

# The Annual Audit Letter for Stoke on Trent and Staffordshire Fire and Rescue Authority

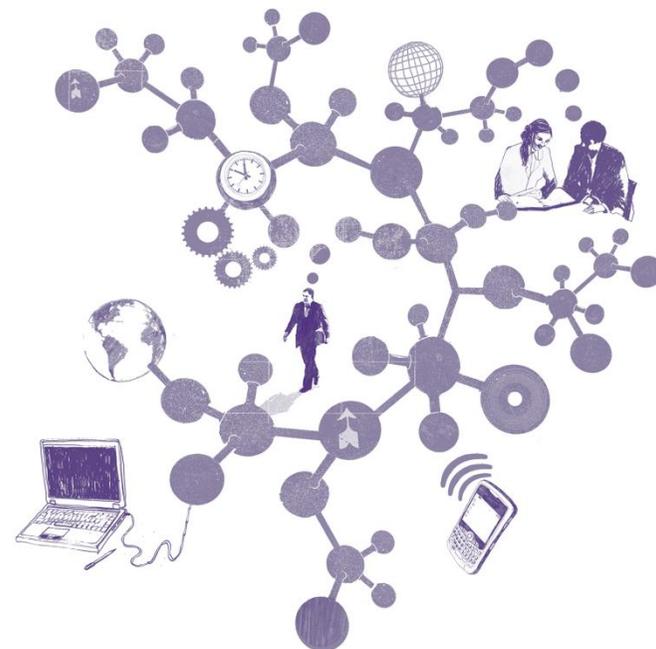
**Year ended 31 March 2015**

October 2015

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# Key messages

Our Annual Audit Letter summarises the key findings arising from the work that we have carried out at Stoke on Trent and Staffordshire Fire & Rescue Authority ('the Authority') for the year ended 31 March 2015.

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 on 3 March 2015 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 and Public Sector Audit Appointments Limited.

## **Financial statements audit (including audit opinion)**

We reported our findings arising from the audit of the financial statements in our Audit Findings Report on 28 July 2015 to the Audit Committee. The key messages reported were:

- The financial statements submitted for audit were yet again of good quality, delivered by an effective closedown process and supported by good quality working papers. Of particular note was the speed and efficiency queries were responded to by Authority staff.
- Identification of a number of disclosure errors, and a number of adjustments to improve the presentation of the financial statements. The most significant of these were changes made to the PFI disclosure notes and the cash flow statement.
- The Authority needs to keep the accounting and audit arrangements for its Community Interest Company under review. The level of the trading to date would not have a significant impact on the Authority's accounts, but this needs to be kept under review as the company grows in size.
- The Pension Ombudsman determined in July 2015 that the calculation of pensioners' lump sum amounts on commutation since 1998 was not based on the right actuarial data. The Government Actuary's Department issued guidance in respect of the Firefighters' Pension Scheme (England): 1992 Scheme to enable each Fire Authority to calculate the impact for their 2014/15 accounts. This decision was made after the Authority had prepared its draft financial statements. This constitutes an adjusting post balance sheet event. The Authority put a £1 million adjustment which impacts the Fire Fighter Pension Fund an equal increase in Top Up grant was also included in the Pension Fund Net Assets statement. .

We issued an unqualified opinion on the Authority's 2014/15 financial statements on 22 September 2015, ahead 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 Council's financial position and of the income and expenditure recorded by the Authority.

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<b>Value for Money (VfM) conclusion</b>	<p>We issued an unqualified VfM conclusion for 2014/15 on 22 September 2015.</p> <ul style="list-style-type: none"><li>• The Authority has demonstrated a drive and commitment to making changes in response to the recent reductions in Government funding. There is an understanding of the current financial position of the Authority and finance is a continuing thread evidenced through all elements of the corporate plans</li><li>• We found no evidence that the medium term financial plan would not be achieved and stations are on track to be completed to the agreed timetable</li><li>• The authority achieved a balanced budget and managed to increase other reserves by 0.7m whilst maintaining general reserves at £1.9m</li><li>• New delivery model plans have been produced following consultation with stakeholders. These were presented to the Authority and preferred model approved on 13 July 15 giving a saving of £1.1m</li></ul> <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 2015.</p>
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# How we have worked with you during the year

## Senior officer team

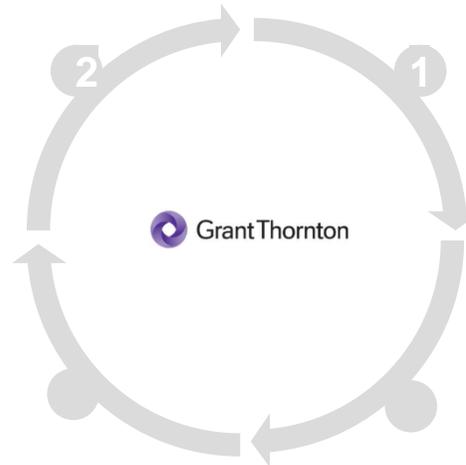
### We:

- met regularly with the Director of Finance, Assets and Resources. to discuss some of your major projects and to share our insight into National Fire issues
- promoted discussion by provision of round table discussions which encouraged the sharing of good practice across the sector to ensure that crewing arrangements optimised efficiency
- shared our understanding of some of the key issues facing the Fire Sector through our thought leadership reports; Crews Control; making better use of people and equipment and Better Collaborative procurement in the fire sector.
- worked with the finance department to improve the accounts and audit process in readiness for earlier closedown
- shared technical knowledge, provided early warning on key risks and provided an opportunity to network with other Fire Authorities at our workshops covering taxation issues, PFI, building a successful local authority trading company
- gave guidance and support on the adjusting post balance sheet event concerning the commutation provision for the Fire Fighter Pension scheme.

## Audit committee Members

### We:

- ran training for local government audit committee members that was attended by your audit chair
- met regularly with the Audit Committee to ensure you were kept up to date with the audit progress, as well as emerging issues affecting the wider Fire and Local Government Sector
- invested in regular dialogue with the audit committee to ensure there were no surprises and to maintain a robust and independent stance
- provided independent external audit commentary and insight on the Authority's issues through senior attendance at every audit committee
- provided regular, timely and transparent reports from our work and briefing notes on key sector developments.



# Appendix A: Reports issued and fees

We confirm below the fees charged for the audit and non-audit services.

## Fees for audit services

	Per Audit plan £	Actual fees £
Authority audit	40,945	40,945
<b>Total audit fees</b>	<b>40945</b>	<b>40,945</b>

## Reports issued

Report	Date issued
Audit Plan	March 2015
Audit Findings Report	July 2015
Annual Audit Letter	October 2015



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