

TYNE AND WEAR FIRE AND RESCUE AUTHORITY

Item No. 5

MEETING: 16th DECEMBER 2013

SUBJECT: ANNUAL AUDIT LETTER 2012/2013

REPORT OF THE FINANCE OFFICER

1. PURPOSE OF THE REPORT

- 1.1 The report details the Annual Audit Letter for 2012/2013 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 2012/2013 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 planning, 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 are in the Audit Completion 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 delivery of spending within revenue and capital budget limits;
- Has achieved an underspend against budget of £1.5m, achieving planned efficiencies whilst maintaining healthy financial reserves to help meet future commitments;
- Despite £0.563m of overall government funding reductions in 2012/2013, has managed to increase general fund balances by £0.643m, maintaining the balance at over £3m; and has transferred £1.576m to earmarked reserves, mainly to address additional financial risk from the new Business Rates Retention funding scheme in place from 2013/2014;
- Has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- Recognises that further spending cuts will be required and has identified five new areas of potential savings to pursue.

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. 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 2012/2013