

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item No 6

MEETING: 17th NOVEMBER 2014

SUBJECT: ANNUAL AUDIT LETTER 2013/2014

REPORT OF THE FINANCE OFFICER

1. PURPOSE OF THE REPORT

1.1 The report details the Annual Audit Letter for 2013/2014 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 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 2013/2014 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 2013/14 that gave a true and fair view of the Authority's financial position and that no objections to the accounts were received;
- Accurately reported its financial performance to government via the Whole of Government Accounts process;
- 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 £1.6m in 2013/2014 despite having to successfully deliver continued significant financial savings in respect of cuts in government funding and other cost pressures.
- Had proper arrangements in place to secure value for money.
- Had delivered £4.1m of savings in 2013/2014 through its previous Integrated Risk Management Plan 2010 - 2013) – (IRMP) actions which had already reflected the actions set out by the Sir Ken Knight review published in June 2013;
- Recognises that further budget cuts will be required because of the continued and significant government grant reductions it is facing and has made progress in respect of the 5 further areas approved by the Authority in October 2012 for its (IRMP 2013-2016) in order to secure further savings to ensure its future viability.
- Had by end of March 2014 agreed the outcomes of the reviews of three of the proposed actions (Response model, Catering and Diversions activities) and had set aside £6m of its reserves to recognise that it would take time to fully implement these actions and achieve the full impact of these savings.

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 2013/2014