

Status of Report: Public

Meeting: Combined Fire Authority

Date: 27 September 2018

Subject: External Audit - Annual Audit Letter 2017/18

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 2017/18.

2. Recommendation

It is recommended that the Combined Fire Authority notes the External Audit Annual Audit Letter 2017/18.

3. Executive Summary

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. KPMG'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 2017/18 audit year.

4. Background

The Annual Audit Letter (attached at the Appendix) summarises the audit findings of the 2017/18 audit. The External Auditor issued an unqualified opinion on the 2017/18 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 and that no uncorrected audit differences were identified.

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)

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 2017/18:

- a. Valuation of property, plant and equipment;
- b. Pensions Liabilities; and
- c. Faster close.

Further detail is included on page 2 of the Appendix.

These risks were included in the audit work and reported upon in the External Audit ISA260 Report 2017/18 submitted alongside the Statement of Accounts to the Corporate Governance Committee at its meeting on 25 July 2018. There were no issues to report.

Work was undertaken with KPMG to successfully meet the revised statutory deadline for the approval of the accounts, which was brought forward to 31 July from 30 September. Similar work will need to be conducted with the new external auditors 'Mazars LLP' to ensure the deadlines for the audit of the 2018/19 accounts are met.

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 Finance and Resources strategic aim of demonstrating value for money is supported by the External Auditor's opinion on the 2017/18 Statement of Accounts and Value for Money conclusion.

6. Background Papers

External Audit Plan 2017/18 – Corporate Governance Committee Report 14 March 2018.

<http://www.leicestershire-fire.gov.uk/your-fire-service/decision-making/cfa-meetings/>

Statement of Accounts and Annual Governance Statement 2017/18 – Corporate Governance Committee Report 25 July 2018.

<http://www.leicestershire-fire.gov.uk/your-fire-service/decision-making/cfa-meetings/>

7. Appendices

External Audit Annual Audit Letter 2017/18.

8. Officers to Contact

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