

REPORT OF THE TREASURER

AUDIT OF ACCOUNTS 2005/06

1 Purpose of Report

To inform the Fire Authority of new accounting standards that will impact on the way the annual audit is being carried out. The report also seeks agreement to delegate a specific duty to its Audit and Performance Management Committee.

2 Recommendations

The Fire Authority is recommended to:

- a) Delegate to its Audit and Performance Management Committee the duty to receive each year the report International Standard on Auditing (ISA) 260 of the District Auditor to those charged with governance; and
- b) Agree that the Chair of the Audit and Performance Management Committee sign the Letter of Representation each year on behalf of those charged with governance.

3 Background

This year new pressures in terms of timescales, (everything has been brought forward a month) and in auditing requirements, have been imposed.

Formal publication of the audited 2005/06 Statement of Accounts is required by 30 September (Accounts and Audit Regulations 2003). There are, however, also new requirements on auditors imposed by ISA (UK and Ireland) 260. This requires auditors to communicate a number of matters, if appropriate, to those charged with governance, before issuing their audit opinion. Even if there are no major relevant matters, a report must still be made to that effect.



In addition ISA 580 requires the auditor to have received a Letter of Representation, drawn up by the Fire Authority, on matters that might be relevant or significant to the statement of accounts and which is signed as near as possible to the date of the auditor issuing his/her opinion. The purpose of this timing is to ensure that as many issues as possible that have arisen during the audit are covered in the Letter of Representation. The Letter of Representation has in the past been signed by "management", defined in the ISA as officers. A copy of last year's is attached as an appendix to this report. The new ISAs, however, also require this to be signed on behalf of those charged with governance, i.e. Members.

4 Implications for the Fire Authority

To meet the audit deadline the auditor must issue an opinion by 30 September. In order to do this an ISA 260 report must be made to Members and a Letter of Representation signed by both officers and Members must be received. Ideally, this should be a matter for the Fire Authority itself but the next scheduled meeting is not until October.

The auditor is of the view that it would be sensible, given that we have an Audit and Performance Management Committee, which meets in September, that the ISA 260 report is considered at that meeting. Furthermore, it would be practical for the Letter of Representation to be presented and signed at that meeting.

Although the Audit and Performance Management Committee's terms of reference have been drawn up in accordance with recommended best practice they are probably too general to deal with the very specific duty now being suggested, hence the recommended specific delegation. The receipt of the ISA 260 report would, of course, be reported on to the Fire Authority.

On the question of signing the Letter of Representation the auditor's views are that the Accounts, including the Statement on Internal Control, have already been received by the Fire Authority and officers, including the Treasurer. Ideally the Chief Fire Officer will also be signing the Letter and it would, therefore, be more than acceptable to receive such a signature on behalf of those charged with governance.

5 Financial Implications

There are no financial implications arising from this report.

6 Legal Comment

The Fire Authority is obliged to issue a Letter of Representation and the auditor has indicated that the proposed action meets with his/her approval.

The Fire Authority has the power to act as proposed in this report.

7 Appendix

Letter of Representation 2005

8 Background Papers

International Standards on Auditing (ISA) 260 and 580



Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balance Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Equality and Diversity		Retained	
Efficiency Savings		Risk and Insurance	
Environmental		Staff	
Financial		Strategic Planning	
Fire Control/Fire Link		West Midlands Regional Management Board	

For further information about this report please contact Keith Dixon, Treasurer, 01743 260202.



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Copy CFA File

31 October 2005

StatementAcc/KD/LG
let9lg

Mr Keith Dixon

01743 260202

Dear

In connection with your examination of the statement of accounts for Shropshire and Wrekin Fire Authority, for the income and expenditure of the Authority for 2004/2005 and the position of the Authority for the year ended 31 March 2005, I confirm that, to the best of my knowledge at this time, the Authority has:

- no significant provisions or contingent liabilities, other than those disclosed in the notes to the consolidated balance sheet
- no instances of non compliance with the laws or regulations that are likely to have a significant effect on the finance or operation of the authority
- no significant post balance sheet events that have occurred which would require adjustment to or disclosure in the statement of accounts
- no other material transactions with related parties, other than those that have been properly recorded and disclosed
- no significant pending claims or proceeding of litigation, other than those disclosed in the statement of accounts
- no significant instances of known irregularities, including fraud, other than those already disclosed to the auditor
- no known bad debts other than those already provided for in the financial statements
- no material losses, contingencies or uncertainties arising through a weakness in internal financial control
- made no disposals of fixed assets during the year other than those recorded in the financial statements
- identified all impairments to fixed assets which have been properly accounted for
- no known intangible assets other than those included in the accounts
- a complete and up-to-date register of Members' interests
- ensured that all Members and key managers are aware of the requirement to declare all relevant interests
- no awareness of any other relationship that require disclosure in the accounts.

and I confirm that, to the best of my knowledge at this time, the Authority's transactions have been properly and correctly reflected in the accounts.

In making these representations, I have consulted with the Monitoring Officer on legal matters, and with other officers as appropriate.

Yours sincerely

Keith Dixon
Treasurer to Shropshire and Wrekin Fire Authority