Appendix 1 to Item 2
Cheshire Fire Authority
26 April 2017

The Audit Plan for Cheshire Fire Authority

Year ended 31 March 2017

29 March 2017

Robin Baker
Director
T 0161 214 6399
E robin.j.baker@uk.gt.com

Perminder Sethi
Senior Audit Manager
T 0113 200 2547
E perminder.sethi@uk.gt.com

Siobhan Barnard
In charge auditor
T 0161 214 2407
E siobhan.barnard@uk.gt.com

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB
T +44 (0)161 953 6900
www.grant-thornton.co.uk

Councillor Bob Rudd
Chair Cheshire Fire Authority
Cheshire Fire and Rescue Authority HQ
Sadler Road
Winsford
CW7 2FQ
29 March 2017

Dear Councillor Rudd

Audit Plan for Cheshire Fire Authority for the year ending 31 March 2017

This Audit Plan sets out for the benefit of those charged with governance, an overview of the planned scope and timing of the audit, as required by International Standard on Auditing (UK & Ireland) 260. This document is to help you understand the consequences of our work, discuss issues of risk and the concept of materiality, and identify any areas where you may request us to undertake additional procedures. It also helps us gain a better understanding of the Authority and your environment. The contents of the Plan have been discussed with management.

We are required to perform our audit in line with the Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015. Our responsibilities under the Code are to:

-give an opinion on the Authority's financial statements

-satisfy ourselves the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As auditors we are responsible for performing the audit, in accordance with International Standards on Auditing (UK & Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements which give a true and fair view.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change. In particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose. We look forward to working with you during the course of the audit.

Yours sincerely

Robin Baker

Engagement Lead

Contents

Understanding your business and key developments

Developments

Blue light collaboration

The Government is committed to driving further collaboration between Fire and the other blue-light services The Policing and Crime Act has now received Royal Assent, and:

- creates a high level duty on all three emergency services to collaborate; and
- enables Police and Crime Commissioners to take on the functions of Fire and Rescue Authorities, and to potentially create a single employer for Police and Fire personnel.

Locally the Service continues to work with Cheshire Police on Blue Light Collaboration with a view to integrating back-office and professional services. The arrangements for closer working are overseen by the Blue Light Collaboration Board. The Authority agreed during April 2016 to also co-locate its headquarters to the current Police headquarters, it is hoped this will foster closer working arrangements as well as generate financial efficiencies for both organisations. This transition to the Police headquarters has now commenced and is expected to be completed during 2017.

Head of Finance

The Authority's Head of Finance left the Authority during February 2017. Given the integration taking place as a result of Blue Light Collaboration, the Head of Finance at Cheshire Constabulary has taken over this role as a joint appointment at the Fire Authority.

Key challenges

Fire reform

The Government has set out a radical programme for Fire Reform. This is likely to include the introduction of a new inspectorate, a new standards setting body and publishing data on procurement costs.

Fire services are also being challenged to improve the diversity of their workforce.

In addition CFOA has agreed to set up a new National Fire Chiefs Council which is due to start work in April 2017.

Financial position

The Authority as other fire authorities continues to face significant financial challenges balancing service delivery against available resources at a time of reducing budgets.

Savings have continued to be achieved over the last few years to deliver a balanced budget. For 2016/17, the current expectation is an outturn underspend of £1.5m at the year end.

Looking ahead to 2017/18, the Authority approved a budget on 14 February 2017 with a 1.99% increase. To deliver this budget of £41.3m, savings of £2.3m will be required during the year.

Financial reporting changes

CIPFA Code of Practice 2016/17 (the Code)

Changes to the Code in 2016/17 reflect the aims of the 'Telling the Story' project, to streamline the financial statements to be more in line with internal organisational reporting and improve accessibility to the reader of the financial statements.

The changes affect the presentation of the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statements, segmental reporting disclosures and a new Expenditure and Funding Analysis note has been introduced .The Code also requires these amendments to be reflected in the 2015/16 comparatives by way of a prior period adjustment.

Earlier closedown

The Accounts and Audit Regulations 2015 require Local Government bodies to bring forward the approval and audit of financial statements to 31 July by the 2017/18 financial year.

We have agreed with your officers to treat this year as a "dry run" towards these deadlines and have arranged to complete our fieldwork in June and July.

Other

Following discussions with the Head of Finance last year, management agreed to consider incorporating all the Authority's share in North West Fire Control (NWFC) into the Authority's accounts from 2016/17 onwards. To ensure consistency of approach, the Authority continues to liaise with the other three members of NWFC.

Our response

- We aim to complete all our substantive audit work of your financial statements by the end of July 2017.
- As part of our opinion on your financial statements, we will consider whether your financial statements accurately reflect the financial reporting changes in the 2016/17 Code.
- We will keep you informed of changes to the financial reporting requirements for 2016/17 through on-going discussions and invitations to our technical update workshops.

Materiality

In performing our audit, we apply the concept of materiality, following the requirements of International Standard on Auditing (UK & Ireland) (ISA) 320: Materiality in planning and performing an audit. The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. An item does not necessarily have to be large to be considered to have a material effect on the financial statements. An item may be considered to be material by nature, for example, when greater precision is required (e.g. senior manager salaries and allowances).

We determine planning materiality (materiality for the financial statements as a whole determined at the planning stage of the audit) in order to estimate the tolerable level of misstatement in the financial statements, assist in establishing the scope of our audit engagement and audit tests, calculate sample sizes and assist in evaluating the effect of known and likely misstatements in the financial statements.

We have determined planning materiality based upon professional judgement in the context of our knowledge of the Authority. In line with previous years, we have calculated financial statements materiality based on a proportion of the gross revenue expenditure of the Authority. For purposes of planning the audit we have determined overall materiality to be £724k (being 2% of gross revenue expenditure). In the previous year, we determined materiality to be £724k (being 2% of gross revenue expenditure). Our assessment of materiality is kept under review throughout the audit process and we will advise you if we revise this during the audit.

Under ISA 450, auditors also set an amount below which misstatements would be clearly trivial and would not need to be accumulated or reported to those charged with governance because we would not expect that the accumulation of such amounts would have a material effect on the financial statements. "Trivial" matters are clearly inconsequential, whether taken individually or in aggregate and whether judged by any criteria of size, nature or circumstances. We have defined the amount below which misstatements would be clearly trivial to be £37k.

ISA 320 also requires auditors to determine separate, lower, materiality levels where there are 'particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users'. We have identified the following items where separate materiality levels are appropriate:

Balance/transaction/disclosure	Explanation	Materiality level
Disclosures of officers' remuneration, salary bandings and exit packages in the notes to the financial statements	Due to public interest in these disclosures and the statutory requirement for them to be made.	£5k
Disclosure of related party transactions in the notes to the financial statements	Due to public interest in these disclosures.	£20k (Individual misstatements will also be evaluated with reference to how material they are to the other party).

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK and Ireland) 320)

Significant risks identified

An audit is focused on risks. Significant risks are defined by ISAs (UK and Ireland) as risks that, in the judgment of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Description	Audit procedures
The revenue cycle includes fraudulent transactions	Under ISA (UK and Ireland) 240 there is a presumed risk that revenue streams may be misstated due to the improper recognition of revenue.	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Cheshire Fire Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • The culture and ethical frameworks of local authorities, including Cheshire Fire Authority, mean that all forms of fraud are seen as unacceptable Therefore we do not consider this to be a significant risk for Cheshire Fire Authority.
Management over-ride of controls	Under ISA (UK and Ireland) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.	**Work completed to date:** • A walk through of the journals control environment. • No issues have been identified from our work completed to date. **Further work planned:** • Review of accounting estimates, judgments and decisions made by management. • Testing of journal entries. • Review of unusual significant transactions.

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty." (ISA (UK and Ireland) 315) . In making the review of unusual significant transactions "the auditor shall treat identified significant related party transactions outside the entity's normal course of business as giving rise to significant risks." (ISA (UK and Ireland) 550)

Significant risks identified (continued)

We have also identified the following significant risks of material misstatement from our understanding of the entity. We set out below the work we plan to address these risks.

Significant risk	Description	Audit procedures
Valuation of property, plant and equipment	The Authority re-values its assets on a rolling basis over a five year period. The Code requires that the Authority ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements.	**Work planned:** • Review of the competence, expertise and objectivity of any management experts used. • Review of management's processes and assumptions for the calculation of the estimate. • Discussions with the valuer about the basis on which the valuation is carried out and challenge of the key assumptions. • Review and challenge of the information used by the valuer to ensure it is robust and consistent with our understanding. • Testing of revaluations made during the year to ensure they are input correctly into the Authority's asset register. • Evaluation of the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.
Valuation of pension fund net liability	The Authority's pension fund asset and liability as reflected in its balance sheet represent a significant estimate in the financial statements.	**Work planned:** • We will identify the controls put in place by management to ensure that the pension fund liability is not materially misstated. We will also assess whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. • We will review the competence, expertise and objectivity of the actuary who carried out your pension fund valuation. We will gain an understanding of the basis on which the valuation is carried out. • We will undertake procedures to confirm the reasonableness of the actuarial assumptions made. • We will review the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial report from your actuary.

Other risks identified

Reasonably possible risks (RPRs) are, in the auditor's judgment, other risk areas which the auditor has identified as an area where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for an RPR or other risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgmental, or unusual in relation to the day to day activities of the business.

Reasonably possible risks	Description of risk	Audit procedures
Operating expenses	Year end creditors and accruals are understated or not recorded in the correct period.	**Work completed to date:** • We have updated our documentation of management's processes and controls. • We have substantively tested a sample of expenditure transactions up to and including period 6. • No issues have arisen form the work we have completed to date. **Further work planned:** • We will test a further sample of operating expenditure transactions from period 7 to the year-end. • We will review and test year-end accrued expenditure. • We will test a sample of payables at year-end. • We will complete 'cut-off' testing of expenditure recorded in the 2016/17 general ledger to test for understated and unrecorded liabilities.
Employee remuneration	Employee remuneration accruals are understated	**Work completed to date:** • We have updated our documentation of management's processes and controls over pay expenditure. • We have substantively tested a sample of payroll transactions up to and including period 6. **Further work planned:** • We will test a further sample of operating expenditure transactions from period 7 to the year-end. • We will complete a predictive analytical review of payroll expenditure. • We will reconcile the payroll system to the general ledger and financial statements • We will complete a trend analysis of the monthly payroll expenditure. • We will test year-end payroll accruals. • We will review and test the remuneration report and exit package disclosures.

"In respect of some risks, the auditor may judge that it is not possible or practicable to obtain sufficient appropriate audit evidence only from substantive procedures. Such risks may relate to the inaccurate or incomplete recording of routine and significant classes of transactions or account balances, the characteristics of which often permit highly automated processing with little or no manual intervention. In such cases, the entity's controls over such risks are relevant to the audit and the auditor shall obtain an understanding of them." (ISA (UK and Ireland) 315)

Other risks identified (continued)

Reasonably possible risks	Description of risk	Audit procedures
Fire Pensions Benefits Payable	Benefits improperly computed / Claims liability understated	**Work completed to date:** • We have updated our documentation of management's processes and controls over pension expenditure. • We have substantively tested a sample of lump sum and pension payments for new pensioners up to and including period 6. • No issues have arisen form the work we have completed to date. **Further work planned:** • We will test a further sample of lump sum and pension payments from period 7 to the year-end. • We will complete a predictive analytical review of the pensions payroll. • We will agree the figures in the pension fund account are consistent with the underlying pension system.
Fire Pensions Contributions receivable	Contributions revenue is fraudulently recognised	**Work completed to date:** • We have updated our documentation of management's processes and controls for deduction of employee and employer deductions. • We have substantively tested a sample of payroll deductions up to and including period 6 as part of the employee remuneration to ensure the correct % rate has been applied. **Further work planned:** • We will test a further sample of contribution deductions from period 7 to the year-end. • We will complete a predictive analytical review of the contribution revenue.

Other risks identified (continued)

Reasonably possible risks	Description of risk	Audit procedures
Changes to the presentation of local authority financial statements	CIPFA has been working on the 'Telling the Story' project, for which the aim was to streamline the financial statements and improve accessibility to the user and this has resulted in changes to the 2016/17 Code of Practice. The changes affect the presentation of income and expenditure in the financial statements and associated disclosure notes. A prior period adjustment (PPA) to restate the 2015/16 comparative figures is also required.	**Work planned:** • We will document and evaluate the process for the recording the required financial reporting changes to the 2016/17 financial statements. • We will review the re-classification of the Comprehensive Income and Expenditure Statement (CIES) comparatives to ensure that they are in line with the Authority's internal reporting structure. • We will review the appropriateness of the revised grouping of entries within the Movement In Reserves Statement (MIRS). • We will test the classification of income and expenditure for 2016/17 recorded within the Cost of Services section of the CIES. • We will test the completeness of income and expenditure by reviewing the reconciliation of the CIES to the general ledger. • We will test the classification of income and expenditure reported within the new Expenditure and Funding Analysis (EFA) note to the financial statements. • We will review the new segmental reporting disclosures within the 2016/17 financial statements to ensure compliance with the CIPFA Code of Practice.

Other risks identified (continued)

Going concern

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK and Ireland) 570). We will review the management's assessment of the going concern assumption and the disclosures in the financial statements.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in the previous sections but will include:

- Cash and cash equivalents
- Investments (long term and short term)
- Borrowings and other liabilities (long and short term)
- Provisions
- Useable and unusable reserves
- Movement in Reserves Statement and associated notes
- Statement of cash flows and associated notes
- Financing and investment income and expenditure
- Taxation and non-specific grants
- Segmental reporting note
- Related party transactions note
- Capital expenditure and capital financing note
- Financial instruments note
- Fire Fighters Pension Fund Account and related notes

Value for Money

Background

The Code requires us to consider whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The National Audit Office (NAO) issued its guidance for auditors on value for money work for 2016/17 in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Authority has proper arrangements in place.

The guidance identifies one single criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

This is supported by three sub-criteria as set out opposite:

Sub-criteria	Detail
Informed decision making	• Acting in the public interest, through demonstrating and applying the principles and values of sound governance • Understanding and using appropriate cost and performance information (including, where relevant, information from regulatory/monitoring bodies) to support informed decision making and performance management • Reliable and timely financial reporting that supports the delivery of strategic priorities • Managing risks effectively and maintaining a sound system of internal control
Sustainable resource deployment	• Planning finances effectively to support the sustainable delivery of strategic priorities and maintain statutory functions • Managing and utilising assets effectively to support the delivery of strategic priorities • Planning, organising and developing the workforce effectively to deliver strategic priorities.
Working with partners and other third parties	• Working with third parties effectively to deliver strategic priorities • Commissioning services effectively to support the delivery of strategic priorities • Procuring supplies and services effectively to support the delivery of strategic priorities.

Value for Money (continued)

Risk assessment

We have carried out an initial risk assessment based on the NAO's auditor's guidance note (AGN03). In our initial risk assessment, we considered:

- our cumulative knowledge of the Authority, including work performed in previous years in respect of the VfM conclusion and the opinion on the financial statements.
- the findings of other inspectorates and review agencies.
- any illustrative significant risks identified and communicated by the NAO in its Supporting Information.
- any other evidence which we consider necessary to conclude on your arrangements.

We have not identified any significant risks from our initial risk assessment. As we noted in the Annual Audit Letter last year the Authority continues to face on-going financial challenges but continues to have effective arrangements in place to manage its finances. Savings have continued to be achieved to deliver a balanced budget over the last few years and for 2016/17, the current expectation is an outturn underspend of £1.5m at the year end. Looking ahead to 2017/18, the Authority approved a budget on 14 February 2017 with a 1.99% increase. To deliver this budget of £41.3m, savings of £2.3m will be required during the year.

The Service continues to work with Cheshire Police on Blue Light Collaboration with a view to integrating back-office and professional services. The arrangements for closer working are overseen by the Blue Light Collaboration Board. The Authority agreed during April 2016 to co-locate its headquarters to the current Police headquarters, it is hoped this will foster closer working arrangements as well as generate financial efficiencies for both organisations. This transition to the Police headquarters has now commenced and is expected to be completed during 2017.

We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our auditor's report. Looking ahead there will be increasing attention on the new requirements for emergency service collaboration as set out in the Police & Crime Act 2017.

Reporting

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings Report and in the Annual Audit Letter. We will include our conclusion in our auditor's report on your financial statements.

Other audit responsibilities

In addition to our responsibilities under the Code of Practice in relation to your financial statements and arrangements for economy, efficiency and effectiveness we have a number of other audit responsibilities, as follows:

- We will undertake work to satisfy ourselves that the disclosures made in your Annual Governance Statement are in line with CIPFA/SOLACE guidance and consistent with our knowledge of the Authority
- We will read your Narrative Statement and check that it is consistent with the financial statements on which we give an opinion and that the disclosures included in it are in line with the requirements of the CIPFA Code of Practice.
- We will carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO instructions to auditors.
- We consider our other duties under the Act and the Code, as and when required, including:
    - We will give electors the opportunity to raise questions about your financial statements and consider and decide upon any objections received in relation to the financial statements;
    - issue of a report in the public interest; and
    - making a written recommendation to the Authority, copied to the Secretary of State
- We certify completion of our audit.

Results of interim audit work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusion
Internal audit	We have completed a high level review of internal audit's overall arrangements. We have also reviewed internal audit's work on the Authority's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.	Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the Authority and that internal audit work contributes to an effective internal control environment. Our review of internal audit work has not identified any weaknesses which impact on our audit approach.
Entity level controls	We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including: • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices	Our work has identified no material weaknesses which are likely to adversely impact on the Authority's financial statements.
Walkthrough testing	Our work in relation to the payroll, operating expenses and pensions (lump sum and contributions)has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Authority's in accordance with our documented understanding. Our walkthrough of Property, Plant and Equipment will be completed during our final accounts audit visit.	Internal controls have been implemented by the Authority in accordance with our documented understanding. Our work completed to date has not identified any weaknesses which impact on our audit approach.
Early substantive testing	We have undertaken early testing on your payroll, operating expenditure, Central government grants and Council Tax precepts, pension payments and contributions.	There are no issues arising from our initial work that we wish to bring to your attention. Testing of the remainder of the financial year will be completed at the final accounts visit in June 2017.

The audit cycle

The audit timeline

Key dates:

- Year end: 31 03 2017
- Close out: August 2017
- Authority meeting: 20 September 2017
- Sign off: September 2017

Audit phases:

- Planning January 2017
- Interim January to March 2017
- Final June and July 2017
- Completion September 2017
- Debrief November 2017

Planning — Key elements

- Planning meeting with management to inform audit planning and agree audit timetable
- Issue audit working paper requirements to management
- Discussions with those charged with governance and internal audit to inform audit planning

Interim — Key elements

- Document design effectiveness of key accounting systems and processes
- Review of key judgements and estimates
- Early substantive audit testing
- Review of Value for Money arrangements
- Discuss draft Audit Plan with management
- Issue the Audit Plan to management and Authority
- Meeting with Authority to present the Audit Plan

Final — Key elements

- Audit teams onsite to complete detailed audit testing
- Regular update meetings with management
- Review of Value for Money arrangements
- Issue draft Audit Findings to management

Completion — Key elements

- Issue Audit Findings Report to Management
- Audit Findings presentation to Authority meeting
- Finalise approval and signing of financial statements and audit report
- Submission of WGA assurance statement
- Annual Audit Letter

Audit Fees

Fees

	£
Fire Authority audit	29,860
Total audit fees (excluding VAT)	**29,860**

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Authority and its activities, have not changed significantly
- The Authority will make available management and accounting staff to help us locate information and to provide explanations
- The accounts presented for audit are materially accurate, supporting working papers and evidence agree to the accounts, and all audit queries are resolved promptly.

Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited
- Fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services'.

Fees for other services

Fees for other services detailed on the following page, reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

What is included within our fees

- A reliable and risk-focused audit appropriate for your business
- Feed back on your systems and processes
- Regular sector updates
- Ad-hoc telephone calls and queries
- Technical briefings and updates
- Regular contact to discuss strategy and other important areas
- A review of accounting policies for appropriateness and consistency
- Annual technical updates for members of your finance team
- Regular Audit Committee Progress Reports

Independence and non-audit services

Ethical Standards and ISA (UK and Ireland) 260 require us to give you timely disclosure of matters relating to our independence. In this context, we disclose the following to you:

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and we confirm that we are independent and are able to express an objective opinion on the financial statements.

We confirm that we have implemented policies and procedures to meet the requirements of the Auditing Practices Board's Ethical Standards.

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to Cheshire Fire Authority. There are no fees which we are required to report to you.

The amounts detailed are fees agreed to-date for audit related and non-audit services (to be) undertaken by Grant Thornton UK LLP (and Grant Thornton International Limited network member Firms) in the current financial year. Full details of all fees charged for audit and non-audit services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

Communication of audit matters with those charged with governance

International Standard on Auditing (UK and Ireland) (ISA) 260, as well as other ISAs (UK and Ireland) prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Authority.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK and Ireland), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Limited (http://www.psaa.co.uk/appointing-auditors/terms-of-appointment/)

We have been appointed as the Authority's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England at the time of our appointment. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the NAO and includes nationally prescribed and locally determined work (https://www.nao.org.uk/code-audit-practice/about-code/). Our work considers the CCG's key risks when reaching our conclusions under the Code.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

It is the responsibility of the Authority to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Authority is fulfilling these responsibilities.

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issues arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	✓	✓
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern	✓	✓