

**Status of Report:** *Public*

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

**Date:** **22 January 2020**

**Subject:** **External Audit – Annual Audit Letter 2018/19**

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

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

**For:** **Discussion**

### **Purpose**

1. The purpose of this report is to present the External Auditor's (Mazar's) Annual Audit Letter 2018/19.

### **Recommendation**

2. It is recommended that the Combined Fire Authority notes the External Audit Annual Audit Letter 2018/19.

### **Executive Summary**

3. It is the responsibility of the Combined Fire Authority (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. Mazar's responsibility, as the external 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 (attached at the Appendix) summarises the outcomes from audit work in relation to the 2018/19 audit year. This letter reflects the report received by the CFA on 27 September 2019.

### **Background**

4. The Annual Audit Letter (attached at the Appendix) summarises the findings of the 2018/19 audit. The External Auditor issued an unqualified opinion on the 2018/19 financial statements and in their Value for Money conclusion. They also agreed that the Annual Governance Statement was materially consistent with the audit and the financial statements and that no uncorrected audit differences were identified.
5. As reported at the CFA meeting on 27 September 2019, some issues were identified during the audit. These did not affect the bottom-line financial position of the Authority. A report will be presented to the CFA at its meeting on 12 February 2020 detailing the work being done to resolve these issues going forward.

## Report Implications/Impact

6. Legal (including crime and disorder)

None

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

An additional fee of £8,000 was incurred due to the further work required by the Auditor. The total audit fee was £30,520.

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

The External Auditor 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. Three significant risks were identified by External Audit in their External Audit Plan 2018/19:

- a) Management override of controls;
- b) Valuation of property, plant and equipment, investment properties and assets held for sale;
- c) Defined benefit liability valuation.

These risks were included in the audit work and reported upon in the External Audit ISA260 Report 2018/19 submitted alongside the Statement of Accounts to the CFA at its meeting on 27 September 2019. As previously mentioned in this report, the issues identified are currently being reviewed and work done to prevent the issues recurring. A report will be presented to the CFA at its meeting on 12 February 2020.

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

None.

10. Environmental

None.

11. Impact upon "Our Plan" Objectives

The Finance and Resources strategic aim of demonstrating value for money is supported by the External Auditor's opinion on the 2018/19 Statement of Accounts and Value for Money conclusion.

## **Background Papers**

External Audit Plan 2018/19 – Corporate Governance Committee Report 6 March 2019.

<https://leics-fire.gov.uk/your-fire-service/decision-making/cfa-meetings/>

Statement of Accounts and Annual Governance Statement 2018/19 – Combined Fire Authority Report 27 September 2019.

<https://leics-fire.gov.uk/your-fire-service/decision-making/cfa-meetings/>

## **Appendices**

External Audit Annual Audit Letter 2018/19

## **Officers to Contact**

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