

Lancashire Combined Fire Authority

Audit Committee

Meeting to be held on 28 March 2023

External Audit – Auditors Annual Report 2021/22 **(Appendix 1 refers)**

Contact for further information:

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Executive Summary

The External Auditors 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 Auditors 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 November 2022'.

Review of Value for Money Arrangements

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

Financial sustainability

The report states "We did not identify any significant weaknesses in the Lancashire Fire and Rescue Authority's financial sustainability arrangements. Whilst the Authority continues to face significant financial pressures, we consider the financial planning arrangements are sound. In particular, the Authority recognises the need to balance savings with future investment and has sound arrangements in place for budget monitoring. We made two improvement recommendations for tracking savings delivery and ensuring the slippage on the capital programme does not impact the delivery of strategic objectives."

Governance

The report states “We assessed the Authority’s governance arrangements across a number of areas including leadership, risk management, financial reporting and management and informed decision making. We found no evidence of a significant weakness in the Authority’s arrangements for ensuring they have made informed decisions and properly manage its risks. Nor have we identified any improvement recommendations. However, two of the recommendations made last year still stand. The Authority disagreed with these so has not taken an action to address them.”

Improving economy, efficiency and effectiveness

The report states “The Authority have effective arrangements in place for improving economy, efficiency and effectiveness. We did not identify any risks of significant weaknesses in the Authority’s arrangements in place for improving economy, efficiency and effectiveness.”

Recommendations

The auditors review did not identify any significant weaknesses in arrangements across any of these areas, but have made 2 new improvement recommendations as set out pages 11 and 12 of the report:-

- Recommendation - The Authority needs to ensure it continues to closely monitor the delivery of its savings and efficiency plans to ensure it minimises the reduction of its reserves and achieves its strategic objectives.
Management Comment - Agreed, this is usually done but has slipped due to staff vacancies.
- Recommendation - The Authority needs to closely track the delivery of its capital programme to ensure any ongoing slippage does not impact the delivery of its strategic objectives and longer-term plans.
Management Comment - Agreed, we already do this.

In addition, it has reiterated two of its recommendations from last year that we did not accept (page 20 of the report):-

- 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.

Business Risk

The Annual Auditors 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 £40.8k, which is consistent with the fee agreed as part of the Audit Plan.

Local Government (Access to Information) Act 1985

List of Background Papers

Paper: Audit Findings Report

Date: January 2023

Contact: Keith Mattinson

Reason for inclusion in Part 2 if appropriate: N/A