

report

meeting	NOTTINGHAMSHIRE AND CITY OF NOTTINGHAM FIRE & RESCUE AUTHORITY	
	FINANCE AND RESOURCES COMMITTEE	
date	13 April 2007	agenda item number

REPORT OF THE CHIEF FIRE OFFICER

ANNUAL AUDIT AND INSPECTION LETTER

1. PURPOSE OF REPORT

To present the External Auditors annual audit and inspection management letter to Members. The External Auditors will be present at the meeting to discuss their letter with Members.

2. BACKGROUND

2.1 The Annual Audit and Inspection letter (attached here as Appendix A) encompasses a number of issues which the auditors need to report on. They are :

An assessment of how the Service is performing :

- Direction of Travel Report
- Service Assessment

Financial Management and Value for Money :

- Report to those with responsibility for governance
- Use of Resources Judgements
- Best Value Performance Plan
- Financial Standing

2.2 The Auditors letter sets out in detail their findings and conclusions relating to the above issues and these will be discussed at the meeting.

3. REPORT

3.1 In terms of Direction of Travel, the Auditors are required to assess how well the organisation has performed against the action plans and recommendations set out in the Comprehensive Performance (CPA) Review of 2005 and make a judgement as to whether the Authority is likely to continue to improve.

3.2 The score is given on a scale of 1-4

- 1 - Performing Below Minimum Standards
- 2 - Performing Satisfactorily
- 3 - Performing Well
- 4 - Performing Strongly

- 3.3 The Auditors have assessed the Authority as performing satisfactorily for Direction of Travel. It is clear from the report that the Auditors are impressed with the overall direction of travel, but they have some concerns over recent events and changes in the structure of the management team.
- 3.4 The Service assessment score has been determined as a Level 4, which is "Performing Strongly". Interestingly this is the measure of the quality of the service which is delivered to the public.
- 3.5 The Auditors have already reported separately on the audit of accounts for 2005/6 and have issued an unqualified opinion as well as concluding value for money arrangements are adequate.
- 3.6 Disappointingly the Use of Resources element was scored at a Level 2. This was due in large part however, to the material error within the accounts relating to the treatment of leasing charges which has already been reported to Members. That is not to say, of course, that this is the only area for improvement, but it is clear that this was the most significant area.
- 3.7 The Auditors do not wish to raise any issues in respect of the Best Value Performance Plan
- 3.8 In respect of the Financial Standing the auditors make a number of positive comments and conclude that the Authority's overall financial position remains satisfactory with a relatively healthy level of balances which are being built up in line with stated policy. The budgetary control framework is now underpinned by the new Medium Term Financial Strategy which, by drawing together several existing financial strategies and plans/policies, represents a significant strengthening of the arrangements.

4. PERSONNEL IMPLICATIONS

There are no implications for personnel arising from this report.

5. EQUALITY IMPACT ASSESSMENT

There are no implications for equalities arising from this report.

6. FINANCIAL IMPLICATIONS

There are clearly financial implications within any External Audit report, but these relate to the management arrangements of the Authority and are set out in full in the report and the Auditors Management and Inspection letter.

7. RISK MANAGEMENT IMPLICATIONS

The external auditors carry out their work within a framework of risk management and also comment upon the arrangements for risk management within the Authority. To this extent the Auditors form a significant part of the risk control model in terms of their independence.

8. RECOMMENDATIONS

That Members note the contents of the External Auditors Management and Inspection Letter.

9. BACKGROUND PAPERS FOR INSPECTION

None.

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