



The Annual Audit Letter for Hereford and Worcester Fire and Rescue Authority

Year ended 31 March 2014

October 2014

Grant Patterson

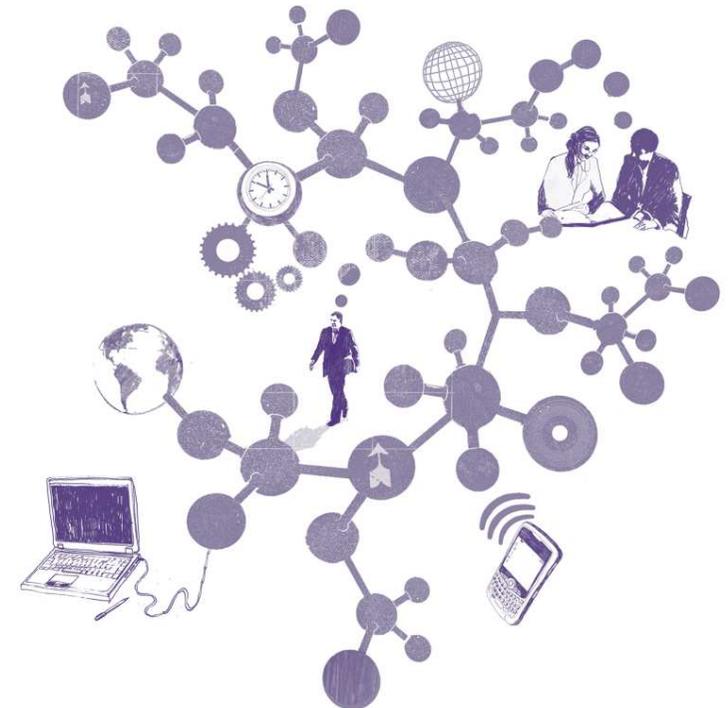
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Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Hereford & Worcester Fire & Rescue Authority ('the Authority') for the year ended 31 March 2014.

The Letter is intended to communicate key messages to the Authority and external stakeholders, including members of the public. Our annual work programme, which includes nationally prescribed and locally determined work, has been undertaken in accordance with the Audit Plan that we issued 24 March 2014 and was conducted in accordance with the Audit Commission's Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the Audit Commission.

Financial statements audit (including audit opinion)	<p>We issued an unqualified opinion on the Authority's 2013/14 financial statements on 29 September 2014, in advance of the deadline set by the Department for Communities and Local Government. Our opinion confirms that the financial statements give a true and fair view of the Authority's financial position and of the income and expenditure recorded by the Authority.</p> <p>We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 24 September 2014 to the Audit & Standards Committee. The key message arising from our audit of the Authority's financial statements was that the financial statements presented for audit were basically sound.</p> <p>In 2012/13 we highlighted that the processes for preparing and reviewing your financial statements could be stronger. Our 2013/14 audit has confirmed that a peer review process has been introduced in the preparation of the Authority's financial statements. We found no significant issues with the primary statements in our 2013-14 audit and have worked with your officers on a number of disclosures to ensure compliance with the requirements of the CIPFA Code of Practice. We have recommended therefore that the Authority should continue to develop the improved review process against the requirements of the CIPFA Code of Practice and incorporate these within future closedown timetables for the preparation of the Authority's annual financial statements.</p>
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Key messages (continued)

Value for Money (VfM) conclusion	<p>We issued an unqualified VfM conclusion for 2013/14 on 29 September 2014.</p> <p>Overall our work highlighted that the Authority:</p> <ul style="list-style-type: none">• Delivered a surplus against budget of £1.4 million in 2013/14 (£2.2 million in 2012/13). The underspend being used to support expenditure in future years to provide earmarked reserves for planned future spend or uncertainties. The level of surplus in year is not at a level to indicate a weakness in financial control.• Has a medium term financial plan which extends to 2019/20.• Has undertaken a review of the arrangements of its non front line services and changes have been implemented resulting in cost savings. These are in addition to those identified in its Community Risk Management Plan.• Has a memorandum of understanding with Shropshire & Wrekin Fire & Rescue Authority for the provision of fire control and no issues have been noted in its operation. <p>At the time of our audit the Authority was in the process of completing its deliberations on its Community Risk Management Plan (2014/15). The plan had been considered and decisions deferred at the Authority's February and June 2014 meetings. We recognised the difficult and challenging decisions to be made by the Authority and service and that decisions need to be taken with due consideration balanced against the longer a decision takes to be made it may impact upon the Authority's flexibilities for developing alternative arrangements. The plan was reconsidered at the Authority meeting on 1 October 2014 and a decision was taken which will now be implemented.</p> <p>On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2014.</p>
Whole of Government Accounts	<p>We reviewed the consolidation pack prepared by the Authority to support the production of the Government's Whole of Government Accounts. In line with our instructions we reported that the Authority was below the audit threshold level set by the National Audit Office and reviewed the worksheets specified for bodies below the audit threshold. We confirmed that the closing figures for Property, plant & equipment and Pensions liabilities in the consolidation pack were consistent with those in the Authority's financial statements on the 29 September 2014 in advance of the deadline.</p>

Key messages

Audit fee	Our fee for 2013/14 was £43,829, excluding VAT which was unchanged from the previous year. Further detail is included within appendix A.
Looking forward	<p>The Authority continues to face challenges and financial constraints in the coming years in common with other local government bodies. It is proactive in looking at proposals to work closely with other fire services and organisations. The benefits and options for closer working with Warwickshire Fire and Rescue Service are being reviewed by a project team resourced by officers from both the Authority and the Warwickshire service. The authority has received updates during the work of the project team and a planned reporting schedule is in place. The authority is exploring the potential of a Joint Property Vehicle which proposes better use of public sector properties through shared use and the avoidance of duplication of tasks. This concept is also currently being explored by neighbouring public sector partners. The Authority will consider membership of this Joint Property Vehicle on receipt of a full business case later this financial year.</p> <p>It has a medium term financial plan in place. Internal efficiencies and management reductions have been implemented delivering substantial savings. The proposals of the Community Risk Management Plan have been considered. The Authority has approved the proposals using some reserves and the Treasurer has confirmed that the remaining level of reserves held is satisfactory.</p> <p>The Authority will have to ensure that the implementation of the decisions of the 1 October 2014 Authority meeting on its Community Risk Management Plan remain on track as the process unfolds whilst maintaining its services to its prescribed target levels.</p>

Appendix A: Reports issued and fees

We confirm below the fee charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

	Per Audit plan £	Actual fees £
Audit Fee	43,829	43,829
Total fees	43,829	43,829

Fees for other services

Service	Fees £
None	Nil

Reports issued

Report	Date issued
Informing the Audit Risk assessment	December 2013
Audit Plan	March 2014
Audit Findings Report	September 2014
Annual Audit Letter	October 2014



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