

MEETING: 17TH DECEMBER 2012

AUDIT COMMISSION ANNUAL AUDIT LETTER 2011/12

REPORT OF THE FINANCE OFFICER

1. Purpose of the Report

- 1.1 This report details the Audit Commission's (AC) Annual Audit Letter (AAL) covering the year 2011/2012. A copy is attached.

2. Description of Decision

- 2.1 Members are recommended to:
- Note and comment on the contents of this positive report, and
 - Refer the report to Authority for their consideration

3. Introduction

- 3.1 The Audit Commission's Code of Audit Practice requires auditors to prepare an AAL and issue it to each audited body. The purpose of preparing and issuing AALs 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 2011/12 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 extremely positive overall, providing a strong endorsement of the financial management and planning, and governance arrangements in place across the Authority.

- 4.2 The District Auditor issued an unqualified opinion on the Authority's financial statements and an unqualified Value for Money conclusion, detail of which is in the Annual Governance Report.

The report confirms that the Authority:

- Has proper arrangements in place to secure financial resilience.
- Has closely monitored its budget during the year to ensure that savings and efficiencies were delivered effectively.
- Despite £3.4m funding reductions in 2011/2012, has managed to maintain general fund balances at over £3m and has transferred £3m to earmarked reserves to increase resilience for greater reductions in future years.
- Has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- Is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

5. **Reasons for Decision**

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 AC website, it is proposed to place the full report on the Tyne and Wear Fire and Rescue Authority website.

6. **Recommendations**

Members are recommended to:

- Note and comment upon the positive contents of this report.

7. **List of Appendices**

- 7.1 Appendix A - Annual Audit Letter 2011/2012