

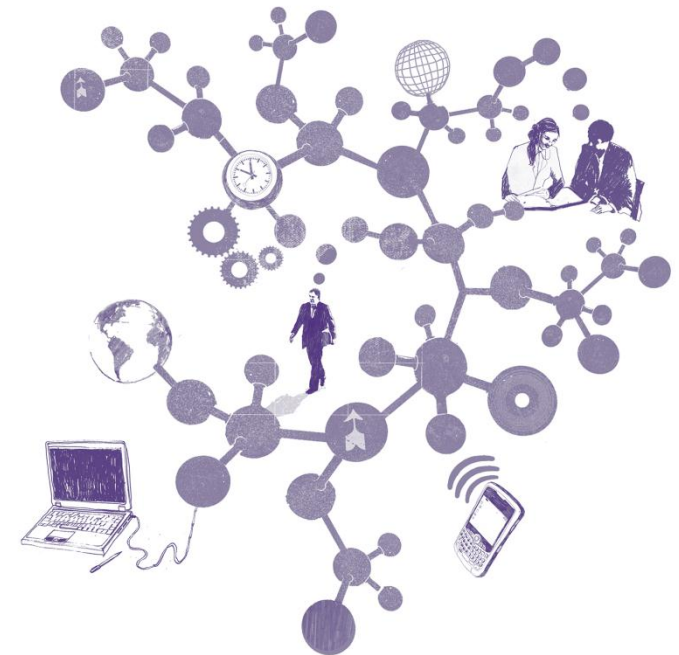
The Audit Findings for Cheshire Fire and Rescue Authority

Year ended 31 March 2013

September 2013

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify.

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.

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Section 1: Executive summary

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Executive summary

Purpose of this report

This report highlights the key matters arising from our audit of Cheshire Fire and Rescue Authority's ('the Authority') financial statements for the year ended 31 March 2013. It is also used to report our audit findings to management and those charged with governance in accordance with the requirements of International Standard on Auditing 260 (ISA).

Under the Audit Commission's Code of Audit Practice we are required to report whether, in our opinion, the Authority's financial statements present a true and fair view of the financial position, its expenditure and income for the year and whether they have been properly prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting. We are also required to reach a formal conclusion on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the Value for Money conclusion).

Introduction

In the conduct of our audit we have not had to alter or change our planned audit approach, which we communicated to you in our Audit Plan dated April 2013.

Our audit is largely complete although there are still some areas of our work that we still need to fully complete. The main outstanding areas are:

- clearance of review points
- review of the final version of the financial statements
- obtaining and reviewing the final management letter of representation

- review of the final version of the Annual Governance Statement and
- updating our post balance sheet events review, to the date of signing the opinion
- our work on the Whole of Government Accounts.

We received draft financial statements and accompanying working papers at the start of our audit, in accordance with the agreed timetable.

Key issues arising from our audit

Financial statements opinion

As at 2 September, and subject to the completion of the outstanding work described above, we expect to issue an unqualified opinion on the Authority's financial statements. Our audit has not identified any material errors or uncertainties in the financial statements. Management has agreed to amend the accounts for the one significant error identified during the audit, which relates to the classification of expenditure in the Comprehensive Income and Expenditure Statement. We have also agreed a number of adjustments to improve the presentation of the financial statements.

The key messages arising from our audit of the Authority's statements are:

- the draft accounts were prepared to a good standard
- working papers were available to support key entries in the accounts, and
- few amendments required as a result of our audit.

Further details are set out in section 2 of this report.

Value for money conclusion

We are pleased to report that, based on our review of the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources, we propose to give an unqualified VFM conclusion.

The Authority has established arrangements in place to manage its financial risks and to prioritise the use of scarce resources. A new IRMP has been consulted on and approved during the year which reflects the Authority's plans through to 2016/17.

Further detail of our work on Value for Money assessment is set out in section 3 of this report.

Whole of Government Accounts (WGA)

We will complete our work in respect of the Whole of Government Accounts in accordance with the national timetable.

Controls

The Authority's management is responsible for the identification, assessment, management and monitoring of risk, and for developing, operating and monitoring the system of internal control.

Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify any control weaknesses, we report these to the Authority.

Our work on IT controls identified some control issues in relation to change management, assurances over controls at outsourced providers and appropriate access to financial systems. These are set out in detail on pages 14 and 15 of this report.

The way forward

Matters arising from the financial statements audit and review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources have been discussed with the Head of Finance.

We have made a number of recommendations, which are set out in the action plan in Appendix A. Recommendations have been discussed and agreed with the Head of Finance and the finance team.

Acknowledgment

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during our audit.

Grant Thornton UK LLP
September 2013

Section 2: Audit findings

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Audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work. We set out on the following pages the work we have performed and findings arising from our work in respect of the audit risks we identified in our audit plan, presented to the Authority on 17 April 2013. We also set out the adjustments to the financial statements from our audit work and our findings in respect of internal controls.

Changes to Audit Plan

We have not made any changes to our Audit Plan as previously communicated to the Authority on 17 April 2013.

Audit opinion

We anticipate that we will provide the Authority with an unmodified opinion. Our audit opinion is set out in Appendix B.

Key findings

The Authority submitted its financial statements for audit by the deadline of 30 June 2013. The draft accounts were prepared to a good standard and were supported by clear working papers. We identified one amendment to the classification of expenditure in the Comprehensive Income and Expenditure Statement that the Head of Finance has agreed to correct. This amendment is in respect of the allocation of costs at service level. On review of the allocation of costs there were some costs that had not been apportioned on the correct basis. These costs have now been reclassified.

We have also agreed a small number of changes to improve disclosure including removing some notes to the accounts which were zero entries. These amendments are presentational in nature and do not affect the Authority's reported financial position or available reserves.

We received good co-operation from officers and we would like to offer our thanks for their professional approach to the audit and to our requests for additional evidence.

Audit findings against significant risks

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to 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 315).

In this section we detail our response to the significant risks of material misstatement which we identified in the Audit Plan. As we noted in our plan, there are two presumed significant risks which are applicable to all audits under auditing standards.

	Risks identified in our audit plan	Work completed	Assurance gained and issues arising
1.	<p>Improper revenue recognition</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition</p>	<ul style="list-style-type: none"> Discussed with management and assessed the controls in place to prevent and detect fraudulent transactions Completion of entity level control evaluation Review and testing of revenue recognition policies Testing on material revenue streams 	<p>Our audit work has not identified any issues in respect of revenue recognition.</p>
2.	<p>Management override of controls</p> <p>Under ISA 240 there is a presumed risk of management over-ride of controls. Our audit plan identified that the Head of Finance is able to raise journal entries. The Head of Finance considers this necessary for business continuity purposes because of the size of the finance team and confirmed that he did not raise any journal entries in 2012/13.</p>	<ul style="list-style-type: none"> Discussion with management and evaluation of responses. review of accounting estimates, judgements and decisions made by management testing of journals entries review of accounting estimates, judgements and decisions made by management 	<p>Our audit work has not identified any evidence of management override of controls. In particular the findings of our review of journal controls and testing of journal entries has not identified any significant issues. Our testing confirmed that the Head of Finance did not raise any journal entries in 2012/13.</p>
3.	<p>We reported in the audit plan that the reconciliation of the general ledger to the payroll reports provided by the service provider is no longer being performed. The Head of Finance will ensure that the reconciliations are completed as part of the year end process.</p>	<ul style="list-style-type: none"> We have reviewed this reconciliation. 	<p>This reconciliation was undertaken at year end with no matters arising.</p>

Audit findings against other risks

In this section we detail our response to the other risks of material misstatement which we identified in the Audit Plan. Recommendations, together with management responses, are attached at Appendix A. The findings of our work against each of these risks in the table below.




Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Operating expenses	Operating expenses understated	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls are designed effectively • tested operating expenses including substantive testing of a sample of recorded items of operating expenditure • Review for unrecorded liabilities 	Our audit work has not identified any significant issues in relation to the risk identified
Operating expenses	Creditors understated or not recorded in the correct period	<ul style="list-style-type: none"> • Substantive testing of a sample of year end creditor balances • Review for unrecorded liabilities 	Our audit work has not identified any significant issues in relation to the risks identified
Employee remuneration	Remuneration expenses not correct	<ul style="list-style-type: none"> • Substantive testing of a sample of recorded items of payroll expenditure 	Our audit work has not identified any significant issues in relation to the risks identified
Firefighters' pensions	Payments to pensioners incorrectly calculated	<ul style="list-style-type: none"> • Documentation of processes and controls • Evaluation and walkthrough of controls • Substantive testing of payments made to pensioners 	Our audit work has not identified any significant issues in relation to the risks identified

Audit findings against other risks

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Firefighters' pensions	<p>Payments to pensioners incorrectly calculated.</p> <p>We also reported in our audit plan that we had not yet completed our evaluation of how the Authority assures itself that appropriate controls are in place at its payroll and pensions service provider to ensure that calculations are being made correctly.</p>	<ul style="list-style-type: none"> • Documentation of processes and controls • Evaluation and walkthrough of controls • Substantive testing of payments made to pensioners 	<p>Our audit work has not identified any significant issues in relation to the risks identified.</p> <p>Our substantive testing identified no issues in respect of the calculations of the firefighters' pensions payments. However the Authority could gain further assurance by requesting formal assurances over controls in place at the payroll and pensions service provider.</p>

Accounting policies, estimates & judgements

In this section we report on our consideration of accounting policies, in particular revenue recognition policies, and key estimates and judgements made and included with the Authority's financial statements.

Accounting area	Summary of policy	Comments	Assessment
Revenue recognition	<ul style="list-style-type: none"> The Authority prepares its accounts on an accruals basis, with accounting policy 1 explaining that revenue is recognised when it is probable that economic benefits or service potential associated with the transaction will flow to the Authority 	<p>The majority of the income received by the Authority is controlled in such a way that the opportunity for revenue to be incorrectly recognised is limited.</p> <p>Our review of the significant revenue streams for the Authority have not identified any areas of improper recognition of revenue.</p>	
Judgements and estimates	<ul style="list-style-type: none"> In note 5 to the statement of accounts the Authority sets out the key estimates and judgements made as follows : <ul style="list-style-type: none"> useful life of property, plant and equipment <ul style="list-style-type: none"> Useful life of property, plant and equipment pension fund valuations Provisions 	<p>Our review of the significant judgements and estimates made has not raised any issues that we wish to bring to your attention.</p>	
Other accounting policies	<ul style="list-style-type: none"> We have reviewed the Authority's policies against the requirements of the CIPFA Code and accounting standards. 	<ul style="list-style-type: none"> Our review of accounting policies has not highlighted any issues which we wish to bring to your attention 	

Assessment

 Marginal accounting policy which could potentially attract attention from regulators

 Accounting policy appropriate and disclosures sufficient

 Accounting policy appropriate but scope for improved disclosure

Adjusted misstatements

A number of adjustments to the draft financial statements have been identified during the audit process. We are required to report all misstatements to those charged with governance, whether or not the financial statements have been adjusted by management. The table below summarises the adjustments arising from the audit which have been processed by management.

Impact of adjusted misstatements

All adjusted misstatements are set out below along with the impact on the key statements and the reported financial position.

Detail	Comprehensive Income and Expenditure Account £'000	Balance Sheet £'000	Impact on total net expenditure £000
1 On review of the allocation of the costs of the Authority across the different areas of expenditure in the Comprehensive Income and Expenditure Statement identified that there were some costs that had not been apportioned on the correct basis. This error affects the classification of items in the statement only.			
Community Fire Safety	+435		
Fire fighting and Rescue Operations	-472		
Corporate & Democratic Core	+37		
Overall impact	£0	£0	£0

Internal controls

The purpose of an audit is to express an opinion on the financial statements.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

These and other recommendations, together with management responses, are included in the action plan attached at appendix A.

	Assessment	Issue and risk	Recommendations
1.	●	The Authority outsources several elements of IT and financial processing. Although there are contracts in place, the Authority has not been provided with an ISAE 3402 or equivalent to provide assurances about the security controls in place within the supplier organisation.	<ul style="list-style-type: none"> Obtain assurances over IT controls in place, where services are outsourced.
2.	●	There are a high number of users with Domain Administrator access (Windows network) or System Administrator access to Agresso (finance system)	<ul style="list-style-type: none"> Ensure all users with Domain or System administrator access have an appropriate level of access.
3.	●	<p>There is monitoring of unauthorised access attempts, by the Authority's service provider but this area is not discussed during supplier meetings.</p> <p>Without adequate monitoring of unauthorised access attempts there is an increased risk that unauthorised access to the network could go unnoticed or that the authority remains unaware of potential attacks</p>	<ul style="list-style-type: none"> Review unauthorised access attempts at supplier meetings .

Assessment

- Significant deficiency – risk of significant misstatement
- Deficiency – risk of inconsequential misstatement

Internal controls

	Assessment	Issue and risk	Recommendations
4.	●	<p>Whilst there is a process in place to deal with changes there is no formal documented Change Management policy or procedures.</p> <p>The lack of documented change management procedures for staff to adhere to could result in changes not being properly authorised and could lead to system downtime or disruption to operations.</p>	Document and implement with a change control policy.

Assessment

- Significant deficiency – risk of significant misstatement
- Deficiency – risk of inconsequential misstatement

Other communication requirements

We set out below details of other matters which we are required by auditing standards to communicate to those charged with governance.

	Issue	Commentary
1.	Matters in relation to fraud	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Authority. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures
2.	Matters in relation to laws and regulations	<ul style="list-style-type: none"> We are not aware of any significant incidences of non-compliance with relevant laws and regulations
3.	Written representations	<ul style="list-style-type: none"> A standard letter of representation has been requested from the Authority.
4.	Disclosures	<ul style="list-style-type: none"> Our review found no material omissions in the financial statements. The format of the note "amounts reported for resource allocation decisions" does not comply with the requirements of the CIPFA code. However the note has been prepared in this way to better reflect the internal reporting of the Authority. No changes have been made to the note as a result of the audit.
5.	Matters in relation to related parties	<ul style="list-style-type: none"> We are not aware of any related party transactions which have not been disclosed.

Section 3: Value for Money

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Value for Money

Value for Money conclusion

The Code of Audit Practice 2010 (the Code) describes the Authority's responsibilities to put in place proper arrangements to:

- secure economy, efficiency and effectiveness in its use of resources
- ensure proper stewardship and governance
- review regularly the adequacy and effectiveness of these arrangements.

We are required to give our VFM conclusion based on the following two criteria specified by the Audit Commission:

- **The Authority has proper arrangements in place for securing financial resilience.** The Authority has robust systems and processes to manage effectively financial risks and opportunities, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- **The Authority has proper arrangements for challenging how it secures economy, efficiency and effectiveness.** The Authority is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

Our audit approach involves the completion of an initial risk assessment against a series of key criteria. In undertaking this initial assessment we took account of the key issues facing the fire sector, including the reductions in funding that authorities are facing following the Spending Review. We did not identify any residual risks that needed to be addressed.

Key findings

The key findings from our review are as follows:

- The Authority has a financial plan in place, and has updated, and consulted upon the IRMP to reflect the financial position.

- The IRMP clearly sets out the Authority's proposals until 2016/17, and is the key document for operational planning in the medium term. It identifies the means by which the required savings will be delivered.
- There has been detailed consultation on the IRMP and good quality feedback to members on the outcome of the consultation.
- The Authority has remained within budget for 2012/13 and set a balanced budget for 2013/14.
- The move towards a shared control function has continued in the year, with Cheshire fire taking on the call handling for Cumbria Fire and Rescue Service.
- The Authority has good governance arrangements in place, with members receiving financial and performance monitoring information together, allowing appropriate conclusions to be drawn about the links between the two.
- The Authority has ambitious plans to reconfigure the fire stations in Cheshire, including building new stations. Capital funding of £4.5m has been obtained to support the plans.
- The Authority also has to deliver £6m of savings. This will mean the Authority has a number of risks to manage in the medium term.
- Continuing to deliver the required savings required while maintaining performance will need to be a focus for the Authority.

Overall VFM conclusion

On the basis of our work, and having regard to the guidance on the specified criteria published by the Audit Commission, we are satisfied that in all significant respects the Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2013.

Section 4: Fees, non audit services and independence

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Fees, non audit services and independence

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Fees

	Per Audit plan £	Actual fees £
Authority audit	39,813	39,813
Total audit fees	39,813	39,813

Fees for other services

Service	Fees £
None	Nil

Independence and ethics

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 therefore 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.

Section 5: Communication of audit matters

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Communication of audit matters to those charged with governance

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

The Audit Plan outlined our audit strategy and plan to deliver the audit, while this Audit Findings report presents the key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

Respective responsibilities

The Audit Findings Report has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

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. 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 Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Authority's key risks when reaching our conclusions under the Code.

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		✓
Compliance with laws and regulations		✓
Expected auditor's report		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓

Appendices

Appendix A: Action plan

Priority

High - Significant effect on control system

Medium - Effect on control system

Low - Best practice

Rec No.	Recommendation	Priority	Management response	Implementation date & responsibility
1.	Obtain assurances over IT controls in place, where services are outsourced.	Medium	We are discussing this with our suppliers.	March 2014, Head of ICT
2.	Ensure all users with Domain or System administrator access have an appropriate level of access.	Medium	The number of "Privileged" accounts has been reduced to the minimum need, and new procedures for monitoring and removing accounts have been introduced by ICT service desk.	Head of ICT, completed
3.	Review unauthorised access attempts at supplier meetings .	Low	A new Intrusion Prevention System has been implements and will be monitored through regular account meetings with nViron	Head of ICT, completed
4.	Document and implement a change control policy.	Medium	It is accepted that this is an area needing improvement and IT Change Management is now in the process of being set up as part of the regular ICT managers meeting, however, this is still in the early stages and will require time to embed	Head of ICT, March 2014

Appendix B: Audit opinion

We anticipate we will provide the Authority with an unmodified audit report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHESHIRE FIRE AUTHORITY

Opinion on the Authority financial statements

We have audited the financial statements of Cheshire Fire Authority for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the members of Cheshire Fire Authority in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's Members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Treasurer and auditor

As explained more fully in the Statement of the Treasurer's Responsibilities, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the Authority financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Opinion on financial statements

In our opinion the financial statements: give a true and fair view of the financial position of Cheshire Fire Authority as at 31 March 2013 and of its expenditure and income for the year then ended; and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the explanatory foreword and the content of the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if: in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007; we issue a report in the public interest under section 8 of the Audit Commission Act 1998; we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Authority and the auditor

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in November 2012, as to whether the Authority has proper arrangements for:
securing financial resilience; and
challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in November 2012, we are satisfied that, in all significant respects, Cheshire Fire Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Certificate

We certify that we have completed the audit of the financial statements of Cheshire Fire Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Robin Baker
Associate Director
for and on behalf of Grant Thornton UK LLP, Appointed Auditor

Royal Liver Building
Liverpool
L3 1PS

September 2013

Appendix C: Overview of audit findings

In this section we present our findings in respect of matters and risks identified at the planning stage of the audit and additional matters that arose during the course of our work.

Changes to Audit Plan

We have not had to change our Audit Plan as previously communicated to you on 17 April 2013.

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
Cost of services - operating expenses	Operating expenses	Other	Operating expenses understated or not recorded in the correct period	No	None
Cost of services – employee remuneration	Employee remuneration	Other	Employee remuneration expenditure and tax obligation understated.	No	None
Cost of services – other revenues (fees & charges)	Other revenues	None		No	None
(Gains)/ Loss on disposal of non current assets	Property, Plant and Equipment	None		No	None

Audit findings

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
Interest payable and similar charges	Borrowings	None		No	None
Pension Interest cost	Employee remuneration	None		No	None
Interest & investment income	Investments	None		No	None
Return on Pension assets	Employee remuneration	None		No	None
Impairment of investments	Investments	None		No	None
Income from Council tax	Council Tax	None		No	None
Government grants	Grant Income	None		No	None
Capital grants & Contributions (including those received in advance)	Property, Plant & Equipment	None		No	None

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
(Surplus)/ Deficit on revaluation of non current assets	Property, Plant & Equipment	None		No	None
Actuarial (gains)/ Losses on pension fund assets & liabilities	Employee remuneration	None		No	None
Other comprehensive (gains)/ Losses	Revenue/ Operating expenses	None		No	None
Property, Plant & Equipment	Property, Plant & Equipment	None		No	None
Intangible assets	Intangible assets	None		No	None
Investments (long & short term)	Investments	None		No	None
Debtors (long & short term)	Revenue	None		No	None
Assets held for sale	Property, Plant & Equipment	None		No	None
Inventories	Inventories	None		No	None

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
Borrowing (long & short term)	Debt	None		No	None
Creditors (long & Short term)	Operating Expenses	Other	Creditors understated or not recorded in the correct period	No	None
Provisions (long & short term)	Provision	None		No	None
Pension liability	Employee remuneration	None		No	None
Reserves	Equity	None		No	None
Income to the firefighters' pension fund	Scheme contributions	None		No	None
Pension benefits payable	Pension scheme benefit payments	None	Payments to pensioners incorrectly calculated.	No	None
Pension top up grant receivable	Grant income	None		No	None
Pension Fund Net current assets and liabilities	Scheme contributions, benefit payments	None		No	None



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