

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

MEETING: 16th NOVEMBER 2015

Item 8

SUBJECT: ANNUAL AUDIT LETTER 2014/2015

REPORT OF THE FINANCE OFFICER

1. PURPOSE OF THE REPORT

- 1.1 The report details the Annual Audit Letter for 2014/2015 issued by the External Auditors, Mazars LLP. A copy is attached at Appendix A.

2. DESCRIPTION OF DECISION

- 2.1 Members are recommended to:

- Note and comment on the contents of this very positive report

3. INTRODUCTION

- 3.1 The Code of Audit Practice requires auditors to prepare an Annual Audit Letter (AAL) and issue it to each audited body. The purpose of preparing and issuing an AAL is to communicate to the audited body and key external stakeholders, including members of the public, the key issues arising from the auditors' work, which auditors consider should be brought to the attention of the audited body.

- 3.2 The AAL summarises the findings of the 2014/2015 audit, which comprises two elements:

- An audit of the Authority's financial statements;
- An assessment of the Authority's arrangements to achieve value for money in the use of resources.

4. SUMMARY POSITION

- 4.1 The AAL is very positive, providing a strong endorsement of the financial management and governance arrangements in place across the Authority.
- 4.2 The External Auditor issued an unqualified opinion on the Authority's financial statements and an unqualified Value for Money conclusion, details of which were included in the Audit Completion Report.

The Annual Audit Letter confirms that the Authority:

- Produced accounts for 2014/15 that gave a true and fair view of the Authority's financial position and that no objections to the accounts were received;
- Had proper arrangements in place to secure value for money;
- Was considered financially resilient;
- Had managed its financial position well as both budget setting and close budget monitoring were considered robust which had culminated in an underspend of £2.0m in 2014/2015 despite having to successfully deliver continued significant financial savings in respect of cuts in government funding and other cost pressures, which avoided the planned use of reserves.
- Continued to deliver its IRMP actions, the most notable being the delivery of Phase 1 of the Operational Response Review which had saved almost £1m in the financial year.
- Had also completed the review of Diversionary activities and other actions in year, bringing Control in house, carrying out Catering and Cleaning reviews and establishing the Trading Company arrangements as planned, which will benefit the Authority's budget from 2015/16 onwards.
- Recognised that further actions will be required because of the continued and significant government grant reductions it is likely to face and is continuing to make progress in respect of 2 further areas (Management Review as part of a full organisational review and the development of greater collaboration with partner organisations) approved by the Authority in November 2014 in order to secure further savings to ensure its future viability.
- Had also earmarked and rolled forward £6m of its reserves to recognise that it will take time to fully implement its IRMP actions.

5. REASONS FOR DECISION

- 5.1 Government regulations require the AAL to be published. In addition to publication as part of the Governance Committee and Fire Authority, and its publication on the Mazars LLP website, the full report will be placed on the Tyne and Wear Fire and Rescue Authority website.

6. LIST OF APPENDICES

- 6.1 Appendix A - Annual Audit Letter 2014/2015