

Leicester, Leicestershire and Rutland Combined Fire Authority

Annual Audit Letter

2013/14

Government and
Public Sector

October 2014

Contents

Introduction	2
Audit Findings	4
Final Fees	6

Code of Audit Practice and Statement of Responsibilities of Auditors and of Audited Bodies

In April 2010 the Audit Commission issued a revised version of the 'Statement of Responsibilities of Auditors and of Audited Bodies'. It is available from the Chief Executive of each audited body. The purpose of the Statement is to assist auditors and audited bodies by explaining where the responsibilities of auditors begin and end and what is to be expected of the audited body in certain areas. Our reports and letters are prepared in the context of this Statement. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the audited body and no responsibility is taken by auditors to any Member or officer in their individual capacity or to any third party.

An audit is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters.

Introduction

The purpose of this letter

This letter summarises the results of our 2013/14 audit work for members of the Authority.

We have already reported the detailed findings from our audit work to the Combined Fire Authority in the following reports:

- Audit opinion for the 2013/14 financial statements, incorporating conclusion on the proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- Report to those charged with Governance (ISA (UK&I) 260).

The matters reported here are the most significant for the Authority.

Scope of Work

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Our 2013/14 audit work has been undertaken in accordance with the Audit Plan that we issued in February 2014 and is conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

We met our responsibilities as follows:

Audit Responsibility	Results
<i>Perform an audit of the accounts in accordance with the Auditing Practice Board's International Standards on Auditing (ISAs (UK&I)).</i>	We issued a full unqualified audit opinion on 25 September 2014.
<i>Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.</i>	The Authority was under the relevant threshold for a full audit of the consolidation pack. We performed procedures required for below the threshold authorities and confirmed the accuracy of the consolidation pack on this basis.
<i>Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.</i>	On 25 September 2014 we issued an unqualified value for money conclusion.
<i>Consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.</i>	There were no issues to report in this regard.
<i>Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.</i>	There were no issues to report in this regard.

Audit Responsibility**Results**

<i>Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.</i>	▶	There were no issues to report in this regard.
<i>Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.</i>	▶	We issued this certificate with the audit opinion.

Included within this section are details of our findings within the following areas:

- *Accounts;*
- *Use of resources;*
- *Annual Governance Statement; and*
- *Whole of Government Accounts.*

Audit Findings

Accounts

We audited the Authority's accounts in line with approved Auditing Standards and issued an unqualified audit opinion on 25th September 2014.

We wish to draw the following points, included in that report, to your attention in this letter:

- The Authority prepared its accounts on a timely basis and a first draft of the accounts was available at the start of the audit;
- We did not identify any significant issues with respect to the effectiveness of the Authority's internal controls.
- We reviewed the reasonableness of the assumptions underlying the pension liability of the Authority's Fire Fighters Pension Scheme and Local Government Pension Scheme and concluded that we were comfortable with the assumptions adopted.
- We sought the views of our own property valuation experts on the methodology and assumptions adopted by the Authority's independent valuer of its property, plant and equipment and discussed points of issue with the valuer to satisfy ourselves that assumptions were reasonable and unbiased.

Use of Resources

We carried out sufficient, relevant work in line with the Audit Commission's guidance, so that we could conclude on whether you had in place, for 2013/14, proper arrangements to secure economy, efficiency and effectiveness in your use of the Authority's resources.

In line with Audit Commission requirements, our conclusion was based on two criteria:

- the organisation has proper arrangements in place for securing financial resilience; and
- the organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

To reach our conclusion, we carried out a programme of work that was based on our risk assessment.

We issued an unqualified conclusion on the ability of the organisation to secure proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We found the following matters which we brought to the Authority's attention:

- That it is important that the Authority's control centre project be completed as soon as possible so the service and public can benefit from the improved arrangements. The supplier is bearing the cost of delay.

- That we had reviewed the assumptions behind the Medium Term Financial Plan and savings plans being developed based on an assumption of 1.5% future council tax increases. The Authority now needs to prioritise:
 - refining its future financial models to model worst case scenarios, in particular, lower future business rates income and further loss of future government grants; and
 - identifying and quantifying the remaining permanent savings needed from 2015/16 onwards.

Annual Governance Statement

Local authorities are required to produce an Annual Governance Statement (AGS) that is consistent with guidance issued by CIPFA/SOLACE. The AGS accompanies the Statement of Accounts.

We reviewed the AGS to consider whether it complied with the CIPFA/SOLACE guidance and whether it might be misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

Whole of Government Accounts

We undertook our work on the Whole of Government Accounts consolidation pack as prescribed by the Audit Commission. The Authority was below the threshold prescribed for audit procedures and therefore we undertook limited procedures only. The pack was submitted on 22nd September 2014. We found no areas of concern to report in this context.

Our final fees were in line with our proposed fees for audit work and other services provided

Final Fees

Final Fees for 2013/14

We reported our fee proposals in our audit plan. Our actual fees were in line with our proposals.

Our fees charged were therefore:

	2013/14 outturn	2013/14 fee proposal
Statement of Accounts (including whole of government accounts and Value for Money conclusion)	38,996	38,996
Non-audit work	16,800	16,800
TOTAL	55,796	55,796

We delivered a VAT helpline and seminar and pensions and employment tax advisory services which fell outside of the Code of Audit Practice requirements. Our proposed and actual fees for this non-audit work were £16,800.

Our 'Report to Those Charged with Governance (ISA (UK&I) 260)' provided information on our assessment of the threats to our independence presented by the non-audit services we provided to the Authority and described the safeguards we put in place to preserve our independence for each type of service.

For example, none of these services were delivered by the audit team. The Combined Fire Authority confirmed that they agreed with our conclusion that our independence and objectivity was not compromised by these services on 25 September 2014.



In the event that, pursuant to a request which the Authority has received under the Freedom of Information Act 2000, it is required to disclose any information contained in this report, it will notify PwC promptly and consult with PwC prior to disclosing such report. The Authority agrees to pay due regard to any representations which PwC may make in connection with such disclosure and the Authority shall apply any relevant exemptions which may exist under the Act to such report. If, following consultation with PwC, the Authority discloses this report or any part thereof, it shall ensure that any disclaimer which PwC has included or may subsequently wish to include in the information is reproduced in full in any copies disclosed.

This document has been prepared only for the Authority and solely for the purpose and on the terms agreed through our contract with the Audit Commission. We accept no liability (including for negligence) to anyone else in connection with this document, and it may not be provided to anyone else.

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