

Report of the Treasurer

6. Annual Audit Letter 2012/13

Purpose of report

1. To present the Annual Audit Letter 2012/13 from the External Auditors, Grant Thornton UK LLP.

Recommendation

The Treasurer recommends that the Committee notes the Annual Audit Letter 2012/13 from the External Auditors, Grant Thornton UK LLP.

Introduction and Background

2. Under the Audit Commission Act the Auditors must be satisfied that the Authority has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources focusing on the arrangements for:
 - securing financial resilience; and
 - prioritising resources within tighter budgets.
3. The Auditors undertake a risk assessment to identify any significant risks which need to be addressed before the value for money conclusion is reached. The Auditors assess the Authority's financial resilience as part of their work on the value for money conclusion.
4. The Annual Audit Letter summarises the findings from the 2012/13 audit.
5. The Audit comprised two elements:
 - a. the audit of the Authority's financial statements; and
 - b. an assessment of the Authority's arrangements to achieve value for money in its use of resources.

Overview

6. The key messages in the Audit 2012/13 are as follows:
 - (i) The Authority has taken appropriate account of the current economic climate and the plans are supported by detailed and robust assumptions.

- (ii) The Authority has a sound understanding of the current financial environment and undertakes robust planning for the medium and long term.
- (iii) There is a strong link between the Authority Plan and the Community Risk Management Plan.
- (iv) Scenario planning around the level of grant funding has been undertaken and considered within the Authority's detailed medium term financial plan to ensure that reserves are sufficient to meet future expenditure.
- (v) The Authority historically closely monitors its expenditure and does not exceed budget levels.
- (vi) The Senior Management Board provide clear leadership on spending priorities and demonstrate a clear understanding of the resource requirements of the Service.
- (vii) The Service has challenged the existing delivery arrangements of the community safety and training provision and has implemented changes.
- (viii) Performance management is strong and appropriately challenged.
- (ix) The Authority benchmarks its performance with other authorities to identify areas for improvement. Efficiencies have been made and efficiency plans continue to be implemented.

Conclusion/Summary

Audit Opinion and Financial Statements

7. The Engagement Lead issued an unqualified opinion on the Authority's financial statements on 30 September 2013. The financial statements were considered to be true and fair and presented without material misstatement. The standard of financial statements and working papers provided to support the financial statements, together with the support provided to external audit at the final audit visit, were again improved from last year.

Value for Money

8. The Engagement Lead issued an unqualified Value for Money Conclusion on 30 September 2013 as his work did not identify any matters which would lead him to believe that the Authority did not have proper arrangements in place for securing economy, efficiency and effectiveness.
9. The Engagement Lead was satisfied on the basis of his work that in all significant respects Hereford & Worcester Fire and Rescue Authority has put in place proper arrangements to secure value for money in its use of resources for the year ending 31 March 2013.

Corporate Considerations

Resource Implications (identify any financial, legal, property or human resources issues)	None
Strategic Policy Links (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications).	None
Risk Management / Health & Safety (identify any risks, the proposed control measures and risk evaluation scores).	None
Consultation (identify any public or other consultation that has been carried out on this matter)	None
Equalities (has an Equalities Impact Assessment been completed? If not, why not?)	N/A

Supporting Information

Appendix 1 – Annual Audit Letter 2012/13 from the External Auditors, Grant Thornton UK LLP

Contact Officer

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