

**GOVERNANCE COMMITTEE**

**MEETING: 22 MARCH 2010**

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**SUBJECT: ANNUAL AUDIT LETTER, 2008/2009**

**JOINT REPORT OF THE CHIEF FIRE OFFICER, CLERK TO THE AUTHORITY AND FINANCE OFFICER**

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**1. INTRODUCTION**

- 1.1 This report provides the Committee with an outline of the content of the Audit Commission's Annual Audit and Inspection Letter for 2008/2009 in respect of Tyne and Wear Fire and Rescue Authority (a copy of the main body of the Audit and Inspection Letter is attached as Appendix A for the information of Members).
- 1.2 Officers of the Audit Commission will be attending the meeting to present the main findings of the report and to answer any questions that may arise further to the Committee's consideration of its content.

**2. BACKGROUND**

- 2.1 Each year the Authority receives an Annual Audit Letter from its external auditors that sets out how well the Authority has managed its resources and succeeded in achieving value for money. The Annual Audit Letter for the 2008/2009 year has now been received by the Chief Fire Officer who has provided an outline of its content in this report.
- 2.2 The main body of the Annual Audit Letter has been structured into four sections, together with an appendix setting out the Use of Resources findings which were covered in the previous report. The four sections in the main body of the Letter are as follows;
  - Key messages
  - Financial statements and annual governance statement
  - Value for money and use of resources
  - Closing remarks

### **3. KEY MESSAGES**

- 3.1 The Key Messages section provides an effective précis of the content of the report and the Chief Fire Officer is of the opinion that the following items are particularly worth noting.
- 3.2 An unqualified audit opinion on the Authority's 2008/2009 financial statements has been issued by the auditors together with an unqualified Value for Money conclusion confirming that adequate arrangements are in place for securing economy, efficiency and effectiveness in respect of use of resources. The Letter also states that the Authority's financial statements and supporting working papers were prepared to a very high standard which is a noteworthy achievement.
- 3.3 The local risk based work that has been undertaken by the auditors with regard to the FiReControl project is also highlighted and, whilst it is acknowledged that at this stage of the project the identified risks are being managed appropriately, the need to keep this under review as part of the 2009/2010 audit work is also stated.
- 3.4 Further key messages relate to the judgments undertaken by the auditors in respect of the Authority's performance against the new Use of Resources framework that was introduced in April 2009/2010. As the Committee will be aware from the previous report, the Authority was judged to be at level three, Performing Well, and has demonstrated strong performance across a number of Key Lines of Enquiry (KLOE). The audit fees that have applied for the year in question are also set out for the information of Members.

### **4. ACTION NEEDED BY THE AUTHORITY**

- 4.1 The Letter has also identified some areas that could be improved. In particular, the Letter states that the service needs to review the cost and quality of its back office functions and also needs to examine ways in which information can be made publicly available with regard to its approach to sustainability and the environmental footprint of the organization.
- 4.2 Finally, whilst recognising the strong commitment to equality and diversity within the Authority, and noting that there has been an increase in female representation within the workforce, the auditors noted that the Authority employs a very low number of staff from ethnic minorities.
- 4.3 These improvement areas will be incorporated into an action plan and the work necessary to meet them undertaken accordingly.

### **5 COMMENTS OF THE CHIEF FIRE OFFICER**

- 5.1 The content and conclusions of the Annual Audit and Inspection Letter reflect well on the work of the Authority and their officers. The Chief Fire Officer would like to record his appreciation to the Auditors for the manner in which the audit was undertaken and

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the assistance given in terms of the various projects carried out.

- 5.2 The Chief Fire Officer also intends to submit the Annual Audit and Inspection Letter to the next meeting of the Governance Committee which is scheduled for 15<sup>th</sup> March 2010.

## **6 RECOMMENDATIONS**

6.1 The Committee is requested to:-

- a) consider the content of the Annual Audit and Inspection Letter for 2008/2009 and to determine any impact upon future policies not already being addressed, and;
- b) receive further reports as appropriate.

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## **BACKGROUND PAPERS**

The undermentioned Background Papers refer to the subject matter of the above report:

- Annual Audit Letter 2008/2009.

***PREVENTING PROTECTING RESPONDING***

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