



**HAMPSHIRE  
FIRE AND  
RESCUE  
AUTHORITY**

## **Standards and Governance Committee**

Purpose: Noted

Date: 2 March 2020

Title: **EXTERNAL AUDIT PLANNING REPORT**

Report of Treasurer

### SUMMARY

1. Attached to this report, in **Appendix 1**, is the External Audit Planning report for the year ended March 31, 2020. Its purpose is to provide the Standards and Governance Committee with a basis to review the proposed audit approach and scope for the 2019/20 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that the audit is aligned to the Committee and Service's expectations.
2. The Plan sets out the proposed audit approach and scope of the work. It explains how key risks are assessed and outlines the planned audit strategy in response to those risks. It also reports the fee to be charged for this work.
3. The Annual Audit Letter in **Appendix 2** provides the Committee with a summary of the Audit findings for the year 2018/19. This has already been reported to the Committee, but this is the final formal letter issued by the External Auditors, who gave an unqualified opinion on the Authority's financial statements and concluded that it had put in place proper arrangements to secure value for money in the use of its resources.

### BACKGROUND

4. The Plan details the proposed work to be undertaken by Ernst & Young for the audit of the financial statements and the conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness. It details how the Plan is developed using a risk-based approach to audit planning. It sets out the method used to gain assurance on key controls, and how reliance is placed on the work of internal audit.

5. The Plan explains that a conclusion on the Authority's arrangements to secure economy, efficiency, and effectiveness will be produced, and details the criteria upon which this will be based.
6. Appendix 1 provides members with details of the communications that must be provided to those charged with the governance of the Authority.
7. The fee for the audit will be £27,893 as set out in Appendix 1. This is a scale fee and is the same as the original figure set for the 2018/19 audit. The final fee for 2018/19 is slightly higher due to extra work required by the auditors during the audit, but this has been disputed by the Authority and will need to be considered by PSAA before it can be agreed.
8. Appendix 2 provides a final formal version of the annual audit opinion for 2018/19. This has already been reported to Standards and Governance Committee in July last year, but this version is also being submitted for completeness.

#### SUPPORTING OUR SERVICE PLAN AND PRIORITIES

9. Good financial management is essential to enable the Service to achieve its plans and priorities. The audit results report provides external confirmation around the quality and content of the final accounts and the overall financial resilience of the Authority.

#### CONSULTATION

10. No consultation is required for this report as it is a purely factual document. However, as the report states, one of its purposes is to explain the communications required with the Standards and Governance Committee.

#### RESOURCE IMPLICATIONS

11. There are no direct resource implications contained within this report, but appropriate financial resources have been made available to fund the estimated cost of the 2018/19 audit fee of £27,893.

#### ENVIRONMENTAL AND SUSTAINABILITY IMPACT ASSESSMENT

12. There are no direct impacts on the environment because of this report.

#### LEGAL IMPLICATIONS

13. It is a legal requirement that the Statement of Accounts is approved by those charged with governance and is then independently signed off by external audit.

## PEOPLE IMPACT ASSESSMENT

14. There are no direct impacts on people because of this report.

## OPTIONS

15. This report deals with the audit plan and results report from the external auditor, there are therefore no options for consideration in this report.

## RISK ANALYSIS

16. Areas of risk are identified by the auditor as part of the planning process and examination of these areas form part of the formal audit and the results are reported in Appendix 1.

17. Page 5 of the Plan highlights the risk areas that will be examined, most of which are the same as in previous years. There is however an extra risk this year associated with one new Accounting Standard in respect leases which is due to come into force as part of the 2020/21 audit process.

## CONCLUSION

18. This paper provides the external audit plan and results report from the external auditor for consideration by members.

## RECOMMENDATIONS

That the Standards and Governance Committee:

19. Receives and considers the External Audit Plan for 2019/20 and considers any recommendations for the Full Authority.

20. Notes the final Annual Audit Letter for 2018/19.

## APPENDICES ATTACHED

21. Appendix 1 – Hampshire Fire and Rescue Authority Audit Planning Report 2019/20

22. Appendix 2 - Hampshire Fire and Rescue Authority Annual Audit Letter for the year ended 31 March 2019

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