

MEETING: 21 MARCH 2011

SUBJECT: ANNUAL AUDIT LETTER, 2009/2010**JOINT REPORT OF THE CHIEF FIRE OFFICER, CLERK TO THE AUTHORITY AND FINANCE OFFICER**

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 2009/2010 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 information).
- 1.2 Officers of the Audit Commission will be attending the meeting to present the key findings of the report and to answer any questions that may arise.

2. BACKGROUND

- 2.1 As Committee members will be aware, each year the Authority receives an Annual Audit Letter from its external auditors setting out how effectively the Authority has performed over the year and succeeded in achieving value for money. To this end, the Annual Audit Letter for the 2009/2010 year has been received by the Chief Fire Officer who has provided a brief outline of the content of the report.
- 2.2 The main body of the Annual Audit Letter has been structured into five sections, together with two appendices. The five sections in the main body of the Audit Letter are as follows;
 - Key messages
 - Financial statements and annual governance statement
 - Value for money
 - Current and future challenges
 - Closing remarks

3. KEY MESSAGES

- 3.1 The Key Messages section provides a précis of the content of the report and the Chief Fire Officer is of the opinion that the following items are particularly worthy of note.

- 3.2 An unqualified audit opinion on the Authority's 2009/2010 financial statements has been issued by the auditors together with an unqualified Value for Money conclusion.
- 3.3 The Letter also states that the Authority's financial statements and supporting working papers were prepared to a good standard despite the introduction of complex changes to the accountancy arrangements which officers of the Authority had address.
- 3.4 The Letter also highlights the fact that the Authority continues to manage its finances in an effective manner and that both costs and performance have generally improved when compared to the other metropolitan fire and rescue authorities. In particular there have been continued reductions in accidental and deliberate primary fires as well as high levels of public satisfaction with the service being recorded.

4. CURRENT AND FUTURE CHALLENGES

- 4.1 Not surprisingly the Audit Letter highlights the fact that the Authority is facing a 25% reduction in formula grant funding over the four year period covering 2011/2015 and acknowledges that this will present challenges to all concerned.
- 4.2 Additionally, the Letter also highlights the importance of maintaining the Authority's existing performance management arrangements in order to ensure that the services that are currently available continue to be provided effectively and that any new initiatives can be properly monitored for their impact.
- 4.3 Taking into account these challenges, the Audit Letter highlights the ongoing need for strong and focused leadership as the service starts to address the unprecedented financial pressures that are rapidly approaching.

5 RECOMMENDATIONS

- 5.1 The Committee is requested to:-
 - a) consider the content of the Annual Audit and Inspection Letter for 2009/2010 and;
 - b) receive further reports as appropriate.

BACKGROUND PAPERS

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

- Annual Audit Letter 2009/2010.