

# CHESHIRE FIRE AUTHORITY

**MEETING OF:** CHESHIRE FIRE AUTHORITY  
**DATE:** 1 JULY 2020  
**REPORT OF:** TREASURER  
**AUTHOR:** ALLAN RAINFORD

---

**SUBJECT:** EXTERNAL AUDIT PLAN FOR 2019-20

---

## Purpose of Report

1. To present the External Audit Plan for 2019-20. The Plan is attached to this report as Appendix 1. A representative from Grant Thornton will attend the meeting to present the report.

## Recommended: That

- [1] The External Audit Plan for 2019-20 be noted; and
- [2] The external audit fee for 2019-20 be approved.

## Background

2. The National Audit Office's Code of Audit Practice (the Code) sets out the external auditor's statutory responsibilities in relation to local public bodies. These are to:
  - a. Give an opinion on whether the Statement of Accounts gives a true and fair view of the Fire Authority's financial position and financial performance for the year being reported on and whether the accounts have been prepared in accordance with proper practices; and
  - b. Conclude on whether the Fire Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources: the Value for Money conclusion.
3. The Code requires that the approach of the external auditors reflects their understanding of the issues facing the Fire Authority and of the relevant risks that the Authority faces. These are set out in the External Audit Plan.

## Information

4. Grant Thornton have been the external auditors to Cheshire Fire Authority since 2012. As a result of a process managed by Public Sector Audit Appointments Limited (PSAA) – the successor to the Audit Commission - it was confirmed in December 2017 that Grant Thornton would continue as external auditors to

Cheshire Fire Authority for a further five years, covering the audits of the accounts for 2018-19 to 2022-23.

5. The PSAA is responsible for setting the scale of fees for external audit work and in March 2019 confirmed that the fee for the Authority was £22,992 for 2019-20, unchanged from the scale fee for the previous year. However, the PSAA has recognised that at a local level the proposed fees are likely to vary from the scale fee due to additional work as a result of local circumstances and the auditors assessment of audit risk.
6. Grant Thornton have proposed that the audit fee for 2019-20 be £27,492 which is £4,500 above the scale fee and reflects increased work that the auditors are required to carry out. The proposed fee is the same as the final audit fee for 2018-19 which increased from the planned fee as a result of additional work in respect of the financial statements.
7. There are increasing pressures being faced by audit firms as the scope of audit has grown, with additional technical accounting requirements, particularly around pension liabilities and newly introduced reporting standards. The role of the auditor has also come under renewed scrutiny, not least because of:
  - a. Recent high profile corporate governance failures in the private sector, such as the collapse of Carillion;
  - b. Concerns about the financial resilience of some local authorities, which will have increased as a result of the Covid-19 pandemic; and
8. In July 2019 the Government announced there was to be a review into the quality of local authority audits, including an assessment of the effectiveness of local authority financial reporting. The outcome of this review, which is expected later this year, together with a new Code of Audit Practice for 2020-21 from the National Audit Office, will have an impact on the work performed by external audit in future years.

## **Financial Implications**

9. The report deals with the proposed costs of external audit and the additional costs in 2019-20.

## **Legal Implications**

10. There are no legal implications as a result of this report. The External Audit Plan has been prepared to help the external auditors to meet the statutory responsibilities under the Local Audit and Accountability Act 2014 and the Code of Practice 2015.

## **Equality and Diversity Implications**

11. There are no equality and diversity implications as a result of this report.

## **Environmental Implications**

12. There are no environmental implications as a result of this report.

**CONTACT: NAOMI THOMAS, FIRE SERVICE HQ, WINSFORD  
TEL [01606] 868804**

**APPENDIX 1 – EXTERNAL AUDIT PLAN YEAR ENDING 31 MARCH 2020**