

**WEST MIDLANDS FIRE AND RESCUE AUTHORITY**

**AUDIT AND RISK COMMITTEE**

**25 MARCH 2024**

**1. AUDIT FINDINGS REPORT 2022-23**

Report of the Treasurer.

RECOMMENDED

1.1. THAT the Audit and Risk Committee approve the Audit Findings Report 2022-23.

1.2. THAT the Audit and Risk Committee note the update in relation to the draft Auditor's Annual Report 2022-23.

**2. PURPOSE OF REPORT**

2.1. To approve the Audit Findings Report 2022-23, included within Appendix A.

2.2. To note the update in relation to the draft Auditor's Annual Report 2022-23.

**3. BACKGROUND**

3.1 The Authority's external auditors are Grant Thornton.

3.2 The auditors are required under International Standards of Audit and the National Audit Office to report whether in their opinion the Authority's financial statements:

- give a true and fair view of the financial position of its income and expenditure for the year, and
- have been properly prepared in accordance with the CIPFA Code of Practice and the Local Audit and Accountability Act 2014

3.3 The Authority is also required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy auditors that it has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

3.4 The proper arrangements are assessed under three areas: financial sustainability, governance and improving economy, efficiency, and effectiveness.

#### 4. **AUDIT FINDINGS REPORT 2022-23**

4.1 The external audit of the draft Statement of Accounts 2022-23 was carried out between November 2023 and February 2024, and is substantially complete.

4.2 The following material adjustment has been identified, which is detailed on page 29 of Appendix A. The change has been made within the final statement of accounts.

- £23.9 million adjustment to the CIES (comprehensive income and expenditure statement), due to the actuary re-measurement of the Firefighters' Pension Scheme liability.

4.3 A recommendation have been made to management, detailed on page 27 of Appendix A. A management response has been provided.

- Grouped assets within plant, property, and equipment.

4.4 A follow-up recommendation from prior year audits have been made to management, detailed on page 28 of Appendix A.

- Depreciation Policy

4.5 New risks and issues have been identified alongside a summary of significant deficiencies, detailed on page 10 of Appendix A. A management response has been provided.

- Cyber Security
- IT Control Deficiencies

4.6 The anticipated audit report opinion will be unmodified.

#### 5. **AUDITOR'S ANNUAL REPORT 2022-23**

5.1 The draft Auditor's annual report 2022-23 was presented to Audit and Risk Committee in November 2023.

5.2 Three recommendations were made by Grant Thornton, which had been accepted by management:

- The Authority should establish a clear savings target, develop a savings plan and savings monitoring arrangements.
- Develop a borrowing strategy to fund the Capital Programme.
- Include financial risk reporting in quarterly monitoring of finance report.

5.3 Following recent developments in relation to the former Chief Fire Officer, Grant Thornton are updating their work. A further update will be provided once this has been completed.

## 6. **EQUALITY IMPACT ASSESSMENT**

In preparing this report an initial Equality Impact Assessment is not required and has not been carried out. The matters contained in this report do not relate to a policy change.

## 7. **LEGAL IMPLICATIONS**

There are no direct legal implications associated with the implementation of the recommendations set out in this report.

## 8. **FINANCIAL IMPLICATIONS**

There are no financial implications associated with the implementation of the recommendations set out in this report.

## 9. **ENVIRONMENTAL IMPLICATIONS**

There are no specific environmental impact of this report, as it does not relate to a policy change.

The contacts for this report are Sofia Mahmood, Head of Finance and Procurement (S151) & Avtar S Sohal, Director, Grant Thornton UK LLP

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