

Meeting **NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE AND RESCUE  
AUTHORITY  
FINANCE AND RESOURCES COMMITTEE**

Date **13 October 2006**

Agenda item number

## **JOINT REPORT OF THE CHIEF FIRE OFFICER AND THE TREASURER OF THE FIRE & RESCUE AUTHORITY**

### **EXTERNAL AUDITORS GOVERNANCE REPORT 2005/6**

#### **1. PURPOSE OF REPORT**

To present the External Auditors Governance report to Members and provide an opportunity for Members to discuss the report with the District Auditor Mr David Brumhead who will be attending the meeting.

#### **2. BACKGROUND**

2.1 For the first time the External Auditors are required by International Auditing Standards (ISA260 Reporting to those charged with Governance) to issue a report to those charged with governance summarising the conclusions of their audit work.

2.2 This does not replace the annual audit letter, however as this will not be issued until much later in the year following the Value for Money, Use of Resources and Direction of Travel conclusions.

2.3 The principal purposes of the report are:-

To reach a mutual understanding of the scope of the audit and the respective responsibilities of the auditor and the Authority;

To share information to assist both the auditor and those charged with governance to fulfil their respective responsibilities; and

To provide the Authority with recommendations for improvement arising from the audit process.

2.4 The report sets out the auditor's views and opinions on two main issues:-

The Authority's financial statements; and

The Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

2.5 The following section sets out the main issues highlighted in the auditors report and management's response to them. The full report is attached for Members as Appendix A.

#### **3. REPORT**

3.1 The auditors set out two key messages in their report which are that:-

- (i) they anticipate being able to issue an unqualified opinion on the financial statements by 30<sup>th</sup> September 2006. An unqualified opinion was issued on 29<sup>th</sup> September following a meeting with the Chair, the outgoing Treasurer, the incoming Treasurer, and the Head of Finance and Resources; and

- (ii) they anticipate being able to issue an unqualified conclusion as to the use of resources. Again this opinion was issued on 29<sup>th</sup> September 2006.
- 3.2 That is not to say however that there were not some areas of concern which Members may wish to discuss with the Auditor and/or the Head of Finance and Resources at the meeting.
- 3.3 In the section titled "Adjusted Misstatements" at paragraph 15 the Auditors set out three significant areas where adjustments needed to be made to the accounts following the audit.
- 3.4 The first of these is an error of £697,000 in the figures related to FRS 17 – Pension costs, as a result of the Actuaries being presented with incorrect figures. This error in fact arose because the DCLG had advised that, although all pensions costs accruing in 2006/7 would be met by central government, Authorities would need to provide for any pension costs which had actually been agreed in 2005/6 but not yet paid. This meant that an earmarked reserve needed to be created to allow this to happen but unfortunately the Actuary was not notified of this change. Although this error is a large sum of money it should be seen in the context of the overall figure for pension liabilities of some £257 million. Correcting this error has made no change to the overall surplus of deficit on account of the fact that these adjustments are all reversed in the accounts.
- 3.5 The second adjustment relates to the interest on finance leases of £348,000 being charged to capital reserves rather than to the revenue account. The CIPFA guidance on this issue was unclear and the recategorisation of vehicle leases from operating leases to finance leases had changed the accounting treatment to comply with SSAP21. This error effectively created an underspending in the revenue account which staff were not fully able to investigate due to the tight timing of the 9<sup>th</sup> June 2006 Fire Authority. Nevertheless this error was subsequently revealed and appropriate adjustments made.
- At the year end, the underspending on the revenue account was used to finance part of the capital programme rather than using other financing options. The correction of this error means that this is no longer possible and therefore this capital will be financed as originally planned.
- 3.6 The final error is not one in the actual accounts themselves but a problem with the presentation of the depreciation figure in the notes to the accounts. This therefore has no effect on the surplus or deficit for the year. This was in fact a simple error of treatment of the writing off of the government grant that had been received for the provision of smoke alarms.
- 3.7 The Auditors comment that the standard of working papers was generally good and that the technical expertise of the Accountancy Section has improved significantly from last year. They do however recommend that the Authority continues to improve and develop its qualitative processes. This work has in fact already begun as staff are having early meetings to discuss how the quality of working papers and reviews of draft accounts can be further improved.
- 3.8 It should not be overlooked that the presentation date for the final accounts in 2005/6 was the 9<sup>th</sup> June. It is suggested that a later meeting date for the Fire Authority towards the end of June would allow much more time for these qualitative measures to be put in place.
- 3.9 The Auditors identified no material weaknesses in Internal Control and there are no matters relating to the overall qualitative aspects of the financial reporting process that they feel they wish to bring to the attention of Members.
- 3.10 In terms of their Value for Money conclusion, as mentioned above, the Auditors have issued an unqualified opinion. However this has to be seen in context. This opinion is wholly related to performance during 2005/6 and does not influence the eventual Value for Money or Use of Resources conclusions reached as part of the CPA process later in 2006/7.

3.11 There are a number of areas where the Auditors are minded to seek further evidence of improvement in respect of Use of Resources during 2006/7 and these are:-

- Performance Management;
- Risk Management;
- Data Quality;
- Asset Management.

These were all areas that were identified as requiring improvement during CPA2005 and areas where significant work has taken place.

3.12 In conclusion this is a very positive Audit Report which points out a number of problems which have been subsequently resolved, and makes a positive recommendation for continuing the Authority's process of staff development.

#### **4. FINANCIAL IMPLICATIONS**

There are some financial implications within the report relating to fees where the Auditors set out their charges for 2005/6. These fees had already been notified to the Authority and appropriate budget provision has been made.

#### **5. PERSONNEL IMPLICATIONS**

There are no personnel implications arising from this report.

#### **6. EQUALITY IMPACT ASSESSMENT**

There is no impact on equality issues arising from this report.

#### **7. RISK MANAGEMENT IMPLICATIONS**

The External Auditors provide a completely independent opinion on the financial management of the Authority and the accuracy and appropriateness of accounting information. Subject always to the limitations of there opinion set out in the status section on page 2 of the report, external audit provides a valuable service to the Authority in giving such assurances.

#### **8. RECOMMENDATIONS**

That the External Auditors report is noted and passed to the Fire Authority for information.

#### **9. BACKGROUND PAPERS FOR INSPECTION**

None.

Paul Woods  
**CHIEF FIRE OFFICER**

Peter Hurford  
**TREASURER**

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Annual Governance Report

September 2006



# Annual governance report

**Nottinghamshire and City of Nottingham Combined  
Fire Authority**

**Audit 2005/06**

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

### **Status of our reports to the Authority**

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any member or officer in their individual capacity; or
- any third party.

### **Copies of this report**

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0845 056 0566.

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## **Purpose of this report**

- 1 We are required by the Audit Commission's statutory Code of Audit Practice for Local Government bodies (the Code) to issue a report to those charged with governance summarising the conclusions from our audit work. For the purposes of this report, the Authority is considered to have the role of those charged with governance.
- 2 We are also required by professional auditing standards to report to the Authority certain matters before we give our opinion on the financial statements. The section of this report covering the financial statements fulfils this requirement.
- 3 This is our annual governance report covering the audit of the Authority for the year ended 31 March 2006 and is presented by the District Auditor.
- 4 The principle purposes of the report are:
  - to reach a mutual understanding of the scope of the audit and the respective responsibilities of the auditor and the Authority;
  - to share information to assist both the auditor and those charged with governance to fulfil their respective responsibilities; and
  - to provide the Authority with recommendations for improvement arising from the audit process.
- 5 The Audit Commission has circulated to all audited bodies a Statement of Responsibilities of Auditors and Audited Bodies that summarises the key responsibilities of auditors. Our audit has been conducted in accordance with the principles set out in that statement.

## **Scope of the report**

- 6 In undertaking our audit, we comply with the statutory requirements of the Audit Commission Act 1998 and the Code. Auditors' responsibilities are to review and report on, to the extent required by the relevant legislation and the requirements of the Code:
  - the Authority's financial statements; and
  - whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 7 Our risk assessment and planned response to the key audit risks was summarised in our audit and inspection plan. A summary of our responsibilities and audit approach is included in Appendix 1. The annual governance report summarises the significant findings, conclusions and recommendations arising from our audit work. The results of our Use of Resources Assessment, Direction of Travel Assessment and the Service Assessment, will be reported in the Relationship Manager Letter in March 2007.

- 8 We will issue separate reports during the year on completion of specific aspects of our programme, which are listed in Appendix 2. Appendix 3 provides information about the fee charged for our audit and Appendix 4 sets out the requirements in respect of independence and objectivity.

## **Key messages**

### **Financial statements**

- 9 Our work on the financial statements is now substantially complete. We anticipate being able to issue an unqualified opinion by 30 September 2006 (a draft report is attached at Appendix 5).

### **Use of resources**

- 10 Our work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources is underway. We anticipate being able to issue an unqualified conclusion on the use of resources by 30 September 2006.

## **Financial statements**

- 11 We are required to give an opinion on whether the Authority's financial statements present fairly the financial position of the Authority as at 31 March 2006 and its income and expenditure for the year then ended.

### **Status of the audit**

- 12 Our work on the financial statements is now substantially complete.

### **Matters to be reported to the Authority**

- 13 We have the following matters to draw to the Authority's attention.

### **Expected modifications to the auditor's report**

- 14 On the basis of our audit work, we currently propose to issue an unqualified audit report. A draft audit report is attached at Appendix 5.

### **Adjusted misstatements**

- 15 To assist you in fulfilling your governance responsibilities, we are required to consider reporting adjusted misstatements to you where these are material. We therefore draw your attention to the list of material and significant misstatements that management has adjusted in Table 2 below. All amendments have been discussed with officers.



## Table 1 Adjusted misstatements in the financial statements

Details of material and/or significant adjustments made to the financial statements

Issue	Value of misstatement £000	Impact on surplus/(deficit)
FRS 17 Pension costs - Overstatement of service expenditure because the actuary had not been given correct data.	697	Nil - because FRS 17 entries are all reversed
Finance leases interest - incorrectly charged to non-distributable capital reserves	348	(348) *
Depreciation - overstated in the notes to the accounts.	309	Nil

\* This amendment to the Revenue Account (with another smaller amendment) was offset by reducing the amount of revenue funding of capital costs and increasing the Authority's Capital Financing Requirement. Therefore there has been no change to the Authority's net expenditure and surplus for the year.

- 16 The standard of working papers was generally good and there were no significant issues with obtaining necessary audit evidence. The review procedures and technical expertise of the accountancy section has improved significantly from last year, nevertheless we will continue to discuss with staff how further improvements can be made.

### **Recommendations**

*R1 Continue to improve year end and qualitative processes for producing the financial statements to ensure the accounts presented for approval are free from significant errors and supported by a robust set of working papers.*

### **Qualitative aspects of accounting practices and financial reporting**

- 17 Our audit includes consideration of the qualitative aspects of the financial reporting process, including matters that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. There are no matters we wish to report to you under this head.

### **Material weaknesses in internal control identified during the audit**

- 18 Our audit did not identify any significant weaknesses in systems of accounting and financial control which we should report to you:

- 19 We have not provided a comprehensive statement of all weaknesses which may exist in internal control or of all improvements which may be made, but have addressed only those matters which have come to our attention as a result of the audit procedures we have performed.

**Matters specifically required by other auditing standards**

- 20 Other auditing standards require us to communicate with you in other specific circumstances including:
- where we suspect or detect fraud;
  - where there is an inconsistency between the financial statements and other information in documents containing the financial statements; and
  - non-compliance with legislative or regulatory requirements and related authorities.

There are no matters we wish to report

**Any other matters of governance interest**

- 21 Finally, we are required to report any other matters that we believe to be of governance interest. We report these matters in Table 3 below.

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**Table 2 Other matters of governance interest**

There are a number of other matters that we would like to bring to the attention of those charged with governance.

Area	Auditor responsibility	Findings
Statement of internal control (SIC)	The auditor reviews the SIC for compliance with the requirements of proper practice as specified by CIPFA and consistency with other information from the audit of the financial statements.	The Authority's SIC complies with proper practice.
Whole of Government Accounts' consolidation pack	The auditor is responsible for issuing a report on the consistency of the Authority's consolidation pack with the statutory financial statements.	<i>Awaiting completed pack</i>

**Letter of representation**

- 22 We obtain written representations from management as an acknowledgement of its responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. The text of the required letter of representation is included at Appendix 6.

## Next steps

**23** We are drawing these matters to the Authority's attention so that:

- you can consider them before the financial statements are approved and certified; and
- the representation letter can be signed on behalf of the Authority and those charged with governance before we issue our opinion on the financial statements;

## Use of resources

### Value for money conclusion

**24** The Code requires us to reach a conclusion on whether we are satisfied that the Authority has proper arrangements in place for securing economy, efficiency and effectiveness in its use of your resources (the value for money conclusion). In meeting this responsibility, we review evidence that is relevant to the Authority's corporate performance management and financial management arrangements. This covers 12 areas:

- Strategic objectives
- Communication
- Performance management
- Data quality
- Internal control
- Risk management
- Improving value for money
- Financial strategy
- Matching spending to resources
- Budget setting and monitoring
- Asset management
- Probity

**25** In forming our conclusion we have drawn upon cumulative audit knowledge, audit evidence and findings from across the audit, including:

- Audit planning risk assessments
- Work undertaken to support the opinion on the accounts and the SIC
- Fire CPA (2005)

**26** We have almost completed our work. Overall we expect to be able to conclude that the Authority currently has proper arrangements in place to meet the 12 criteria. Therefore we anticipate being able to issue an unqualified value for money conclusion by 30 September 2006.

## Use of auditors' statutory powers

- 27 Auditors are required to consider the exercise of certain statutory powers during the course of the audit, as summarised in Table 5 below.

**Table 3 Use of statutory powers**

Insert text

Issue	Auditor responsibility	Impact
Section 8 reports	Section 8 of the Act requires that auditors should consider whether, in the public interest, they should report on any matter that comes to their attention in the course of the audit so that it may be considered by the body concerned or brought to the attention of the public.	There have been no section 8 reports in respect of the financial year 2005/2006.
Section 11 recommendations	To consider whether a written recommendation should be made to the audited body requiring it to be considered and responded to publicly.	There have been no s11 recommendations.
Best value	To consider whether to recommend that the Audit Commission should carry out a best value inspection of the Authority under section 10 of the Local Government Act 1999 and/or that the Secretary of State should give a direction under section 15 of that Act.	Our work in respect of the Authority's 2005/2006 Best Value Performance Plan (BVPP) was reported in the 2004/05 annual audit letter. No recommendations were made to the Audit Commission or the Secretary of State.

## Closing remarks

- 28 This report has been discussed and agreed with the Treasurer and Head of Finance and Resources. A copy of the memorandum will be presented to those Charged with Governance on 27 September 2006.

- 29 An action plan with our recommendation is included at Appendix 7, which includes responses from management and indicative target dates for the implementation of recommendations.
- 30 The Authority has taken a positive and constructive approach to our audit and I would like to take this opportunity to express my appreciation for the Authority's assistance and co-operation.

**David Brumhead**  
**District Auditor**

27 September 2006

# Appendix 1 – Audit responsibilities and approach

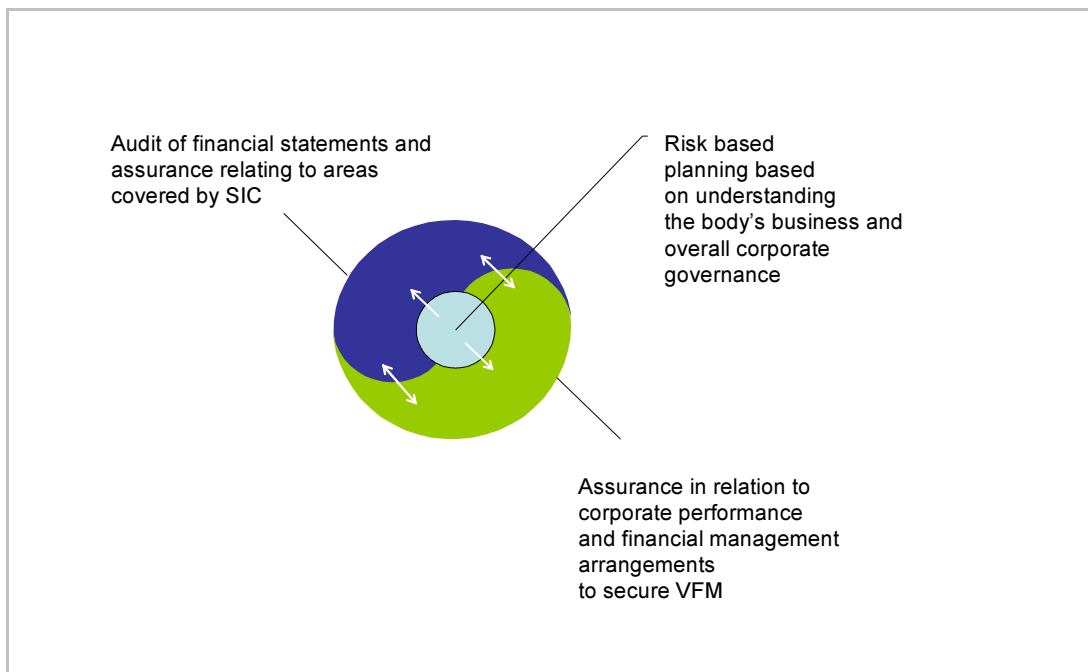
## Audit objectives

- 1 Our objective as your appointed auditor is to plan and carry out an audit that meets the requirements of the Code of Audit Practice. We adopt a risk-based approach to planning our audit, and our audit work has focused on the significant risks that are relevant to our audit responsibilities.

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## Figure 1 Code of Audit Practice

Code of practice responsibilities



## Approach to the audit of the financial statements

- 2 In our approach to auditing the financial statements, we adopt a concept of materiality. Material errors are those which might be misleading to a reader of the financial statements. We seek, in planning and conducting our audit of the accounts, to provide reasonable assurance that your financial statements are free of material misstatement. In planning our work we considered the arrangements of the Authority which had most impact on our opinion. These included:
  - the standard of the overall control environment and internal controls;
  - reliance on internal audit;
  - the likelihood of material misstatement occurring from of material information systems; or a material error failing to be detected by internal controls;

- any changes in financial reporting requirements; and
- the effectiveness of procedures for producing the financial statements and supporting material.
- The results of the above feed into our risk assessment which determines the level and type of testing undertaken on each element of the financial statements.

**Approach to audit of arrangements to secure value for money**

- 3 The scope of these arrangements is defined in paragraph 20 of the Code as comprising:
  - corporate performance management; and
  - financial management arrangements.
- 4 Our conclusion is informed and limited by reference to relevant criteria covering specific aspects of audited bodies' arrangements, specified by the Code.
- 5 In planning audit work in relation to the arrangements for securing economy, efficiency and effectiveness in the use of resources, considered and assessed relevant significant business risk. Significance is defined by the Code as 'a matter of professional judgment and includes both quantitative and qualitative aspects of the risk'.
- 6 The potential sources of assurance when reaching the value for money conclusion include:
  - the Authority's whole system of internal control as reported in its statement on internal control;
  - results from statutory inspections or the work of other regulators, for example, corporate assessments, service assessments (whether by the Commission or other regulators), etc.;
  - work specified by the Audit Commission, for example, the use of resources assessments, and data quality work;
  - links to the financial statements' audit, including review of internal audit, the SIC and budgetary control arrangements; and
  - other work necessary to discharge our responsibilities.

## Appendix 2 – Audit reports

**Table 4**

<b>Planned output</b>	<b>Planned date of issue</b>	<b>Actual date of issue</b>	<b>Addressee</b>
Audit and inspection plan	March 2006	March 2006	Authority
Interim audit memorandum	June 2006	Discussed - to be combined with Final Accounts memorandum	Management
Annual governance report	September 2006	27 September 2006	The Authority
Opinion on financial statements	September 2006	September 2006	The Authority
Value for money conclusion	September 2006	September 2006	The Authority
Final accounts memorandum	October 2006		Management
BVPP opinion	September 2006	29 November 2006	The Authority
Direction of Travel 2006/07	March 2007		The Authority
Use of resources assessments 2006/07	March 2007		The Authority
Service Assessment 2006/07	March 2007		The Authority



## Appendix 3 – Fee information

**Table 5**

<b>Fee estimate</b>	<b>Plan 2005/06</b>	<b>Actual 2005/06</b>
Audit		
Accounts*	33,870	33,870
Use of resources*	13,002	not complete
Total audit fees	46,872	

This work is ongoing - at this stage we do not anticipate any change

## **Appendix 4 – The Audit Commission’s requirements in respect of independence and objectivity**

- 1 We are required by the standard to communicate following matters to the Audit Committee:
  - the principal threats, if any to objectivity and independence identified by the auditor, including consideration of all relationships between the Authority, directors and the auditor;
  - any safeguards adopted and the reasons why they are considered to be effective;
  - any independent partner review;
  - the overall assessment of threats and safeguards; and
  - information about the general policies and processes for maintaining objectivity and independence.
- 2 We are not aware of any relationships that may affect the independence and objectivity of the team, and which are required to be disclosed under auditing and ethical standards.

## Appendix 5 – Independent auditor’s report to Nottinghamshire and City of Nottingham Combined Fire Authority

I have audited the statement of accounts on pages 2 to 42 which have been prepared in accordance with the accounting policies applicable to local authorities as set out on pages 16 to 20.

This report is made solely to Nottinghamshire and City of Nottingham Combined Fire Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies, prepared by the Audit Commission.

### **Respective responsibilities of the Treasurer and Auditor**

As described on page 8 the Treasurer is responsible for the preparation of the statement of accounts in accordance with the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2004. My responsibilities, as independent auditor, are established by statute, the Code of Audit Practice issued by the Audit Commission and my/our profession’s ethical guidance.

I report to you my opinion as to whether the statement of accounts present fairly the financial position of the Authority and its income and expenditure for the year.

I review whether the statement on internal control on page 10 to 12 reflects compliance with CIPFA’s guidance ‘The Statement on Internal Control in Local Government: Meeting the Requirements of the Accounts and Audit Regulations 2003’ published on 2 April 2004. I report if it does not comply with proper practices specified by CIPFA or if the statement is misleading or inconsistent with other information I am aware of from our audit of the financial statements. I am not required to consider whether the statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures. My review was not performed for any purpose connected with any specific transaction and should not be relied upon for any such purpose.

I read the other information published with the statement of accounts and consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the statement of accounts.

### **Basis of audit opinion**

I conducted my audit in accordance with the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Authority in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the statement of accounts is free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I evaluated the overall adequacy of the presentation of the information in the financial statements.

**Opinion**

In my opinion the statement of accounts presents fairly the financial position of Nottinghamshire and City of Nottingham Combined Fire Authority as at 31 March 2006 and its income and expenditure for the year then ended.

**Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Signature: ..... Date: .....

Name: David Brumhead

Address:

Littlemoor House  
Littlemoor  
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S21 4EF

**Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

**Authority’s Responsibilities**

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to regularly review the adequacy and effectiveness of these arrangements.

Under the Local Government Act 1999, the authority is required to prepare and publish a best value performance plan summarising the authority's assessment of its performance and position in relation to its statutory duty to make arrangements to ensure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

### **Auditor's Responsibilities**

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

I am required by section 7 of the Local Government Act 1999 to carry out an audit of the authority's best value performance plan and issue a report:

- certifying that I have done so;
- stating whether I believe that the plan has been prepared and published in accordance with statutory requirements set out in section 6 of the Local Government Act 1999 and statutory guidance; and
- where relevant, making any recommendations under section 7 of the Local Government Act 1999.

### **Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice and I am satisfied that, having regard to the criteria for principal local authorities specified by the Audit Commission and published in July 2005, in all significant respects, Nottinghamshire and City of Nottingham Combined Fire Authority made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2006

### **Best Value Performance Plan**

I issued my statutory report on the audit of the authority's best value performance plan for the financial year 2005/06 on 29 November 2005. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

### **Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Annual governance report | Appendix 5 – Independent auditor’s report to  
Nottinghamshire and City of Nottingham Combined Fire Authority 22

Signature: ..... Date: .....

Name: David Brumhead

Address:

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## Appendix 6 – Letter of representation

### **.Nottinghamshire and City of Nottingham Combined Fire Authority - Audit for the year ended 31 March 2006**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers, the following representations given to you in connection with your audit of the Authority's financial statements for the year ended 31 March 2006.

I confirm that I believe that the effects of the uncorrected financial statements misstatements referred to in your report to those charged with governance are not material to the financial statements, either individually or in aggregate.

The Authority has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

There are no assets which have been materially impaired in addition to those already accounted for by the Authority.

#### **Supporting records**

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Authority have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Authority and Committee meetings, have been made available to you.

#### **Related party transactions**

I confirm the completeness of the information provided regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

#### **Contingent liabilities**

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements; and,
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements;
- no financial guarantees have been given to third parties.

**Law, regulations and codes of practice**

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Authority.

**Irregularities**

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud and error.

There have been no:

- irregularities involving management or any employees, including those who have significant roles in the system of internal accounting control, that could have a material effect on the financial statements;
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

**Post balance sheet events**

Since the date of approval of the financial statements by the Authority, no significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

Signed on behalf of Nottinghamshire and City of Nottingham Combined Fire Authority

Signed:

Name:

Position:

Date



## Appendix 7 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
	R1 Continue to Improve year end and qualitative processes for producing the financial statements to ensure the accounts presented for approval are free from significant errors and supported by a robust set of working papers.	3	Head of Finance and Resources			