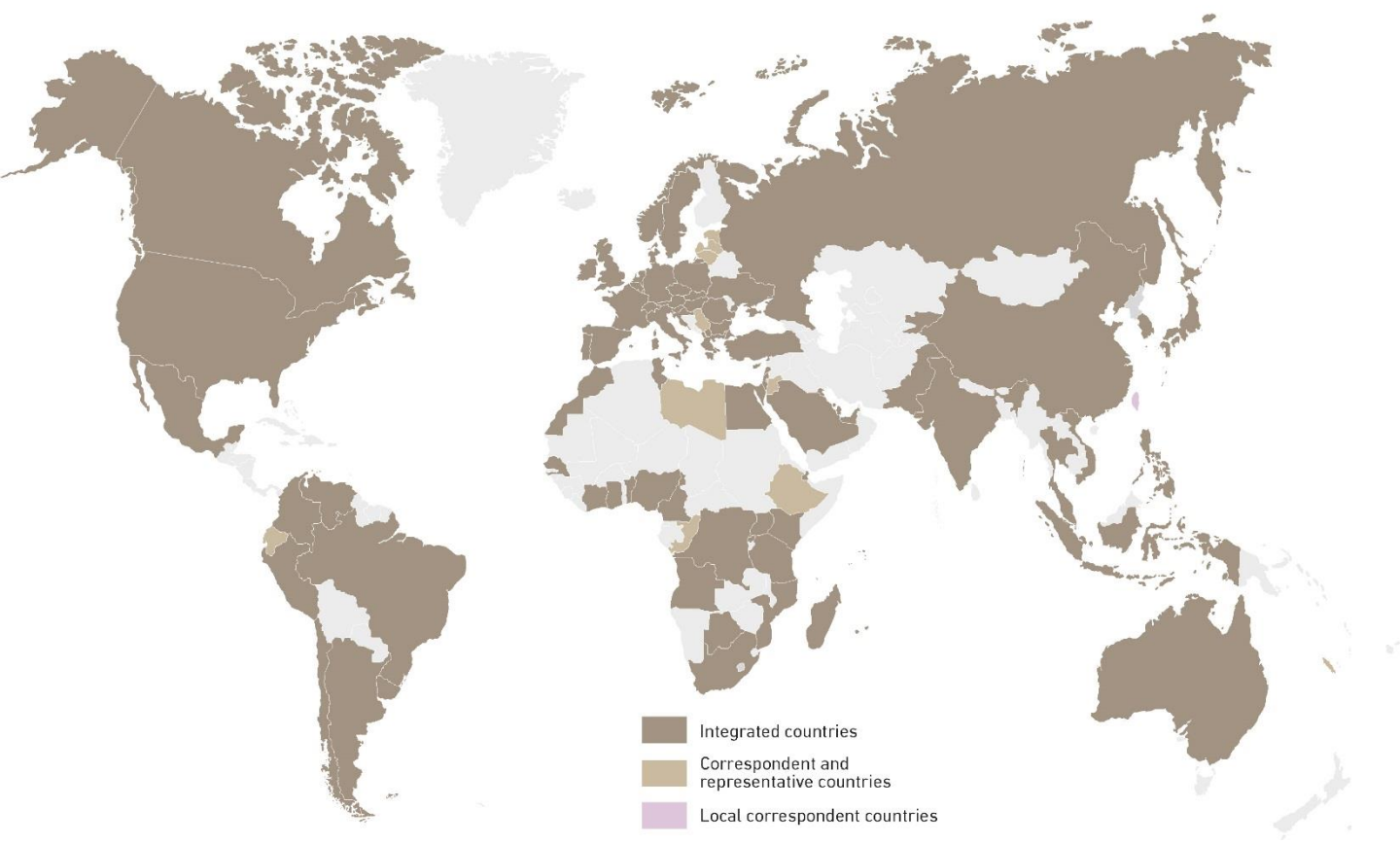


# Audit progress report

## Tyne and Wear Fire and Rescue Authority

February 2020





Integrated countries  
Correspondent and representative countries  
Local correspondent countries

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# 1. AUDIT PROGRESS

## Purpose of this report

This report provides the Governance Committee with an update on progress in delivering our responsibilities as your external auditor as well as setting out any non-audit assurance work carried out and also summarising key national publications that may be of interest to Members.

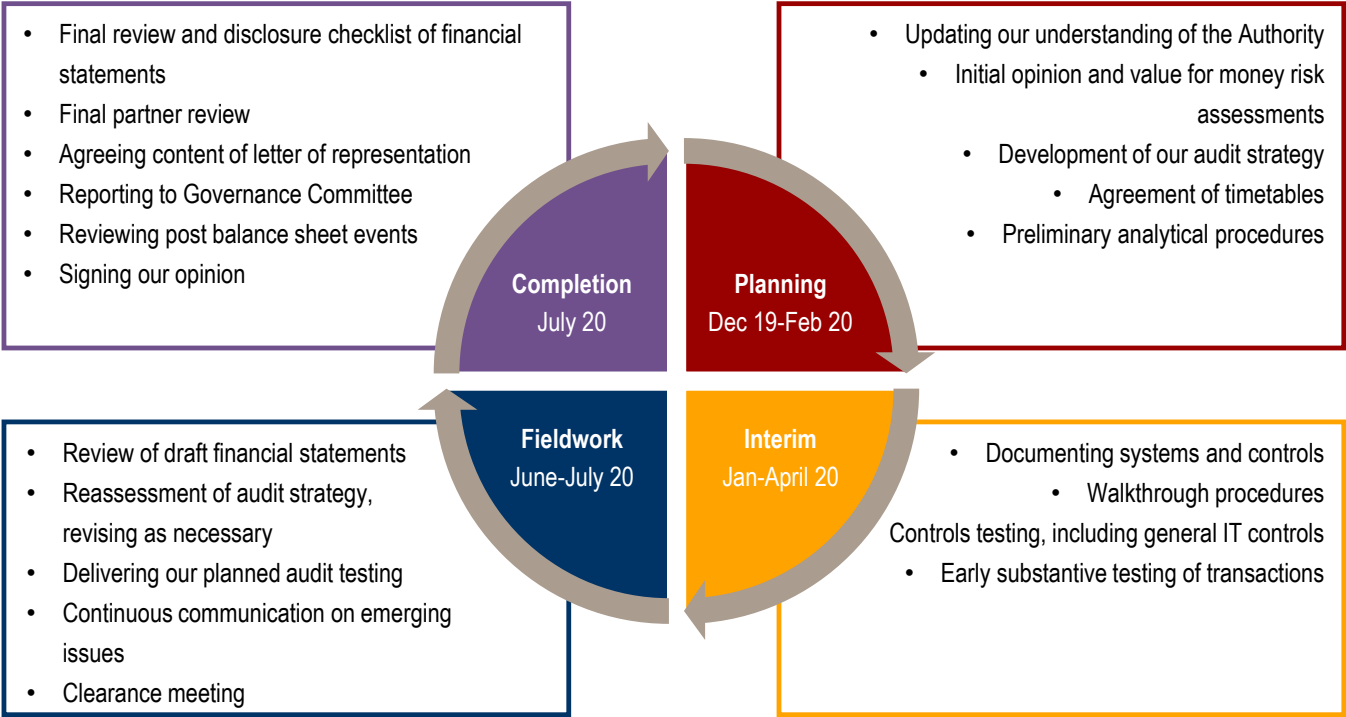
## Audit progress

Our key audit stages are summarised in the diagram shown below.

As in prior years, we are carrying out our walkthroughs and interim testing in one visit, scheduled for January/February. There are no significant matters arising from our audit work that we are required to report to you at this stage.

## Annual accounts workshops

As in previous years, we have held annual accounts workshops, designed to streamline the final accounts audit; officers from this Authority attended the February 2020 local workshop.



## 5. NATIONAL PUBLICATIONS

	Publication/update	Key points
<b>National Audit Office (NAO)</b>		
1.	<b>Code of Audit Practice</b>	New Code of Practice applying from 2020/21; we will update Members further on the new Code at a future meeting.
<b>Chartered Institute of Public Finance and Accountancy (CIPFA)</b>		
2.	<b>Financial Management Code</b>	Guidance for good and sustainable financial management in local authorities.
<b>Local Government Association (LGA)</b>		
3.	<b>A Councillors' guide to procurement</b>	The guide covers questions commonly asked by Councillors.
<b>Mazars LLP</b>		
4.	<b>Annual Transparency Report, Mazars</b>	Sets out the steps we take to enhance the quality of our audit work and ensure that quality is consistent across the firm.
5.	<b>Mazars' response to the Brydon Review</b>	Mazars' response to the latest review into the auditing profession which was published in December 2019.
<b>HMICFRS</b>		
6.	<b>State of Fire and Rescue: The Annual Assessment of Fire and Rescue Services in England 2019</b>	As reported to the February Fire Authority meeting as well as the Policy and Performance Committee.

## 5. NATIONAL PUBLICATIONS

### 1. Code of Audit Practice 2020/21, *National Audit Office*, February 2020

The National Audit Office (NAO) have published their final draft of the Code following the consultation process. The Code has now been laid before Parliament and, subject to Parliamentary approval, will come into force on 1 April 2020. The new Code will apply from audits of local bodies' 2020/21 financial statements onwards.

Accompanying the Code is a document that sets out the issues the NAO considered as a result of the feedback to Stage 2 of the consultation on the exposure draft of the Code, and highlights the key changes made to the text of the final draft of the Code.

[https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code\\_of\\_audit\\_practice\\_2020.pdf](https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code_of_audit_practice_2020.pdf)

[https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code\\_of\\_audit\\_practice-consultation\\_response.pdf](https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code_of_audit_practice-consultation_response.pdf)

### 2. Financial Management Code, *CIPFA*, October 2019

Strong financial management is an essential part of ensuring public sector finances are sustainable. The Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities and aims to provide assurance that they are managing resources effectively.

It requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management. The FM Code identifies risks to financial sustainability and introduces a framework of assurance. This framework is built on existing successful practices and sets explicit standards of financial management. Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the leadership team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

The FM Code built on elements of other CIPFA codes during its development and its structure and applicability will be familiar to users of publications such as The Prudential Code for Capital Finance, Treasury Management in the Public Sector Code of Practice and Code of Practice on Local Authority Accounting in the United Kingdom.

The Code applies to all local authorities, including police, fire and other authorities.

By following the essential aspects of the FM Code, local authorities are providing evidence to show they are meeting important legislative requirements in their jurisdictions.

The first full year of compliance will be 2021/22. This reflects the recognition that organisations will need time to reflect on the contents of the Code and can use 2020/21 to demonstrate how they are working towards compliance.

<https://www.cipfa.org/policy-and-guidance/publications/f/financial-management-code>

### 3. A Councillor's guide to procurement, 2019 edition, *LGA*, October 2019

The LGA worked closely with councils to develop the National Procurement Strategy 2018 and a toolkit that enables councils to set their own objectives and measure their own progress.

The National Procurement Strategy puts the councillor role front and centre and this guide has been produced specifically with councillors in mind. It looks at the roles councillors play – both executive members and those engaged in overview and scrutiny work – and provides hints and tips on how to get the best out of procurement and contract management. Just as in the national strategy, the focus is on delivering council objectives. Councillors do not need to be procurement professionals but they do need to be able to ask the right questions, including:

- What is the procurement process and why do major procurements in local government fail?
- What are the role and responsibilities of a councillor?
- How is social value delivered under the Public Services (Social Value) Act 2012 and more generally?

<https://www.local.gov.uk/councillors-guide-procurement-2019-edition>

## 5. NATIONAL PUBLICATIONS

### 4. Annual Transparency Report, *Mazars*, December 2019

Mazars produces an annual transparency report, setting out the steps we take to enhance the quality of our audit work and ensure that quality is consistent across the firm. The report includes:

- Public Interest Committee Report;
- UK Governance Council Report;
- inspiring stakeholder confidence in audit quality (including quality monitoring and audit quality indicators);
- our risks; and
- structure, leadership and governance.

Link to the latest report issued in December 2019 is set out below.

<https://www.mazars.co.uk/Home/About-us/Corporate-publications/Transparency-reports/Mazars-UK-Transparency-Report-2018-2019>

### 5. Mazars' response to the Brydon Review, *Mazars*, December 2019

The Brydon Review is one of four key reviews into the scope and quality of audit, namely:

- Competition and Market's Authority (CMA): resilience and competition in the audit market;
- Kingman's Review (review of the Financial Reporting Council and regulatory oversight);
- The Brydon Review (tone and aspirations for the future of the industry); and
- The Redmond Review (quality of local authority financial reporting and external audit).

The Brydon Review contains various recommendations and essentially recommends a major overhaul of audit which would see the creation of a separate 'corporate auditing profession', greater focus on fraud detection during audits, and the replacement of the 'true and fair' concept, with a greater focus on going concern.

Mazars' response to the latest Brydon Review report issued in December 2019 is detailed per the link below.

<https://www.mazars.co.uk/Home/News-Events/Latest-news/Mazars-response-to-the-Brydon-report>

#### Link to the Brydon Review

Published in December 2019, focusing on the quality and effectiveness of audit.

<https://www.gov.uk/government/publications/the-quality-and-effectiveness-of-audit-independent-review>

#### Link to the Kingman's Review

Published in December 2018, this review recommended the replacement of the Financial Reporting Council with a new independent statutory regulator, accountable to Parliament. The new regulator will be called the Audit, Reporting and Governance Authority (ARGA).

<https://www.gov.uk/government/news/independent-review-of-the-financial-reporting-council-frc-launches-report>

#### Link to the Redmond Review

At the time of writing this report, the outcome from the Redmond Review has not been published.

<https://www.gov.uk/government/consultations/review-of-local-authority-financial-reporting-and-external-audit-call-for-views>

# 5. NATIONAL PUBLICATIONS

## 6. State of Fire and Rescue: The Annual Assessment of Fire and Rescue Services in England 2019, *HMICFRS*, January 2020

This is Her Majesty's Chief Inspector of Fire & Rescue Services' report to the Secretary of State under section 28B of the Fire and Rescue Services Act 2004. It contains his assessment of the sector in England, based on the inspections carried out between June 2018 and August 2019.

In 2018/19, HMICFRS carried out the first assessment of the efficiency and effectiveness of England's fire and rescue services in more than a decade. This report draws on findings from inspections in the 45 fire and rescue services in England, to provide an overall view of the state of the fire and rescue sector.

This report was taken to the February 2020 full Fire Authority meeting as well as the Policy and Performance Committee, therefore the detail is not repeated here.

<https://www.justiceinspectorates.gov.uk/hmicfrs/publications/state-of-fire-and-rescue-annual-assessment-2019/>