

LANCASHIRE COMBINED FIRE AUTHORITY AUDIT COMMITTEE

Meeting to be held on 28 September 2021

EXTERNAL AUDIT – AUDIT FINDINGS REPORT (Appendix 1 refers)

Contact for further information:

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Table 1 Executive Summary and Recommendations

Executive Summary

The external auditor is required to produce an Audit Findings Report summarising the conclusions from their work undertaken as part of the year-end audit of accounts.

As highlighted in the report work is on-going in a number of areas but at the time of the draft report there were no significant issues identified and only one recommendation.

Recommendation

The Committee is asked to: -

- Note and endorse the matters raised in the report;
- Note the anticipated “unmodified” audit report opinion on the financial statements;
- Note that the auditors have not yet completed all of their VFM work and so are not in a position to issue a report on that.

Information

Under the statutory Code of Audit Practice for Local Government bodies our external auditors Grant Thornton are required to issue a report to those charged with governance summarising the conclusions from their audit work. This draft report, known as the Audit Findings Report, is attached as Appendix 1, and will be presented by the Audit Manager.

At the time of writing the report the auditors work was substantially complete and there were no matters of which they were aware that would require modification of the audit opinion or material change to the financial statements, subject to the outstanding matter listed below: -

- Completing work on journals, PPE valuations and pension valuations;
- Processing samples of debtors, creditors, income and expenditure;
- Response from the Lancashire County Pension Fund Auditor to the request for assurance over IAS 19;
- Clearance of issues from the audit quality review process;

- Receipt of the signed management representation letter; and
- Review of the final set of financial statements

There was one recommendation relating to self-authorisation of journals as set out on page 20 of the report: -

“Our risk assessment of journal controls noted that there are no automated controls on the finance system to prevent members of fiancé staff approving their own journals. Whilst our audit work on journals so far has not identified any significant issues as a result of this weakness in internal controls, we recommend that the authority establishes an authorisation control to reduce the risk of financial reporting fraud and/or error in future.”

Our response to this is “We have considered the recommendation. We believe our financial monitoring processes are sufficient to identify if such an instance occurred. Neither ourselves, nor internal and external audit, have discovered any instances of error or reporting fraud that the implementation of this would have prevented. Hence, given the size of our finance team (3.5 FTE including the Head of Finance), we don’t feel that introducing further controls is practical or proportionate to the risk.”

There were no adjusted misstatements impacting the key statements. There were several minor disclosure omissions in the draft accounts which have all been rectified.

Audit Action Plan

Grant Thornton have not made any recommendations following the audit.

Financial Implications

An audit fee of £38.9k was agreed as part of the Audit Plan.

The final fee will be confirmed once the audit is complete.

Human Resource Risk Implications

None

Equality and Diversity Implications

None

Environmental Impact

None

Business Risk Implications

The report does not identify any new risk issues that the Authority needs to address.

Local Government (Access to Information) Act 1985

List of Background Papers

Table 2 Details of any background papers

Paper:	
Date:	
Contact:	
Reason for inclusion in Part 2 if appropriate:	