



# Annual Audit Letter 2016/17

West Yorkshire  
Fire and Rescue  
Authority

[kpmg.com/uk](http://kpmg.com/uk)

October 2017

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External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact John Prentice, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers ([andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

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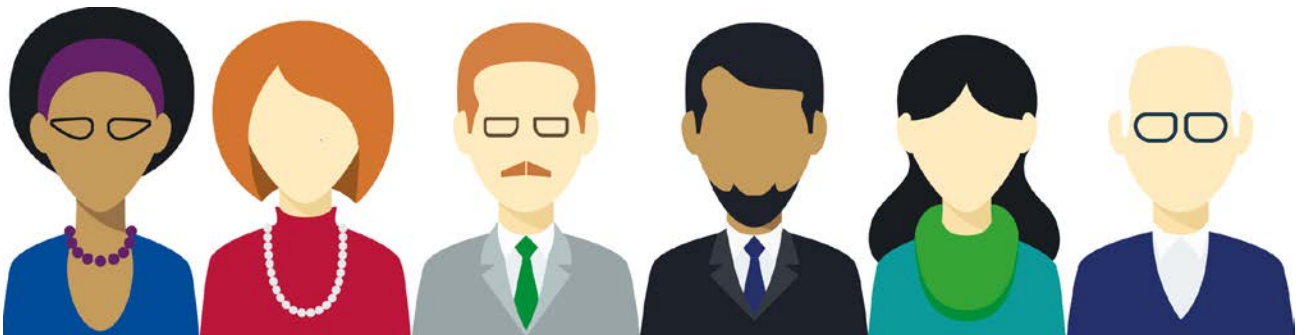
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## Section one

# Summary

This Annual Audit Letter summarises the outcome from our audit work at West Yorkshire Fire and Rescue Authority in relation to the 2016/17 audit year. Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

### VFM conclusion

We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016/17 on 21 September 2017. This means we are satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of its resources.

To arrive at our conclusion we looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.

### VFM risk areas

We undertook a risk assessment as part of our VFM audit work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks.

Our work identified no significant matters so we concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Like most of local government, the Authority faces a challenging future driven by funding reductions and an increase in demand for services.

There has been a reduction in grants from central Government since 2010. In order to maintain financial balance the Authority has been proactive in reviewing all parts of the service and has reorganised both operations and support staff to ensure that the service delivered has not been adversely affected.

As part of this approach the Authority has increased the value of useable reserves from £28.9m at the start of the year to £33.0m at 31 March 2017, which includes a newly created capital finance reserve with a balance of £10.473m to manage the financing of the Authority's future capital plans. The General Reserve balance has reduced from £23.291m to £15.079m which management has assessed as reasonable to meet future risks.

The Authority has a balanced financial plan for 2017/18. 2018/19 onwards will require careful management.

### Audit opinion

We issued an unqualified opinion on the Authority's financial statements on 21 September 2017. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.



## Section one

### Financial statements audit

There were no significant findings arising from the financial statements audit. We identified one significant change to the balance sheet reclassifying cash and short term investments and a number of presentational changes which were made by management. The Authority chose not to amend the accounts to include capital expenditure of £368,000 which had been omitted in error. This error will be resolved in 2017/18.

We worked with management to ensure that working paper requirements are understood and aligned to our expectations. This resulted in good quality working papers with clear audit trails. We will review the working papers requested for 2016/17 with officers to assess the documents required for the 2017/18 audit. There is scope to improve the process further and we will discuss with the Finance team action that can be taken to facilitate the earlier preparation and audit of accounts required in 2017/18.

### Other information accompanying the financial statements

Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.

### Whole of Government Accounts

The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review your pack in detail as the Authority falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office.

### High priority recommendations

We raised no high priority recommendations as a result of our 2016/17 audit work. We raised one medium priority recommendation which is included in our report to those charged with governance which was presented to the Audit Committee in September 2017.

We will formally follow up this recommendation as part of our 2017/18 work.

### Certificate

We issued our certificate on 21 September. The certificate confirms that we have concluded the audit for 2016/17 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

### Audit fee

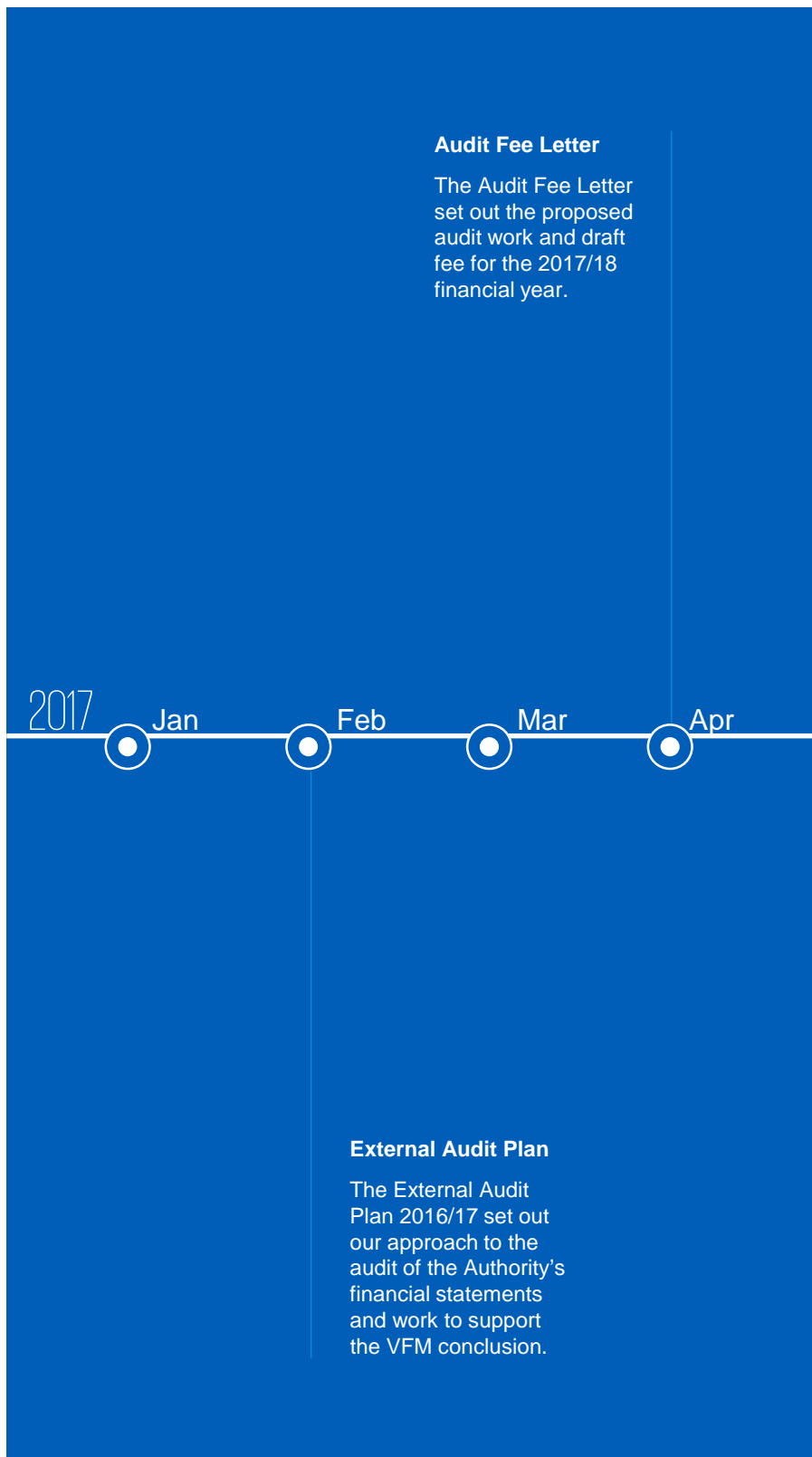
Our fee for 2016/17 is proposed to be £37,080 excluding VAT. This is £1,000 more than the planned fee due to additional work undertaken in relation to the CIES restatement, the triennial pensions revaluation and weaknesses identified in the IT control environment at Kirklees MBC. The additional fee is subject to approval by PSAA Ltd. Further detail is contained in Appendix 2.

## Appendix 1

# Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.

These reports can be accessed via the Audit Committee pages on the Authority's website at [www.westyorksfire.gov.uk](http://www.westyorksfire.gov.uk).



### Audit Fee Letter

The Audit Fee Letter set out the proposed audit work and draft fee for the 2017/18 financial year.

2017

Jan

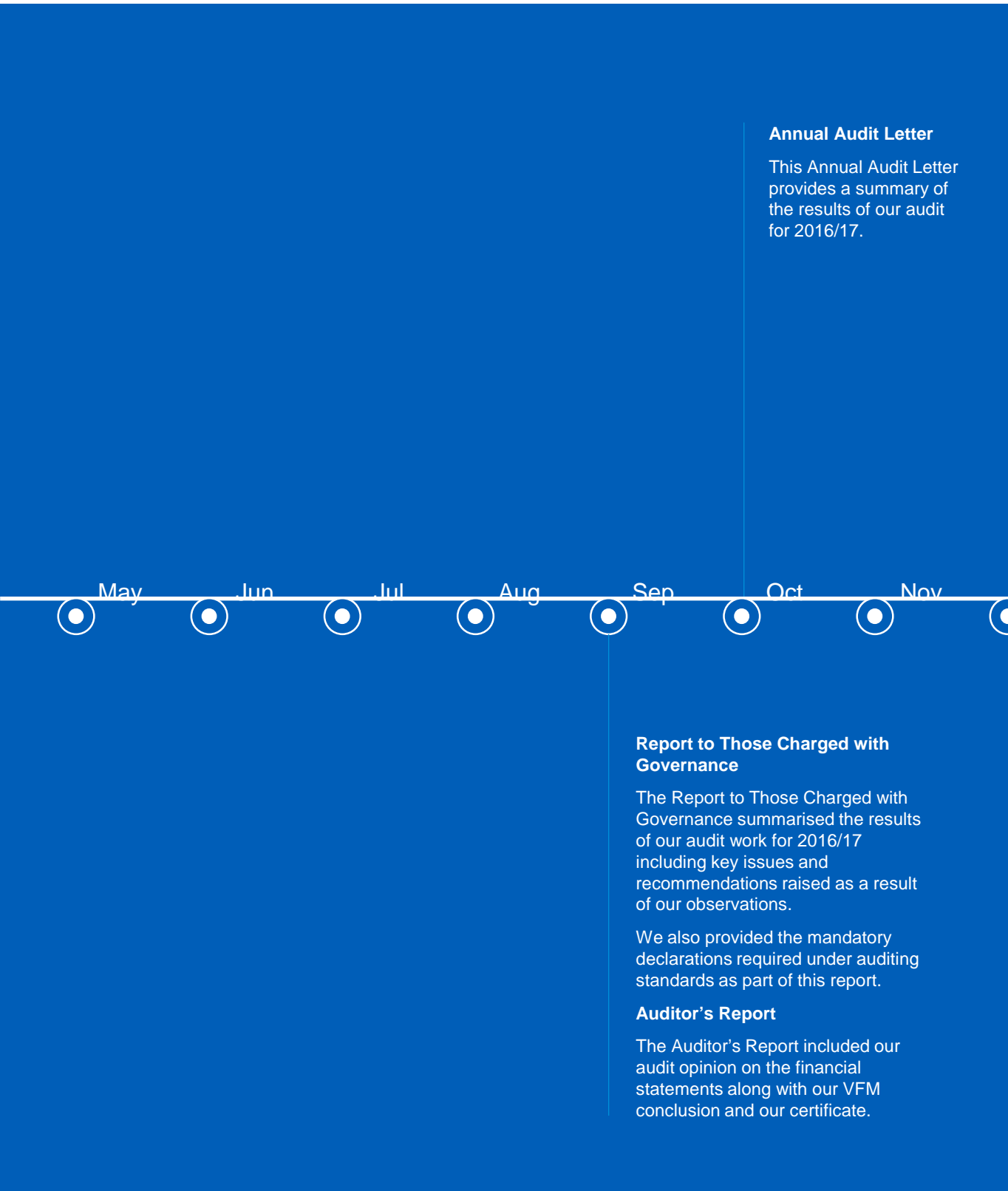
Feb

Mar

Apr

### External Audit Plan

The External Audit Plan 2016/17 set out our approach to the audit of the Authority's financial statements and work to support the VFM conclusion.



**Annual Audit Letter**

This Annual Audit Letter provides a summary of the results of our audit for 2016/17.

**Report to Those Charged with Governance**

The Report to Those Charged with Governance summarised the results of our audit work for 2016/17 including key issues and recommendations raised as a result of our observations.

We also provided the mandatory declarations required under auditing standards as part of this report.

**Auditor's Report**

The Auditor's Report included our audit opinion on the financial statements along with our VFM conclusion and our certificate.

## Appendix 2

# Audit fees

This appendix provides information on our final fees for the 2016/17 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2016/17 planned audit fee.

### External audit

Our proposed final fee for the 2016/17 audit of the Authority was £37,080 compared to a planned fee of £36,080. We undertook additional work this year due to:

- First year of the Expenditure and Funding Analysis which also required restatement of the Comprehensive Income and Expenditure Statement;
- the triennial pensions revaluation; and
- weaknesses in the IT control environment at Kirklees MBC which provides services to WYFRS, which required further testing at WYFRS.

Our additional fee is still subject to final determination by Public Sector Audit Appointments.

### Other services

We did not charge additional fees for any other services..

External audit fees 2016/17  
(£'000)



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