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# External Audit

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# Statement of

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# Audit Progress

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Shropshire and Wrekin Fire and Rescue Authority

March 2012

Audit 2011/12

**The Audit Commission is a public corporation set up in 1983 to protect the public purse.**

**The Commission appoints auditors to councils, NHS bodies (excluding NHS foundation trusts), local police bodies and other local public services in England, and oversees their work. The auditors we currently appoint are either Audit Commission employees (our in-house Audit Practice) or one of the private audit firms. Our Audit Practice also audits NHS foundation trusts under separate arrangements.**

**We also help public bodies manage the financial challenges they face by providing authoritative, unbiased, evidence-based analysis and advice.**

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# Audit update

## Introduction

**1** The purpose of this paper is to provide the Audit & Performance Management Committee with a report on progress in delivering our responsibilities as the Authority's external auditor. This update also seeks to highlight key emerging national issues and developments which may be of interest to members of the Committee.

**2** At the end of this update there are a number of questions which the Committee may wish to consider in order to ensure that it is receiving sufficient assurance on the emerging issues.

## Audit coverage and inputs

### Opinion Audit for 2011/12

**3** We have worked closely with the Finance team to ensure that a significant level of work has been completed at the interim audit, more than previous years. Not only have we walked through and tested the key controls of the key financial systems, but we have also undertaken a large amount of early substantive testing and discussed any technical issues with the Head of Finance to ensure that the work remaining for the post statement visit is minimal. This should ease pressure on both the Authority staff and audit team and ensure that we are well placed to deliver the opinion within the timescale agreed.

**4** We have updated our understanding of the control environment including the IT controls in place and concluded that you have sound controls in place. We have also documented our understanding of the financial environment which informs our assessment of your overall financial resilience, feeding into the going concern assessment and the VFM conclusion.

**5** Our continuous audit planning has not identified any emerging risks which we are required to report to you, other than those set out on the Audit Plan. There is therefore no change to our proposed work programme. We continue to meet with Senior Management and review minutes. If any risks were identified, we would initially discuss with the Head of Finance, Treasurer and CFO, and then bring to your attention.

## **Value for Money Conclusion**

**6** Our work on the Value for Money (VFM) conclusion is substantially complete. We have reviewed the data available through Authority performance reports and the Audit Commission VFM profile. We have also undertaken interviews with key Senior Managers to gather further evidence against the criteria.

**7** Our work to date has not identified any areas of weakness which we are required to bring to your attention as possible areas of concern. We will continue to update our assessment prior to the opinion and report our judgements to the next Audit & Performance Management Committee.

## **Working with Internal Audit**

**8** We continue to work with Internal Audit and have liaised briefly since the last meeting. Our discussions with Internal Audit confirm an efficient approach for the forthcoming audit year.

## **Conclusion**

**9** We are on target to deliver the audit plan for 2011/12 as set out in appendix 1.

## Other matters of interest

### National Fraud Initiative update

**10** The Audit Commission has recently consulted on its proposed work programme and scales of fees for the 2012/13 National Fraud Initiative (NFI). The NFI, which takes place biannually, has helped trace over £650 million in fraud, error and overpayments since it began in 1996 and has attracted international recognition.

**11** The work programme will remain unchanged from NFI 2010/11 and, in recognition of the financial pressures that public bodies are facing, the Audit Commission proposes that the scale of fees for mandatory participants will remain the same as for NFI 2010/11. For Shropshire and Wrekin Fire and Rescue Authority this is £1,000 + VAT.

**12** The final work programme and scales of fees are due to be published in May 2012 (not available at the time of writing this report). The Audit Commission has published a number of other reports on Fraud and these can be found at the link below.

<http://www.audit-commission.gov.uk/fraud/nfi/reports/Pages/default.aspx>

### Openness and accountability in local pay

**13** On 17 February 2012 DCLG published guidance which sets out the key policy principles that underpin the pay accountability provisions in the Localism Act.

**14** For each financial year, beginning with 2012/13, the Fire Authority will be required to prepare a pay policy statement that must articulate its policies on the pay of its workforce, particularly its senior staff (or 'chief officers') and its lowest paid employees.

**15** The statement must be:

- approved by a meeting of Members; and
- published on its website.

### Fire and Rescue Service Operational Guidance – Operational Risk Information

**16** The Fire and Rescue Service Operational Guidance – Operational Risk Information provides robust yet flexible guidance on developing and maintaining a consistent approach to managing, processing and using strategic and tactical operational risk information across the fire and rescue service in England. A link to the document can be found below.

<http://www.communities.gov.uk/publications/fire/operationalriskinformation>

# Key considerations

**17** The Audit and Performance Management Committee may wish to consider the following questions in respect of the issues highlighted in this briefing paper.

- Has the Authority considered the Audit Commission's reports from the National Fraud Initiative Team?
- Does the Authority have arrangements in place to collate and report the required information on pay to satisfy the pay accountability provisions in the Localism Act?
- Has the Authority considered the Operational Risk Information recently published by DCLG?

Emily Mayne  
Audit Manager

June 2012

## Appendix 1 2011/12 programme

Programme	Progress	Main Conclusion/Findings	Deadline for draft report	Audit Committee meeting
<b>Audit Plan</b>				
Initial Fee Letter 2011/12	Completed	The indicative fee was agreed by the Chief Fire Officer in March 2011.	March 2011	March 2011
Audit Plan 2011/12	Completed	This has been agreed with the Treasurer and Head of Finance.	February 2012	March 2012
<b>Opinion</b>				
Interim work on arrangements to support the opinion	Completed	Initial work has been undertaken on your key financial systems. No significant weaknesses were identified and control weaknesses have been reported to Those Charged with Governance. Early testing has been completed where possible and technical issues discussed with the Head of Finance.	Report through Statements of Audit Progress	N/A
Annual Governance Report	Not started	We are due to start this work imminently.	September 2012	September 2012
<b>VFM conclusion</b>				
Assessment of the Council's performance against the Value for Money criteria informing the VFM conclusion	Ongoing	We have undertaken initial discussions with the Senior team and reviewed key data to support our conclusion. We will report our findings to your Audit and Performance Management Committee.	September 2012	September 2012
<b>Annual Audit Letter</b>				
Annual Audit Letter 2011/12	Not started		October 2012	November 2012



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