

MEETING: 19 DECEMBER 2011

SUBJECT: ANNUAL AUDIT LETTER, 2010/2011**JOINT REPORT OF THE CHIEF FIRE OFFICER, CLERK TO THE AUTHORITY AND
FINANCE OFFICER**

1. INTRODUCTION

- 1.1 This report provides Members with an outline of the content of the Audit Commission's Annual Audit and Inspection Letter for 2010/2011 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 the information of Members).
- 1.2 Officers of the Audit Commission will be attending the Authority meeting to present the key findings of the report and to answer any questions that may arise further to Members' consideration of its content.

2. BACKGROUND

- 2.1 As 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 2010/2011 year has now 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
 - Current and future challenges
 - Financial statements and annual governance statement
 - Value for money
 - 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.

Creating the Safest Community

- 3.2 An unqualified audit opinion on the Authority's 2010/2011 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 finance officers coped well with the significant accounting changes that compliance with the requirements of International Financial Reporting Standards (IFRS) introduced during the year and that the Authority has a good track record of delivering to budget and in making efficiencies.

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 Taking into account these challenges, the Audit Letter highlights the need to consider alternative models of service delivery and innovative ways of working.

6 RECOMMENDATIONS

- 6.1 The Authority is requested to:-
- a) consider the content of the Annual Audit and Inspection Letter for 2010/2011 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 2010/2011.