

ROYAL BERKSHIRE FIRE AUTHORITY



COMMITTEE	AUDIT & GOVERNANCE COMMITTEE
DATE OF MEETING	30 OCTOBER 2023
SUBJECT	EXTERNAL AUDIT UPDATE
LEAD OFFICER	CONOR BYRNE, HEAD OF FINANCE AND PROCUREMENT
LEAD MEMBER	N/A
EXEMPT INFORMATION	N/A
ACTION	FOR NOTE AND APPROVAL

1. EXECUTIVE SUMMARY

- 1.1 Members are asked to note EY's Audit Results Report before approving the 2020/21 Statement of Accounts.

2. RECOMMENDATION

The Committee is requested to

- 2.1 **NOTE** the Audit Results Report in Appendix A.
2.2 **APPROVE** the 2020/21 Statement of Accounts in Appendix B.

3. REPORT

- 3.1 EY has completed its audit of the Authority's Statement of Accounts for the year ended 31 March 2021. The results of the audit are shown in EY's Audit Results Report, which is attached as **Appendix A**.
- 3.2 The audit partner has issued an unqualified opinion on the financial statements, which are attached as **Appendix B**.
- 3.3 As has been reported to Members previously, the delay in signing off the Authority's financial statements was due to delays in Deloitte's audit of the Royal County of Berkshire Pension Fund.
- 3.4 As part of its audit of property valuations, EY concluded that two properties were materially understated by £1.504 million. Prior to 2017, the Authority's properties were valued on a depreciated replacement cost basis (DRC). In 2017, the

Authority's new valuers argued for a change in valuation methodology, which was subsequently adopted. Unfortunately, this new methodology has proved unreliable at valuing recently built properties and EY has recommended that the Authority revert to using DRC to value its properties. The understatement has been amended in the Authority's Statement of Accounts.

- 3.5 Our letter of representation to EY is attached as **Appendix C**. This is used by the auditors to help form an opinion as to whether the financial statements give a true and fair view of the Authority's financial position as of 31 March 2021.

4. CONTRIBUTION TO STRATEGIC COMMITMENTS

- 4.1 Commitment 5 – Sustainability. We will ensure that we provide a financially sustainable and environmentally friendly service to our communities.

5. FINANCIAL IMPLICATIONS

- 5.1 External audit of the Statement of Accounts provides assurance to Members that the Authority's finances are in good order.

6. LEGAL IMPLICATIONS

- 6.1 The auditor's opinion as to whether the financial statements give a true and fair view of the financial position of the Authority as of 31 March 2021 is based on compliance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

7. EQUALITY AND DIVERSITY IMPLICATIONS

- 7.1 None.

8. RISK IMPLICATIONS

- 8.1 The audit of the accounts was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal controls and related data to the extent considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

9. CONSISTENCY WITH DUTY TO COLLABORATE

- 9.1 EY were appointed by PSAA through a national procurement exercise.

10. PRINCIPAL CONSULTATION

- 10.1 No issues for statutory officers as an unqualified opinion has been issued on the financial statements.

11. BACKGROUND PAPERS

11.1 None.

12. APPENDICES

12.1 Appendix A – EY Audit Results Report

12.2 Appendix B – 2020/21 Statement of Accounts

12.3 Appendix C – Letter of Representations

13. CONTACT DETAILS

13.1 Conor Byrne - Head of Finance and Procurement
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