

**TYNE & WEAR FIRE AND RESCUE AUTHORITY**

**Item No 5**

**GOVERNANCE COMMITTEE MEETING: 26th SEPTEMBER 2016**

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**SUBJECT: AUDITED STATEMENT OF ACCOUNTS 2015/2016**

**REPORT OF THE FINANCE OFFICER**

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**1. BACKGROUND**

- 1.1 Members will be aware that Mazars LLP 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.
- 1.2 Mazars LLP have audited the financial statements of the Authority under the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission, and International Standards on Auditing (ISA) issued by the Auditing Practices Board.
- 1.3 Once the 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 31<sup>st</sup> March 2016.

**2. PURPOSE OF THE REPORT**

- 2.1 To present the Letter of Representation for 2015/2016 and to receive the Audit Completion Report from Mazars LLP concerning the financial statements for 2015/2016. This 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 provide an audited Statement of Accounts for 2015/2016. This 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 set out in Appendix A to this report for information.

**3 STATEMENT OF ACCOUNTS 2015/2016**

- 3.1 A Letter of Representation has to be prepared by the Finance Officer 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 (this is shown as **Item i** on the agenda).

- 3.2 In line with Auditing standards, Mazars LLP produces an Audit Completion Report (**Item ii**), 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 2016 and on its income and expenditure for the year then ended.
- 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, noted previously by the Authority on 27th June 2016, does not contain any misstatements and Mazars LLP is to formally provide an unqualified opinion on the audited Statement of Accounts before the end of September 2016 in accordance with the revised regulations. The key messages from the audit are set in Section 4 of this report for information.
- 3.5 Following the audit, the amended Statement of Accounts is set out in **Item iii**. The amendments made are detailed at **Appendix A**.

#### **4.0 KEY MESSAGES**

- 4.1 The full communication is included in the Audit Completion Report. The report is very positive and in summary shows that:
- the external auditors propose to issue an unqualified audit opinion;
  - most non-trifling misstatements have been adjusted by management and those not adjusted are set out with reasons accepted by the auditor in his Annual Audit Report;
  - the external auditors have not identified any material weaknesses in the accounting and internal control systems;
  - the external auditors have referred to a number of presentational issues they identified in relation to the qualitative aspects of the Authority's financial reporting and reference is also made in the Letter of Representation but these are not considered to be significant;
  - the external auditors have not identified any matters required by international auditing standards that should be communicated to Members;
  - the external auditors have not identified any other relevant matters relating to the audit that need to be brought to Members attention; and
  - the external auditors have reported that the Authority is also to receive an unqualified Value for Money opinion, which confirms that the Authority has proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2016.

- 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 on or before the 30<sup>th</sup> September statutory deadline, by which time the Authority is also required to publish its Audited Statement of Accounts for 2015/2016 on its web site, appropriately signed by the Chair of this Committee and re-signed by the Finance Officer in line with the new reporting requirements set out in the Accounts and Audit Regulations 2015.

## **5. RECOMMENDATIONS**

- 5.1 Members are requested to:

- a) Approve the Letter of Representation (Item i),
- b) Note the contents of the External Auditors Audit Completion Report (Item ii),
- c) Approve the amended Audited Statement of Accounts for the Financial Year ended 31<sup>st</sup> March 2016 (Item iii).

