

Audit Plan

East Sussex Fire Authority

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DISTRICT AUDIT

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Introduction

Our principal objective as your appointed auditor is to carry out an audit which meets the Audit Commission's Code of Audit Practice.

Our responsibilities

To ensure our audit is relevant to East Sussex Fire Authority, one of the prime requirements of the Code is that we design a programme of work to address the significant operational and financial risks you face which impact on our responsibilities.

We thus have to review whether you have adequate arrangements for:

- ensuring the legality of transactions with a significant financial consequence
- ensuring your financial standing is soundly based
- satisfying yourselves that your systems of internal financial control are both adequate and effective
- ensuring proper standards of financial conduct and to prevent and detect fraud and corruption
- securing economy, efficiency and effectiveness in the use of your resources.

We must also give an opinion that your Accounts present fairly the financial position of the Fire Authority.

The fee

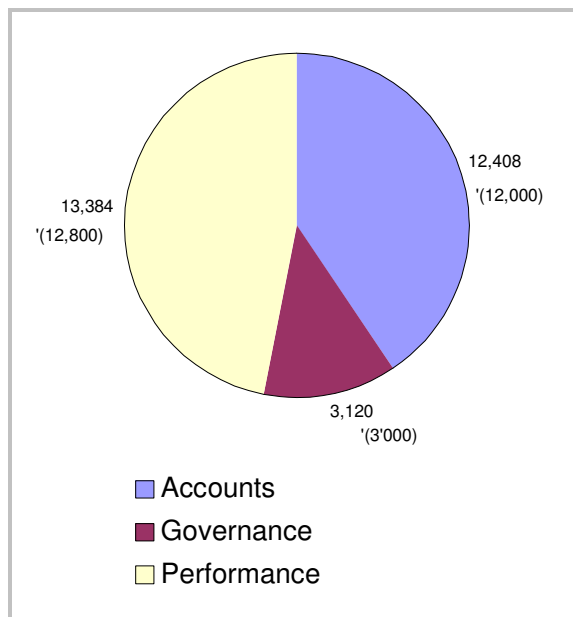
Your audit fee has been determined on the basis of the key issues facing the Fire Authority at this time (as set out on pages 2 and 3) and the work we have agreed with you that we should undertake to address these issues.

We would again remind you that planning will be ongoing and changes to your Plan may be required if any significant new issues emerge. No changes will be made without first discussing and agreeing them with you.

The total fee for the Code of Practice audit is £28,912 (2000/01 equivalent is £27,800). The fee represents last years fee plus the increase of 4% advocated by the Audit Commission this year.

Exhibit 1 below shows the audit fee by code of practice area and the 2000/01 equivalent (in brackets).

EXHIBIT 1 FEE FOR THE AUDIT



Accounts

We are required to give an opinion on your annual financial statements. We will do this by reviewing your Core Processes, namely:

- the main accounting system
- the budgetary control procedures
- the final accounts closedown procedures.

We will then undertake detailed testing of the figures in the Statements of Account. We will undertake the following specific work to address the risks we have identified.

Risk	Action proposed
Closedown procedures	
Expectation (in the Government's White Paper) that local authorities should prepare and have approved accounts by 30 June and the move towards 'whole of government accounts'.	We will work closely with officers throughout the closedown process to support the Fire Authority in producing the Annual Accounts.

Risk	Action proposed
Closedown procedures cont'd	
The Fire Authority will need to fully comply with certain accounting standards (Best Value ACOP and FRS 15) as well as preparing for compliance with FRS 17 (retirement benefits).	We will review compliance with relevant audit standards and provide officers with details of our audit requirements as part of our managed audit approach.

Performance

We will review whether you have adequate arrangements to secure economy, efficiency and effectiveness in the use of your resources.

We will undertake the following work to address the risks we have identified.

Risk	Action proposed
Best Value	
The Fire Authority needs to continue to have in place arrangements for securing continuous improvement in services.	We will review the progress being made with Best Value, through the performance management systems and programme of reviews. We will also be liaising with HMFS Inspectors as appropriate.

We will follow-up our work from previous years to ensure you have implemented agreed recommendations.

Governance

We will update last year's detailed review to determine whether you have adequate arrangements (as stated above) for:

- legality
- financial standing
- internal financial control
- standards of financial conduct and preventing and detecting fraud and corruption.

Limited testing will be undertaken to test check that those arrangements are working effectively in practice.

We will work closely with officers, including the Internal Audit section, under managed audit arrangements to review financial aspects of corporate governance. Limited testing will be undertaken to test check that the Fire Authority continues to have effective arrangements in place for the areas highlighted above.

We will also undertake the following additional work to address the risks we have identified.

Risk	Action proposed
Financial standing	
The Fire Authority is continuing to work in a tight financial environment and some expenditure pressures are emerging.	We will review the Fire Authority's progress in achieving the financial targets determined by Members.

Work outside the Code

We have discussed with officers the potential for undertaking further work on the Fire Authority's arrangements for working with partners and to assist in benchmarking the costs of providing certain services. This work does not relate to our responsibilities under the Code and we will discuss with officers the cost of undertaking such reviews, which must be treated in accordance with your Financial Regulations. We look forward to working with you in this area.

Future planning intentions

We identified some risks which we have agreed are not the highest priority and we propose to address these risks over the next two years, subject to future risk assessments.

Risk	Action proposed
Risk management	
The Fire Authority has drawn up a risk management strategy in the light of good practice highlighted by CIPFA/Solace.	There may be some merit in reviewing the extent to which risk management is embedded across the Fire Authority.
Early retirement	
The management of early retirements remains one of the more significant financial risks affecting the future operations of the Fire Authority.	We will continue to discuss with officers the work we can undertake in this area.

The audit team

Peter Arkell District Auditor
 Bobby Grant Audit Manager
 Trevor Greenlee Team Leader

We confirm that members of our audit team are independent of the Fire Authority and your officers.

There are also no potential conflicts of interest which we need to bring to your attention.

Further details of our respective Code responsibilities

The Audit Commission’s publication ‘Statement of Responsibilities of Auditors and Audited Bodies’ gives further information on our respective responsibilities under the new Code of Audit Practice.