

Meeting: Combined Fire Authority

Date: 11th December 2017

Subject: External Audit - Annual Audit Letter 2016/17

Report by: The Treasurer

Author: Adam Stretton (Area Manager – Finance and ICT)

For: Discussion

1. Purpose

The purpose of this report is to present the External Auditor's (KPMG) Annual Audit Letter 2016/17.

2. Recommendations

The CFA is asked to note the External Audit Annual Audit Letter.

3. Executive Summary

It is the responsibility of the CFA to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. KPMG's responsibility as the auditor is to consider whether the CFA has put adequate arrangements in place to satisfy itself that its systems of internal financial control are both adequate and effective in practice. The Annual Audit Letter (**the Appendix**) summarises the detailed findings in the Audit Opinion for the 2016/17 Financial Statements and the report to those charged with governance (ISA 260).

4. Report Detail

The Annual Audit Letter at **the Appendix** summarises the audit findings of the 2016/17 audit. The External Auditor issued an unqualified opinion on the 2016/17 financial statements and in their Value for Money conclusion. They also agreed that the Annual Governance Statement was materially consistent with the audit of the financial statements. The letter informs on work undertaken with regard to financial resilience and suggests some changes to the Narrative Statement within the financial statements.

5. Report Implications / Impact

5.1. *Legal (including crime and disorder)*

None.

5.2. ***Financial (including value for money, benefits and efficiencies)***

The external audit fee remained as agreed at £29,247.

5.3. ***Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)***

External Audit provides reassurance to the general public that the CFA is meeting its statutory obligations. They also work with Internal Audit and the Treasurer in ensuring that effective internal control procedures are in place.

5.4. ***Staff, Service Users and Stakeholders (including the Equality Impact Assessment)***

None.

5.5. ***Environmental***

None.

5.6. ***Impact upon Our Plan Objectives***

The CFA's Strategic Objective 4 is the attainment of efficiency and the provision of a value for money service. The provision of external audit assists both effective and efficient management and good corporate governance. It also externally validates the CFA's progress in this area.

6. **Background Papers**

External Audit Plan 2016/17 – Corporate Governance Committee 15th March 2017.

7. **Appendices**

External Audit Annual Audit Letter 2016/17.