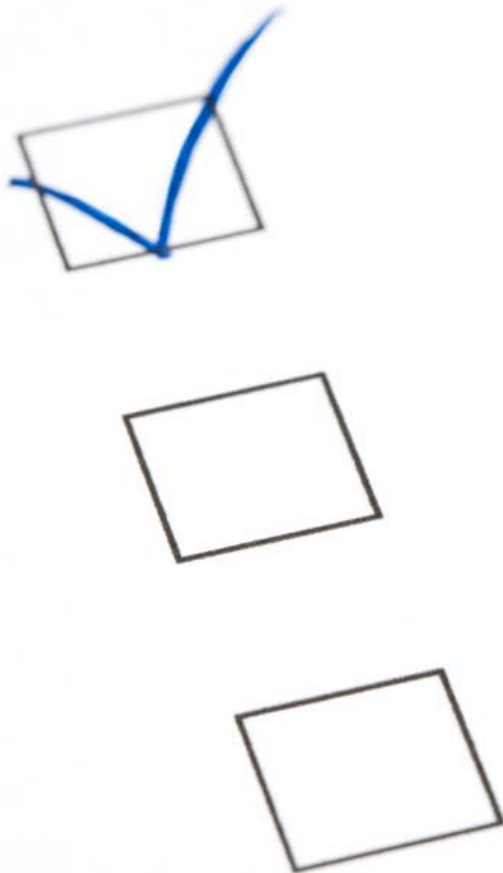


Tyne and Wear Fire and Rescue Authority

Audit Progress Report

June 2013



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Our reports are prepared in the context of the Audit Commission's 'Statement of responsibilities of auditors and audited bodies'. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party.

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Purpose of this paper

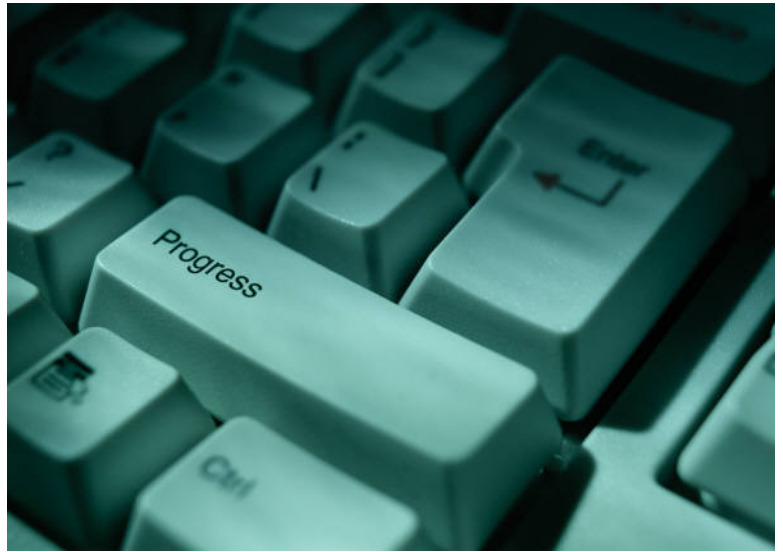
This paper updates the Governance Committee on our progress in meeting our responsibilities as your external auditor. It also highlights key emerging national issues and developments which may be of interest to you.

If you require any further information please contact your Engagement Lead or Senior Manager using the contact details at the end of this update.

Finally, please note the website address www.mazars.co.uk which sets out the range of work Mazars carries out across the UK public sector. It also details the wider services provided within the UK and abroad.

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Summary of audit progress



Good progress on the 2012/13 audit has continued.

Interim work

- Work is now nearing completion on each of the key financial systems – this covers the main accounting system, payroll, pensions, accounts payable, accounts receivable, cash receipting and capital accounting – in addition, we consider general ICT controls.
- We have almost completed our initial substantive testing on income and expenditure up to and including month 11, this will be topped up with coverage of the final part of the year in our final accounts work.
- No significant issues have arisen from our work to date.

The financial statements

- We maintained a dialogue with officers as they prepared your financial statements. This has included discussing emerging technical issues and agreeing the arrangements for the final accounts audit.
- This process has operated well, and is designed to avoid difficulties during the later stages of the audit.

VFM conclusion

- We have completed our initial assessment of the Authority's arrangements for value for money, focusing on financial resilience and arrangements to secure economy, efficiency and effectiveness.
- We have reviewed VFM profiles, the Authority's financial position and the measures being designed to deliver future savings and improvements.
- No significant issues have arisen from our work to date.

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Emerging issues and developments



The following pages outline some significant emerging issues and developments.. Although some of the reports mentioned focus on councils, we have included them to the extent that the messages are still relevant in the fire sector:

- National Fraud Initiative, Audit Commission, March 2013
- Public Sector Internal Audit Standards, CIPFA, April 2013
- Local Audit and Accountability Bill, May 2013
- Sir Ken Knight's independent report on efficiency in the fire and rescue service (May 2013) – some aspects of the review may be controversial; in this report we summarise the findings as outlined on the DCLG website

Emerging issues and developments

Issue / development

National Fraud Initiative, Audit Commission, March 2013

This data matching exercise is mandatory for all local government and health bodies and is undertaken every two years, with the Audit Commission reporting the results of these matches at the end of each cycle.

The outcomes, in England, from the most recent exercise include the prevention and detection of £103 million pension overpayments, £79 million council tax single person discounts incorrectly awarded and £42 million housing benefit overpayments. Others include:

- 164 employees identified as having no right to work in the UK;
- 321 false applications removed from housing waiting lists;
- 1,031 prosecutions, 921 of them for housing benefit fraud; and
- 32,633 blue badges and 52,635 concessionary travel passes cancelled.

The next NFI report is due in June 2014.

Emerging issues and developments

Issue / development

Public Sector Internal Audit Standards, CIPFA, April 2013

On 1 April 2013 a common set of standards came into effect for Internal Audit across the UK public sector. The Public Sector Internal Audit Standards (PSIAS) apply the mandatory elements of the Institute of Internal Auditors (IIA) International Standards.

Adoption of a consistent framework is designed to bring benefits for partnership working and working across the different parts of the public sector. The standards are also designed to drive improvement, leading to better public financial management. The new standards replace the existing ones in local government (including fire authorities), central government and the NHS.

Local Audit and Accountability Bill, May 2013

The effect of the Local Audit and Accountability Bill is to abolish the Audit Commission and to establish new arrangements for the audit and accountability of local public bodies in England.

The bill also confirms proposal for Local Authorities to appoint their own external auditor in future on the recommendation of an independent appointment panel, but no date as yet has been specified for when this is likely to come into effect and further guidance is likely to support its implementation.

The Bill also amends the legislative framework for council tax referendums and provides for measures which can ensure local authority compliance with the Code of Recommended Practice on Local Authority Publicity.

Emerging issues and developments

Issue / development

Sir Ken Knight's independent report on efficiency in the fire and rescue service (May 2013)

An independent review of fire service efficiency was published in May 2013, *Facing the Future: Findings from the review of efficiencies and operations in fire and rescue authorities in England*. The review was undertaken by Sir Ken Knight, who has over 40 years experience in fire services. The review assessed the ways in which fire and rescue authorities can deliver further efficiencies and operational improvements without reducing the quality of front-line services to the public. The review examined options for savings both within and beyond the current Spending Review period.

The report examined:

- The current levels of efficiency in fire and rescue services
- Deployment of resources
- Collaborating for efficiency
- Driving efficiency forward
- The future for fire and rescue services

The report highlights the scope for the fire and rescue services to find significant savings whilst safeguarding emergency operations and protecting public safety.

Officers have already examined the findings in detail and considered where the Authority stands in relation to the analysis in the report. Members have been briefed on the review and further debate will follow, with the Authority planning to take on board any relevant learning in its future plans.

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