

**LANCASHIRE COMBINED FIRE AUTHORITY  
AUDIT COMMITTEE**

Meeting to be held on 30 November 2021

**EXTERNAL AUDIT – AUDITORS ANNUAL REPORT 2020/21  
(Appendix 1 refers)**

Contact for further information – Keith Mattinson – Director of Corporate Services  
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*Table 1 Executive Summary and Recommendations*

**Executive Summary**

The External Auditor's Annual Report provides an overall assessment of the Authority's performance.

This covers the opinion on both the financial statements (which has previously been reported) and on value for money arrangements.

The final report, submitted by Grant Thornton, is attached as appendix 1.

**Recommendation(s)**

The Committee is asked to note and endorse the content of the report as presented.

**Information**

The Auditor's Annual Report confirms the final opinion on the financial statements and the outcome of the review of the Authority's value for money arrangements for securing economy, efficiency and effectiveness in its use of resources.

**Audit of Financial Statements**

The report re-affirms the draft opinion on the accounts previously reported to the Committee 'We have completed our audit of your financial statements and issued an unqualified audit opinion on 30 September 2021'.

**Review of Value for Money Arrangements**

The review of value for money arrangement covers three areas:-

- Financial sustainability;
- Governance;
- Improving economy, efficiency and effectiveness.s

The auditor's review did not identify any significant weaknesses in arrangements across any of these areas, but has made 4 improvement recommendations as set out pages 10, 14, 15 and 16 of the report:-

- Recommendation - The Authority should continue to identify and develop sufficient savings plans to avoid depleting General Fund reserves below the minimum level.  
Management Comment - Agreed, this has been in abeyance awaiting a multi-year settlement, hence this will form part of future years budgets/medium term financial strategy;
- Recommendation - Within the Corporate Risk Register we recommend that each risk is mapped to the relevant corporate objective.  
Management Comment – We do not believe this will assist as many of the risks span across more than one objective;
- Recommendation - The Authority should remove discharged risks from the Corporate Risk register.  
Management Comment – We do not accept this recommendation; the inclusion of discharged risks demonstrates which risks have previously been considered by the Authority. The reporting of risks makes it clear that these have previously been discharged, and does not impact on Members focusing on 'live' risks;
- Recommendation - Review the adequacy of procedures around members declaring interests. Also, implement a regular completeness check to identify any gaps in declarations. For example, this may include a search of Companies house records to compare directorships held to those recorded on the register of interests  
Management Comment - We will conduct a review about adequacy of procedures around the declaration of Members' interests, including consideration of what, if any, verification process is required.

Given this is the first review under the new arrangements I believe this is a positive outcome and demonstrates the strong position the Authority is currently in

### **Business Risk**

The Annual Auditor's Report is a public document, which gives an independent assessment of the Authority's performance. As such any failure to meet adequate levels of performance may undermine public confidence, exposing the Authority to a wide range of risks, and leading to potential interventions.

### **Environmental Impact**

None

### **Equality and Diversity Implications**

None

### **HR Implications**

None

## Financial Implications

The final audit fee was £38.9k, which is consistent with the fee agreed as part of the Audit Plan. This is £15.2k higher than the scale fee identified by Public Sector Audit Appointments, reflecting the increased work associated with changes to auditing standards, as previously reported. The increase in fees is broadly consistent with similar audited bodies.

The Government has provided an additional £15m of funding to compensate authorities for increased audit fees, arising from changes to auditing standards etc, our share of this is £12.2k.

As such net audit fees are £26.7k.

## Local Government (Access to Information) Act 1985 List of Background Papers

*Table 2 Details of any background papers*

Paper:	Audit Findings Report
Date:	September 2021
Contact:	Keith Mattinson
Reason for inclusion in Part 2 if appropriate:	