, budget setting at the Authority is strongly informed by service function and public need.

### Budget control

Budgets are monitored frequently and effectively throughout the financial year. Finance produce regular budget monitoring reports which are presented to the Board and Fire Authority. They also publish monthly spend spreadsheets available on the website. Budget variances and any risks are discussed in Fire Authority and Audit & Governance Committee meetings.

## Conclusion

Overall, the Authority delivered a reasonable budget outturn in 2022/23 and have strong financial governance in place that allows for effective financial planning. Although, an area for development is savings generation and we have raised an improvement recommendation to this effect.

# Improvement recommendations

## Improvement Recommendation 1

Develop a trackable savings plan with responsible owners, targets, KPIs and timescales. Incorporate this as part of your budget monitoring processes.


## Improvement opportunity identified

Clarity on how savings will be achieved and from which function will create a roadmap for budget managers to adhere will and hold budget managers accountable.

## Summary findings

There is significant budget gap in the medium term. The authority cannot solely rely on reserve transfers to fund budget gaps, therefore need to generate savings to build long-term financial sustainability.

## Criteria impacted

 Financial sustainability

## Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

## Management comments

Progressing the actions management has identified to address the recommendations made will support the Authority in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

# Governance



## We considered how the Authority:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and member behaviour (such as gifts and hospitality or declaration of interests) and where it procures and commissions services.

## Risk management

Risk management is central to the day-to-day operations of the Authority considering the emergency-response services they provide. The Authority has appropriate processes around risk monitoring and management. The Corporate Risk Management Policy outlines expectations, risk escalation processes, roles and responsibilities and reporting obligations. Risk management is engrained in the latest Customer Safety Plan. All risks are captured within the Corporate Risk Register which is updated regularly and shared with the Audit & Governance Committee. Our review of minutes demonstrate that risks are discussed and mitigating action is agreed in Audit & Governance Committee meetings.

Moreover, the Authority's October 2023 'creating a safer future' strategy outlined an updated service risk management plan. The Authority has adopted a 7-step approach to managing risk:

1. Risk identification
2. Risk analysis
3. Risk exclusion
4. Risk assessment
5. Risk prioritisation
6. Consultation and engagement
7. Control measures

The Authority has identified and RAG-rated various high, medium and low priority risks and have developed mitigating actions if said risks were to actualise. For example, with climate change and hotter summers, the UK is now at risk of wildfires. The Authority's mitigation plans include wildfire training, investing in specialist vehicles that can access locations difficult to access and engaging with partners and landowners to better manage green spaces and educate about wildfires.

## Internal controls

The internal audit report completed by Kent County Authority (KCC) awarded 'substantial' assurance for the Authority's internal controls, risk management and corporate governance. However, only 67% of the internal audit plan was completed in 2022/23, mostly due to reports not being issued on scheduled dates. In our conversation with the Internal Audit lead we were informed that this slippage was largely due to staff illness and absence, and more resource is being put towards issuing the planned number of reports in the following year.

The Internal Audit report outlined only one area of limited assurance - Clinical Governance. The review identified that controls and procedures needed to be updated in line with the then-new Service-Level Agreement (SLA) with South East Ambulance Service. Areas for development highlighted in the Internal Audit Report included an expired Memorandum of Understanding (MoU), lack of central oversight and compliance and lack of a reporting and escalation procedure. We understand an action plan is in place to implement recommendations including an updated MoU has been developed.

The Authority is working with Internal Audit to improve internal controls. A key addendum in the 2022/23 internal audit plan compared to the previous year was the provision of Fraud awareness sessions to both operational and non-operational staff and the Authority's members. The Authority will also review counter fraud policies in 2023/24. In addition, Internal Audit commented on one new independent members of the Audit & Governance Committee who provide substantial challenge and scrutiny. These examples demonstrate the Authority's commitment to continuous improvement in governance.

The Internal Audit function is undergoing a transformation in their approach and are moving towards "agile" auditing. Some members of staff completed agile training in 2022. Furthermore, Internal Audit commented on how they may be changing their core system for auditing as their current contract ends in 2024. This aligns with national changes to the Internal Audit standards.

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# Governance

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## Informed decision making

Our review of meeting agendas and minutes demonstrate relevant information is shared before key decisions are made. This information may include the MTFP, budget monitoring reports, the Corporate Risk Register and public consultation responses. Decisions are discussed in Authority meetings before arriving to a decision.

The Audit & Governance Committee receive the Corporate Risk Register, Internal Audit Plans and Progress Reports and any policy, management or strategy updates. Audit & Governance Committee meetings demonstrate sufficient scrutiny is provided around key decisions. In the November 2022 Audit & Governance Committee meeting members recommended the recruitment of an Independent Member to join the Committee. Consequently, one independent member has been recruited.

## Standards and behaviours

The Authority has appropriate arrangements in place to monitor compliance with legislation and regulatory standards. The Code of Ethical Conduct outlines standards of employee behaviour. There is a clear policy around gifts and hospitality and staff are responsible for their own declarations. There are clear Counter Fraud and Whistleblowing policies and processes in place, and staff undertake regular training on this. Finally, there is guidance in the form of written and verbal briefings around cybersecurity risks.

## Conclusion

The Authority has robust governance arrangements. Processes and ways of working are embedded across the Authority. We have not raised any improvement recommendations in relation to governance arrangements.

# Improving economy, efficiency and effectiveness



## We considered how the Authority:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

## Customer Safety Plan

The Customer Safety Plan (the Plan) is the Authority's basis for delivering value to the community. The plan was developed following a public consultation held between October 2021 and January 2022. Overall, most respondents believed the Authority delivers value for money.

The Authority's financial planning is well aligned to strategic priorities. The five key objectives outlined in the Plan are:

1. Responding effectively in times of customer need
2. Promoting behaviours which help you stay safe and well in your home
3. Encouraging you to adopt behaviours which keep you safe on the roads
4. Supporting businesses to help people to stay safe in their buildings and comply with legislation
5. Helping you and the broader community to stay safe from harm caused by accidents, natural events or people intending harm

The Authority has models in place to deliver on these strategic objectives effectively. One of these models is 'Flexible Rostering', a model similar to which has been adopted by many national fire authorities in recent years to deliver value for money. Flexible Rostering involved the removal of the watch system a number of years ago to deliver savings and non-cashable benefits. An additional way in which the Authority deliver efficiency and effectiveness is through their Flexible Resourcing reserve. This reserve allows them to take Fire Fighting trained colleagues, who are not employed as Fire Fighters within the Authority, out of their regular duties (e.g. back office or training) and put them on appliances to make an additional 6-10 fire engines available.

## Assessing performance

The Authority assesses performance through their MTFP, budget reports, risk planning and HMICFRS outcomes. As detailed in the governance section, these documents are discussed at Authority meetings and any risks and variances against the budget are discussed and mitigating action is agreed.



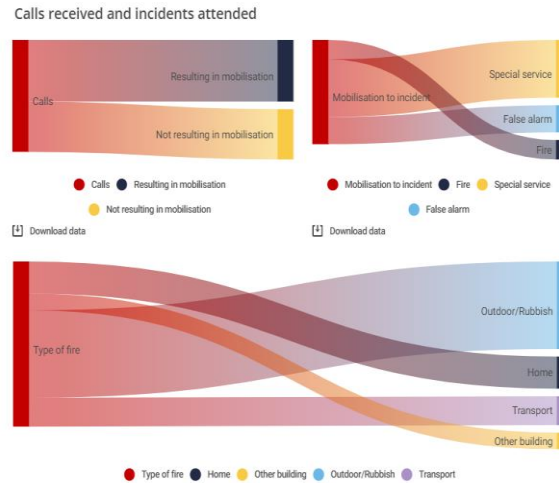


# Improving economy, efficiency and effectiveness

While the Authority does not publish traditional annual performance reports, it does have summary scorecard of service performance against the key themes of response, protection and prevention which is available on their website. 2022/23's scorecard is provided on the right. In addition, the Authority publish an annual Efficiency and Productivity Statement which provides constructive commentary on each of the functions within the Authority. The latest Statement quotes that the Authority are "committed to the prudent management of our finances and spending decisions", demonstrating their awareness that they have to make changes to achieve long term financial stability.

The Authority monitors performance through HMICFRS outcomes. The most recent HMICFRS report outlines that effectiveness and people management at the service are 'Good', while efficiency is 'Outstanding'. This shows progress compared to the 2018/19 report which scored the Authority as 'Good' with regards to these areas. According to the report, the Authority is outstanding at making the best use of resources and making the fire and rescue service affordable for the future. This is largely due to well established procurement arrangements, strong management of resources and financial alignment to their strategy.

The 2018/19 HMICFRS inspection identified that the Authority had two areas that were rated as 'Requires Improvement'. One was protecting the public through fire regulation. A clear development area outlined here was that "information from post-incident inspection activity is recorded consistently and is sufficiently detailed." The second area was getting the right people with the right skills. As with many Fire Authorities, KMFRA have faced difficulty recruiting people with specialist skills such as IT, and on-call uniformed staff. The 2021/22 report identifies that the Authority has moved from 'Requires Improvement' to 'Good' in both areas, emphasising the strong work of the Authority in managing its resources effectively.



## Response

Average number of fire engines available



# Improving economy, efficiency and effectiveness

## Partnership working

Partnership working is critical to the Authority given the services it provides. Key partners include Kent Police, SECamb, other local fire and rescue services, local authorities and Clinical Commissioning Groups among more. These relationships are formalised through monitoring by the Delivery Board. Moreover, the Officers sit on a number of external boards and forums which allow for joint training, shared learning and joint commissioning.

The Authority is well resourced and often offer their resources to help other local services where they can. Examples of this include helping ambulance lift patients and get them to care in cases where they are too heavy.

As Kent is a coastal region, another unique working arrangement is the contract with Eurotunnel and the Channel. The Authority have a dedicated team that provide services and resources to the Channel Tunnel.

The nature of these partnership working arrangements showcase KMFRA's commitment to delivering value to the public and fulfilling their statutory duty as widely as possible

## Commissioning and procurement

The Authority has a strong procurement function, as recognised by the latest HMICFRS performance report. A key achievement of the Authority is the leading role they had in developing the National Procurement Hub framework. The 2021-2025 Commercial and Procurement Strategy underpins procurement decisions and is aligned to the Customer Safety Plan. The Authority tends to look 'in-house' first for resourcing, and then decides to procure or commission external services if there is a need.

The Authority have a live contracts register and live tender opportunities available on their website. From our work we have not identified any issues in relation to procurement.

## Conclusion

The Authority has well developed arrangements to deliver economy, efficiency and effectiveness. We have not raised any improvement recommendations in this area.



# Opinion on the financial statements



## Grant Thornton provides an independent opinion on whether the Authority's financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Authority's Ethical Standard.

## Audit opinion on the financial statements

We intend to issue an unqualified opinion on the Authority's financial statements. Our audit is well progressed and an Audit Findings Report was presented the January meeting of the Audit and Governance Committee.

The full opinion will be included in the Authority's Annual Report for 2022/23, which will be available from the Authority's website.



# Appendices

# Appendix A: Responsibilities of the Authority

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

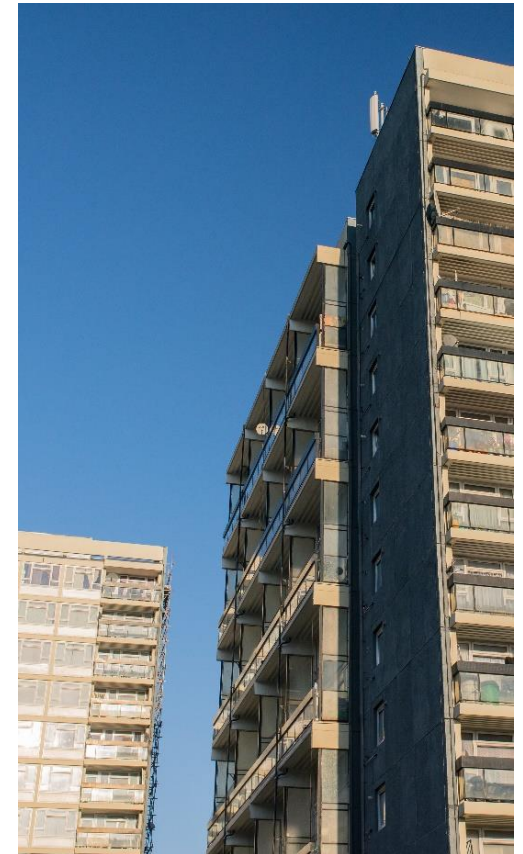
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Authority's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.





# Appendix B: An explanatory note on recommendations

A range of different recommendations can be raised by the Authority's auditors as follows:

Type of recommendation	Background	Raised within this report
Statutory	Written recommendations to the Authority under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Authority's arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Authority. We have defined these recommendations as 'key recommendations'.	No
Improvement	These recommendations, if implemented, should improve the arrangements in place at the Authority, but are not a result of identifying significant weaknesses in the Authority's arrangements.	Yes, page 10

# Appendix C: Sources of evidence



## Staff involved

- Ann Millington, Chief Executive
- Alison Hartley, Director of Finance and Corporate Services
- Frankie Smith, Internal Audit (Kent County Authority)



## Documents Reviewed

- Budget Book and MTFP 2022-23 – 2025/26
- Final Outturn 2022/23
- Statement of Accounts 2022/23
- Capital Strategy 2022/23
- Financial Update 2023/24
- Efficiency and Productivity Statement 2023/24
- Authority Meeting Papers
- Audit & Governance Committee Meeting Papers
- Code of Corporate Governance
- Code of Ethical Conduct
- Gifts and Hospitality Policy
- Counter Fraud and Whistleblowing Policy
- Counter Fraud and Whistleblowing Annual Report
- Corporate Risk Register
- Internal Audit Annual Report 2022/23
- Customer Safety Plan 2021 – 2031
- Creating a safer future – together
- Response to Safety and Wellbeing Plan consultation
- Annual Governance Statement Appendix 1
- Updated Risk Management Strategy
- HMICFRS Effectiveness, Efficiency and People 2021/22

