



**HAMPSHIRE  
FIRE AND  
RESCUE  
AUTHORITY**

## **Standards and Governance Committee**

Purpose: Noted

Date: **31 January 2019**

Title: **EXTERNAL AUDIT PLANNING REPORT AND ANNUAL AUDIT LETTER**

Report of Chief Fire Officer

### EXECUTIVE SUMMARY

1. Attached to this report, in **Appendix 1**, is the External Audit Planning report for the year ended March 31, 2019. Its purpose is to provide the Committee with a basis to review the proposed audit approach and scope for the 2018-19 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that the audit is aligned to the Committee and Service's expectations.
2. The Plan sets out the proposed audit approach and scope of the work. It explains how key risks are assessed and outlines the planned audit strategy in response to those risks. It also reports the fee to be charged for this work.
3. The Annual Audit Letter in **Appendix 2** provides the Committee with a summary of the Audit findings for the year 2017/18. This has already been reported to the Committee, but this is the final formal letter issued by the External Auditors, who gave an unqualified opinion on the Authority's financial statements and concluded that it had put in place proper arrangements to secure value for money in the use of its resources.

### BACKGROUND

4. The Plan details the proposed work to be undertaken by Ernst & Young for the audit of the financial statements and the conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness. It details how the Plan is developed using a risk-based approach to audit planning. It sets out the method used to gain assurance on key controls, and how reliance is placed on the work of internal audit.

5. The Plan explains that a conclusion on the Authority's arrangements to secure economy, efficiency, and effectiveness will be produced, and details the criteria upon which this will be based.
6. Appendix 1 provides members with details of the communications that must be provided to those charged with the governance of the Authority.
7. The fee for the audit will be £27,893 as set out in Appendix 1. This represents a 23% reduction on the audit fee charged last year following the re-procurement of external audit services for the 2018/19 financial year onwards.
8. Appendix 2 provides a final formal version of the annual audit opinion for 2017/18. This has already been reported to Standards and Governance Committee in July last year, but this version is also being submitted for completeness.

#### SUPPORTING OUR SERVICE PLAN AND PRIORITIES

9. Good financial management is essential to enable the Service to achieve its plans and priorities. The audit results report provides external confirmation around the quality and content of the final accounts and the overall financial resilience of the Authority.

#### CONSULTATION

10. No consultation is required for this report as it is a purely factual document. However, as the report states, one of its purposes is to explain the communications required with the Standards and Governance Committee.

#### RESOURCE IMPLICATIONS

11. There are no direct resource implications contained within this report, but appropriate financial resources have been made available to fund the estimated cost of the 2018/19 audit fee of £27,893.

#### LEGAL IMPLICATIONS

12. It is a legal requirement that the Statement of Accounts is approved by those charged with governance and is then independently signed off by external audit.

#### PEOPLE IMPACT ASSESSMENT

13. There are no direct impacts on people because of this report.

## OPTIONS

14. This report deals with the audit plan and results report from the external auditor, there are therefore no options for consideration in this report.

## RISK ANALYSIS

15. Areas of risk are identified by the auditor as part of the planning process and examination of these areas form part of the formal audit and the results are reported in Appendix 1.
16. Page 5 of the Plan highlights the risk areas that will be examined, most of which are the same as in previous years. There is however an extra risk this year associated with two new Accounting Standards in respect of financial instruments and revenue from contracts, neither of which is expected to have a significant impact on the Authority.

## RECOMMENDATIONS

That the Standards and Governance Committee:

17. Receives and considers the External Audit Plan for 2018/19 and considers any recommendations for the Full Authority.
18. Notes the Annual Audit Letter for 2017/18.

## APPENDICES ATTACHED

Appendix 1 – Hampshire Fire and Rescue Authority Audit planning report 2018/19

Appendix 2 - Hampshire Fire and Rescue Authority Annual Audit Letter for the year ended 31 March 2018

## BACKGROUND DOCUMENTS

None

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