

## EAST SUSSEX FIRE AUTHORITY

<b>Meeting</b>	Scrutiny & Audit Panel
<b>Date</b>	28 September 2021
<b>Title of Report</b>	External Auditor's Audit Results Report (ISA 260) and Statement of Accounts 2020/21
<b>By</b>	Duncan Savage, Assistant Director Resources / Treasurer
<b>Lead Officer</b>	Duncan Savage, Assistant Director Resources / Treasurer

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**Background Papers** None

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**Appendices**

1. External Auditor's Audit Results Report (ISA 260)
2. 2020/21 Statement of Accounts
3. Letter of representation

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### Implications

<b>CORPORATE RISK</b>		<b>LEGAL</b>	✓
<b>ENVIRONMENTAL</b>		<b>POLICY</b>	
<b>FINANCIAL</b>	✓	<b>POLITICAL</b>	
<b>HEALTH &amp; SAFETY</b>		<b>OTHER (please specify)</b>	
<b>HUMAN RESOURCES</b>		<b>CORE BRIEF</b>	
<b>EQUALITY IMPACT ASSESSMENT</b>			

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**PURPOSE OF REPORT** To present the results of the External Auditor's Results Report (ISA 260) and to report an unqualified opinion on the Authority's 2020/21 Statement of Accounts.

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**EXECUTIVE SUMMARY** The Authority's External Auditor, Ernst & Young (EY), is obliged to produce an Audit Results Report (ISA 260) which reports formally on the outcome of the audit of the Authority's financial statements. The ISA 260 is attached as Appendix 1, as a separate document.

EY has substantially completed its audit of the Authority's financial statements for the year ended 31 March 2021. Subject to concluding the outstanding matters listed in their report, EY expect to issue an unqualified audit opinion on the financial statements. However, it is not clear how quickly these outstanding matters will be resolved and it is possible

that the audit opinion and certificate will not be issued until after the statutory deadline of 30 September 2021.

In this eventuality the Accounts and Audit Regulations 2015 (as amended) require that the Authority publishes a notice stating that it has not been able to publish the statement of accounts and its reasons for this. Furthermore it requires that the Authority must publish its statement of accounts together with any audit opinion or certificate as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor's final findings from the audit which is issued before the conclusion of the audit. It is our intention, if the statutory deadline is not met to publish both the required notice and a revised set of unaudited accounts on the Authority's website.

Should the conclusion of the audit, after the meeting of this Panel, identify the need for any material adjustment to the accounts then a revised version would need to be submitted to the Panel for approval at a future date.

There is no penalty for failing to meet the statutory deadline for the publication of the audited accounts.

It is pleasing to note that EY, as at 17 September 2021, has made no recommendations for improvement as a result of its audit of the accounts, and raised no specific issues which require a response in the Letter of Representation.

The ISA 260 confirms that the Authority has in place proper arrangements for securing value for money.

The audit process this year has been a lengthy and challenging one for both the EY and ESFRS teams, due both to the ongoing impact of Covid-19 and also to the additional activity resulting from regulatory changes.

A set of accounts is appended as Appendix 2. The letter of representation is appended as Appendix 3.

The Authority is still awaiting PSAA's determination of EY's scale fee variations in relation to the 2019/20 audit which would increase the scale fee from £23,690 to £55,585. Provision for the full amount has been made in the 2020/21 accounts. An update has been requested from PSAA and any response will be reported at the Panel meeting.

EY submitted a fee variation in relation to the 2020/21 audit earlier this year which would take the scale fee from £23,690 to £51,243. Further variations in relation to the work required to carry out the expanded vfm assessment and other

additional activity for example in relation to pensions estimate are expected. The Authority has increased its budget for audit fees in 2020/21 by £30,000 and has also been allocated a further £12,212 from the additional £15m funding for external audit fees provided by Government. In addition the Authority has received a distribution of £4,670 from PSAA's surplus.

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**RECOMMENDATION**

The Panel is asked to:

- (i) note the External Auditor's Audit Results Report (ISA 260);
  - (ii) note the action required should the audit opinion not be issued by the statutory deadline;
  - (iii) authorise the Assistant Director Resources / Treasurer and the Panel Chair to sign the formal letter of representation to the External Auditor; and approve the 2020/21 Statement of Accounts for publication.
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