

# East Sussex Fire Authority

Scrutiny & Audit Panel Progress Report

May 2014



Building a better  
working world



Members of the Scrutiny & Audit Panel  
East Sussex Fire Authority  
20 Upperton Road  
Eastbourne  
East Sussex  
BN21 1EU

April 2014

Dear Members

## **Audit Progress Report - 2013/14**

We are pleased to attach our Audit Progress Report.

This report summarises the work we have undertaken to date and our plans for the remainder of the 2013/14 year. Its purpose is to provide the Scrutiny & Audit Panel with an overview of the stage we have reached in the 2013/14 audit and ensure our audit is aligned with the Panel's service expectations.

Our audits are undertaken in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Audit Commission Standing Guidance, auditing standards and other professional requirements.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audits.

Yours faithfully



Paul King  
Ernst & Young LLP  
United Kingdom  
Enc.



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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

**Our Complaints Procedure** – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

# Work completed

## Financial Statements

We are required to give an audit opinion on whether the financial statements of East Sussex Fire Authority give a true and fair view of the financial position as at 31 March 2014 and of the income and expenditure for the year then ended.

We adopt a risk based approach to the audit and as part of our ongoing continuous planning we continue to meet with key officers and other stakeholders:

- Chief Fire Officer and Director of Financial Services and Treasurer to develop our understanding of the challenges and risks you are facing.
- We have carried out the following parts of the planned audit as previously agreed with the Treasurer:
  - risk assessment and scope setting commenced in January 2014 and is continuing; and
  - performance of system walkthroughs and testing of routine system controls commenced in January 2014 and has been completed.
- We continue to liaise with key finance staff to discuss significant risks and emerging issues around the account preparation process.
- We continue to liaise with Internal Audit to ensure we can place reliance on their work for the planning phase of the audit.

We will continue to use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular payroll, cash payments and receipts and journal entries.

## Value for money assessment

The Code of Audit Practice 2010 sets out our responsibility to satisfy ourselves that the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining the Authority's corporate performance management and financial management arrangements we have regard to the following criteria and areas of focus specified by the Audit Commission:

- ▶ arrangements for securing financial resilience – whether the Authority has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future; and
- ▶ arrangements for securing economy, efficiency and effectiveness – whether the Authority is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

In October 2013 the Audit Commission released the detailed guidance for the 2013/14 value for money conclusion at Fire Authorities, this can be found at <http://www.audit-commission.gov.uk/technicaldirectory/vfm1314/>.

Our work supporting our initial value for money risk assessment, informed by the criteria and our responsibilities under the Code, is ongoing, and will include consideration of the Authority's proposed savings plans to meet the challenging targets for 2018/19. The risks identified will be reported in our Audit Plan which will be presented to the Committee in May 2014.

### **Sector Briefings**

In addition to the formal reporting and deliverables shown below we provide practical business insights and updates on regulatory matters through our Sector Briefings. The most recent Briefing has been circulated to Members in March 2014.

## Timetable

We set out below a timetable showing the key stages of the audit, including the value for money work, and the deliverables we will provide to you through the 2013/14 Scrutiny & Audit Panel cycle. We will provide formal reports to the Scrutiny & Audit Panel throughout our audit process as outlined below.

Audit phase	EY Timetable	Deliverable	Associated Scrutiny & Audit Panel	Status
High level planning	<b>Ongoing</b>	Audit Fee Letter	March 2014	Completed
Risk assessment and setting of scope of audit	<b>May 2014</b>	Audit Plan	May 2014	-
Testing of routine processes and controls	<b>Feb – March 2014</b>	Audit Plan	May 2014	-
Year-end audit	<b>July – September 2014</b>	Audit results report to those charged with governance Audit report (including our opinion on the financial statements and a conclusion as to whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources) Whole of Government Accounts Submission to NAO based on their group audit instructions	September 2014	-
Annual Reporting	<b>September 2014</b>	Annual Audit Letter Audit Completion certificate	November 2014	-



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