

GOVERNANCE COMMITTEE MEETING: 30th NOVEMBER 2020

SUBJECT: AUDITED STATEMENT OF ACCOUNTS 2019/2020

REPORT OF THE FINANCE DIRECTOR

1. BACKGROUND

- 1.1 The Authority's Statement of Accounts 2019/2020 (subject to audit) were produced by the revised statutory deadline of 31st August 2020 in compliance with the government's Accounts and Audit Regulations 2015 as amended by the requirements of the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, and were presented to this Committee on 28th August 2020 to allow members the opportunity to both digest and challenge any areas of the accounts, they so wished. In accordance with the revised regulations the Statement of Accounts and the required supporting papers were also lodged on the Authority's website on 31st August 2020 to inform the public of their rights to inspect and challenge the published Statement of Accounts 2019/2020 subject to audit.
- 1.2 Members will be aware that Mazars LLP (our external auditors) are required to report on the final accounts and report certain matters to Members prior to an audit opinion being provided on the Authority's accounts.
- 1.3 Mazars LLP have audited the financial statements of the Authority under the Local Audit and Accountability Act 2014, the Code of Audit Practice issued by the National Audit Office, and International Standards on Auditing (ISA) issued by the Auditing Practices Board.
- 1.4 Once Governance Committee has approved the Letter of Representation (**item i**), noted the contents of the External Auditors 'Audit Completion Report' (**item ii**), and approved the amended Statement of Accounts (**item iii**), Mazars LLP can then formally provide an opinion on the Statement of Accounts for the year ended 31st March 2020. All of these items will be sent out to members separately but in advance of the meeting, as the audit work is almost but not quite completed at the point of writing this report.

2 PURPOSE OF THE REPORT

- 2.1 To present the Letter of Representation for 2019/2020, and to receive the Audit Completion Report from Mazars LLP concerning the financial statements for 2019/2020. This also provides their opinion on both the Authority's Statement of Accounts and its arrangements for securing

economy, efficiency and effectiveness in its use of resources (Value for Money).

- 2.2 To present an audited Statement of Accounts for 2019/2020, which has been revised to take into account the auditor's findings, for approval by members of this Committee. A complete list of the amendments is to be included as **Appendix A** to this report for information.

3 STATEMENT OF ACCOUNTS 2019/2020

- 3.1 A **Letter of Representation** which sets out the principles used in preparing the accounts and provides the external auditor with the necessary assurances required by the accounts and audit regulations has to be prepared by the Finance Officer (this will be shown as **Item i** to this report and will be sent out separately).
- 3.2 In line with Auditing standards, Mazars LLP produces an **Audit Completion Report** (this will be **Item ii** and will be sent out separately), in which the external auditor's opinion is given on whether the financial statements give a true and fair view of the financial position of the Authority as at 31st March 2020 and on its income and expenditure for the year then ended. The auditors will also be in attendance at the meeting in order to present their Audit Completion Report directly to members of the Committee.
- 3.3 This communication from the auditors is in addition to the Annual Audit Letter, which will continue to be presented to the full Authority and to the Governance Committee annually.
- 3.4 The amended Statement of Accounts reflects all of the changes identified during the audit process and Mazars LLP is to formally provide their opinion on the audited Statement of Accounts before the end of November 2020 in accordance with the revised regulations. The key messages expected from the audit are set out in Section 4 of this report for information.
- 3.5 Following the audit, the amended Statement of Accounts 2019/2020 will be set out in **Item iii** (which will be sent out separately once the audit work has been completed) and will include a number of changes identified from the audit, which will be detailed at **Appendix A**, (which is also to be sent out separately once finalised).

4 KEY MESSAGES

- 4.1 The full and detailed communication will be included in the Audit Completion Report (Item ii), which will be sent out separately in advance of the meeting. Having discussed the audit of the accounts with the external auditors it has been confirmed that this report will be positive and in summary will show that:

- the external auditors propose to issue an unqualified audit opinion on the financial statements;
- the external auditors have not identified any material weaknesses in the accounting and internal control systems; and,
- the external auditors have reported that the Authority is also to receive an unqualified Value for Money Conclusion, which confirms that the Authority has proper arrangements in place for securing economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2020.

4.2 On the basis of the amendments agreed with the external auditors, Mazars LLP will formally provide an opinion on the amended Statement of Accounts by 30th November 2020 in accordance with the amended Accounts and Audit regulations. The Authority is also required to publish its Audited Statement of Accounts for 2019/2020 on its web site by 30th November 2020 appropriately signed by the Chair of this Committee and re-certified by the Finance Officer in line with the reporting requirements set out in the Accounts and Audit Regulations 2015 as amended by the requirements of the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020.

5. RECOMMENDATIONS

5.1 Members are requested to:

- a) Approve the Letter of Representation (Item i),
- b) Note the contents of the External Auditor's Audit Completion Report (Item ii),
- c) Approve the amended Audited Statement of Accounts for the Financial Year ended 31st March 2020 (Item iii).

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