

**Status of Report:** *Public*

**Meeting:** **Combined Fire Authority**

**Date:** **12 February 2020**

**Subject:** **Leicestershire Fire and Rescue Service Financial Resource - Update**

**Report by:** **The Treasurer**

**Author:** **Amy Oliver (Chief Accountant, Leicester City Council)**

**For:** **Information Only**

### **Purpose**

1. The purpose of the report is to provide the Combined Fire Authority with an update on the work being undertaken within the Finance team following the difficulties experienced during the 2018/19 accounts preparation and the related audit process.

### **Recommendation**

2. It is recommended that the CFA notes the report and makes any recommendations or comments as it sees fit.

### **Executive Summary**

3. At the CFA meeting on the 27 September 2019, concerns were reported by the External Auditor in relation to the process for preparing the 2018/19 Statement of Accounts and making it available for audit. The CFA asked that a review of the current financial resource at Leicestershire Fire and Rescue Service (LFRS) be undertaken to ensure that appropriate arrangements were in place to prevent a reoccurrence of the issues experienced in the audit. Since this meeting, new and improved arrangements have been put in place, with constant monitoring of progress.

### **Background**

4. At the CFA meeting held on the 27 September 2019, the ISA 260 report was presented by Mazars the External Auditor. In this report, concerns were raised around some of the technical elements of the Statement of Accounts. Along with this insufficient evidence was provided to the External Auditor to support the figures in the statements and a lack of assurance checks was noted.
5. None of the issues identified affected the bottom-line financial position of the Authority. Nor did any of the issues identified relate to the proper operation of the Authority's key financial systems – accounts payable, accounts receivable, payroll, general ledger, bank reconciliation or treasury management.

6. At that meeting the CFA requested a review of the LFRS financial team, the support required and detail of how this would be provided.

#### Future Support Arrangements

7. In October 2019, the Treasurer and LFRS' senior management decided to secure additional support for the Finance team, which is being provided by three principal means:
  - a) Securing an external experienced interim finance manager in early November 2019 heading up the finance team, as a temporary and more senior replacement for the former Senior Accountant. This manager takes professional direction from senior Leicester City Council finance personnel, on behalf of the Treasurer.
  - b) Significant day to day oversight and input by the Chief Accountant from Leicester City Council, supporting and directing the interim finance manager and the team to improve processes and skills generally and to properly plan for the preparation and audit of the 2019/20 Statement of Accounts.
  - c) Early meetings are being held with the External Auditor to agree the detailed approach for the 2019/20 audit and the requirements going forward. This is to ensure a positive and effective working relationship, a clear understanding of the auditor's requirements and agreed escalation procedures in the event of difficulties arising.
8. The Committee may also wish to note that the structure of the finance team is currently being reviewed, with a view to identifying any necessary changes and the recruitment of a permanent role to head up the team. It is, however, intended that senior finance personnel from Leicester City Council will continue to work directly with the manager and team for the foreseeable future.

#### **Report Implications/Impact**

9. Legal (including crime and disorder)

None identified.
10. Financial (including value for money, benefits and efficiencies)

Contained with the report.
11. Risk (including corporate and operational, health and safety and any impact on the continuity of service delivery)

None identified.

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

The items discussed in this report relate to the Finance Team.

13. Environmental

None identified.

14. Impact upon "Our Plan" Objectives

Effective financial management and reporting is a key underpinning factor.

## **Background Papers**

Statement of Accounts and Annual Governance Statement 2018/19

<https://leics-fire.gov.uk/wp-content/uploads/2019/09/statement-of-accounts-and-annual-governance-statement-2018-19.pdf>

## **Appendices**

None.

## **Officer to Contact**

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