

CHESHIRE FIRE AUTHORITY

MEETING OF: CHESHIRE FIRE AUTHORITY
DATE: 6 DECEMBER 2023
REPORT OF: TREASURER
AUTHOR: GRANT THORNTON (EXTERNAL AUDITORS)

SUBJECT: EXTERNAL AUDITOR'S ANNUAL REPORT 2022-23

Purpose of Report

1. The External Auditor's Annual Report 2022-23 covers the Authority's arrangements for value for money during the year and confirms the auditor's opinion on the Authority's 2022-23 Statement of Accounts.

Recommended: That

- [1] the draft External Auditor's Annual Report 2022-23 be noted; and
- [2] that the Authority be informed of any changes to the External Auditor's Annual Report, if such changes are material, as soon as the Authority's 2022-23 Statement of Accounts is signed.

Background

2. Under the Audit and Accountability Act 2014 the external auditors of the Authority are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
3. In addition, the Authority must obtain an audit of its statement of accounts and the auditors are required to provide an audit opinion.
4. The external auditors must present an annual audit report to the Authority by the end of December each year which covers these matters.

Information

5. The External Auditor's Annual Report 2022-23 is attached at Appendix 1. It remains a draft at this point. It was considered in detail at the Audit Committee on 22nd November 2023 and after appropriate scrutiny the Committee agreed that the draft report should be presented to the Authority.

6. The External Auditor's Annual Report does not identify any concerns, but it does include three recommendations. These will be monitored by Audit Committee on the Authority's behalf. Audit Committee did not identify any issues to bring to the attention of the Authority.
7. Unfortunately, the External Auditors, through no fault of their own, have been unable to conclude their audit. This means that it has not been possible to approve the 2022-23 Statement of Accounts or conclude the External Auditor's Annual Report. The issues that have held up completion of the audit are referenced in the External Auditor's Annual Report on pages xxx (5&21). The following paragraphs provide information about the reasons for the delay.
8. The Authority's statement of accounts is due to be approved and signed by 30th September each year. The draft of the 2022-23 Statement of Accounts was presented to the Audit Committee on 26th September, but at the time there were unresolved issues in relation to: the valuation of property; the accounting treatment and valuation of the pension liability; and the auditors had not received necessary assurances from the auditor of the Cheshire Pension Fund. As a result, the 2022-23 Statement of Accounts were not signed at the meeting, but the Committee delegated their signing to the Chair of Audit Committee and the Treasurer, subject to the issues being satisfactorily resolved and upon receipt of the External Auditor's Audit Opinion.
9. Subsequent to that meeting those issues were resolved but a further issue in relation to the valuation of the pension liability for the Firefighters Pension Fund was identified. The Government Actuary Department (GAD) was asked to update the valuation but indicated that it would take some time to complete this work, since the Authority was not the only body affected by the issue. At the time of writing this report the work remains outstanding.
10. It should be stressed that the only impact the resolution of these issues will have on the 2022-23 Statement of Accounts will be technical in nature. There will be no impact on the Authority's General Fund. As the issues relate to matters where the Authority relies on external advisers, the Authority is unable to control the resolution of the issues itself. In addition, Members will be aware that there is a national issue in relation to the auditing and approval of local authority accounts, and that in fact the Authority is in a significantly advanced position when compared to other local authorities.
11. When the issues are resolved and the 2022-23 Statement of Accounts have been signed, changes to the final version of the External Auditor's Annual Report will be provided to Members for information. No further report will be presented to the Authority unless any changes are material.

Financial Implications

12. This report is financial in nature.

Legal Implications

13. There are statutory deadlines for the approval of the statement of accounts and the production of the auditor's annual report. The Authority has been unable to meet these deadlines this year. As a result, it is required to publish a notice on its website explaining this. This has taken place.

Equality and Diversity Implications

14. There are no equality and diversity implications.

Environmental Implications

15. There are no environmental implications.

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BACKGROUND PAPERS: NONE