

The Audit Findings for Greater Manchester Fire & Rescue Authority

Year ended 31 March 2013

26 September 2013

Mick Waite

Director

T 0161 234 6347

E mick.j.waite@uk.gt.com

Andrew North

Senior Manager

T 0161 234 6361

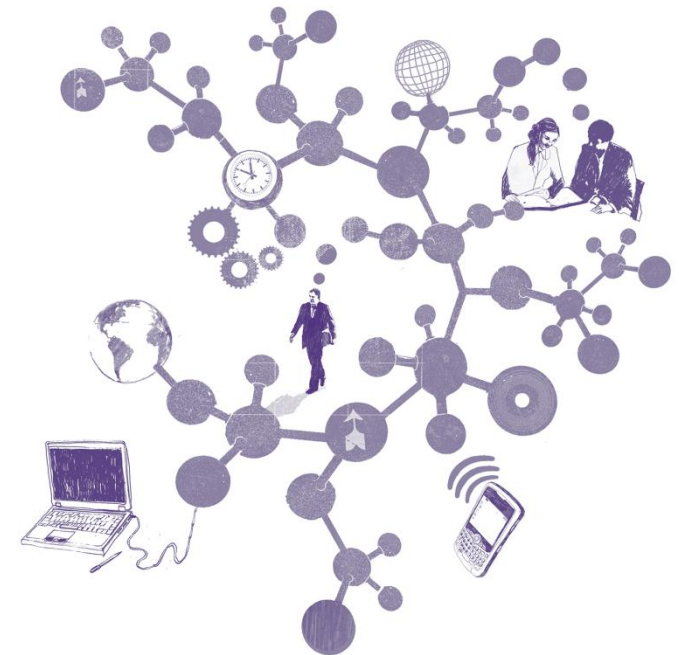
E andrew.d.north@uk.gt.com

Nick Livingstone

Audit Executive

T 0161 234 6369

E nicholas.livingstone@uk.gt.com



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.

Contents

Section	Page
1. Executive summary	4
2. Audit findings	7
3. Value for Money	15
4. Fees, non audit services and independence	17
5. Communication of audit matters	19
Appendices	
A Audit opinion	22
B Overview of Audit Findings	25

Section 1: Executive summary

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Executive summary

Purpose of this report

This report highlights the key matters arising from our audit of Greater Manchester Fire & 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 22 March 2013.

Our audit is substantially complete although we are finalising our work in the following areas:

- review of the final version of the financial statements;
- obtaining and reviewing the final management letter of representation;
- review of final version of the Annual Governance Statement;
- updating our post balance sheet events review, to the date of signing the opinion; and
- review of 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

We anticipate providing an unqualified opinion on the financial statements.

As at 26 September 2013, subject to the completion of the outstanding work described above, we expect to issue an unqualified opinion on the Authority's financial statements.

We have identified no adjustments affecting the Authority's reported financial position. The draft financial statements recorded total comprehensive income and expenditure on cost of services of fire and rescue services of £90.929m and the audited financial statements show an unchanged position. We made a small number of minor recommendations to improve the presentation of the financial statements, which have been implemented by management.

The key messages arising from our audit of the Authority's financial statements 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.

Further detail of our work on Value for Money 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 has not identified any significant control weaknesses, however we identified a small number of areas where the IT arrangements can be strengthened further. These have been reported to management.

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 Director of Finance.

Acknowledgment

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

Grant Thornton UK LLP
September 2013

Section 2: Audit findings

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

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 management in March 2013.

Changes to Audit Plan

We have not made any changes to our Audit Plan as previously communicated to you at the audit committee on 11 April 2013.

Financial Statements

We were presented with a set of draft financial statements on 7 June 2013 ahead of the national deadline. Accompanying working papers were also supplied at the commencement of our audit.

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

- the Authority provided a good quality set of draft financial statements and supporting working papers
- we did not identify any adjustments affecting the Authority's income and expenditure position
- we recommended a number of minor adjustments to improve the presentation of the accounts.
- 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 information.

We have also reviewed the Authority's Annual Governance Statement (AGS) against the requirements set out within CIPFA guidelines, and concluded that the AGS was consistent with our knowledge of the Authority and that no additional disclosures were required.

Audit opinion

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

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"> • review and testing of revenue recognition policies • performance of attribute testing on material revenue streams • determine that debtor balances have been confirmed with grant paying bodies • determine whether the cut-off of miscellaneous revenue is appropriate • review and testing of journals. 	<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</p>	<ul style="list-style-type: none"> • review of accounting estimates, judgements and decisions made by management • testing of journals entries • review of accounting estimates, judgements and decisions made by management • review of unusual significant transactions 	<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.</p> <p>We set out later in this section of the report our work and findings on key accounting estimates and judgments.</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.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Operating expenses	Operating expenses understated	<ul style="list-style-type: none"> We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. Detailed attribute testing of 60 operating expenses items to gain assurance over various audit assertions. 	<ul style="list-style-type: none"> 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"> We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. Judgemental sample of creditors tested to supporting documentation 	<ul style="list-style-type: none"> Our audit work has not identified any significant issues in relation to the risk identified
Employee remuneration	Remuneration expenses not correct	<ul style="list-style-type: none"> We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. Detailed attribute testing of 60 payroll transactions for 12/13. 	<ul style="list-style-type: none"> Our audit work has not identified any significant issues in relation to the risk identified

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.

Transaction cycle	Description of risk	Work completed	Assurance gained & issues arising
Property, Plant & Equipment	PPE activity not valid	<ul style="list-style-type: none"> • We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. • Substantive testing of capital additions in 12/13. • Substantive testing of PPE opening balances • Review of depreciation calculation for 12/13 	<ul style="list-style-type: none"> • Our audit work has not identified any significant issues in relation to the risk identified
Property, Plant & Equipment	Revaluation measurement not correct	<ul style="list-style-type: none"> • Discussions held with the Authority to understand the process for valuation of non-current assets • Reviewed the independence and professional competence of the GVA valuers • Confirmed GVA revaluation figures correctly replicated in Authority's FAR and accounts. 	<ul style="list-style-type: none"> • Our audit work has not identified any significant issues in relation to the risk identified
Firefighters' pensions	Payments to pensioners incorrectly calculated	<ul style="list-style-type: none"> • We have performed a walkthrough to gain assurance that the in-year controls were operating in accordance with our documented understanding. • Review and testing of data provided to GAD to ensure data sent to GAD for pensions disclosure calculations is correct. • Review of GAD actuarial report to ensure disclosure in financial statements is accurate. 	<ul style="list-style-type: none"> • Our audit work has not identified any significant issues in relation to the risk identified

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"> • Revenue from provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority. 	<ul style="list-style-type: none"> ▪ The Authority's policy is entirely appropriate and consistent with the relevant accounting framework ▪ Judgements regarding income have been reviewed and are considered reasonable ▪ Accounting policy is properly disclosed 	●
Judgements and estimates	<ul style="list-style-type: none"> • Key estimates and judgements include: <ul style="list-style-type: none"> • useful life of capital equipment • pension fund valuations and settlements • revaluations • impairments • provisions 	<ul style="list-style-type: none"> ▪ Accounting policies where judgements and estimates used are properly disclosed ▪ Policies are appropriate and consistent with the relevant accounting framework ▪ Management relies on experts where necessary. We have assessed the work of these experts and are satisfied with their work 	●
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

There are no misstatements to be adjusted.

Misclassifications & disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Adjustment type	Value £'000	Account balance	Impact on the financial statements
1 Misclassification	N/A	Officers Remuneration Note 28	The numbers of employees included in certain salary bandings was found to be incorrect. These have been amended.

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 Audit Committee. 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
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
6.	Going concern	<ul style="list-style-type: none"> Our work has not identified any reason to challenge the Authority's decision to prepare the financial statements on a going concern basis.

Section 3: Value for Money

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

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; and,
- 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 :

- the Authority continues to have good arrangements in place to secure financial resilience;
- there is a robust medium term financial plan that is clearly linked to the Corporate and Integrated Risk Management plans and requires savings to made of £2.7m in 2013/14, and of £4m in 2014/15. The Authority is currently discussing plans for delivery of savings requirements for 2015/16 to 2016/17, which currently stand at over £20m on latest information available;
- the Authority has delivered savings in excess of its 2012/13 plan, and net expenditure for the year of £107m was £3.6m lower than budgeted. Savings targets were achieved through a number of measures including reductions in payroll costs and service restructures;
- As a result of a good financial performance and achieving efficiency plans for the year, the Authority was able to increase usable reserves by £4.57m to £17.6m to assist with future budget pressures and the reduction in grant funding going forward;
- the move towards a shared control function at Lingley Mere has continued in the year; and,
- the Authority continues to be successful in containing expenditure and introducing efficiencies in light of the future grant reduction facing the Authority following the latest Comprehensive Spending Review.

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

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

Fees, non audit services and independence

We confirm below our final fees charged for the audit.

Fees

	Per Audit plan £	Actual fees £
Authority audit	52,992	47,352
Total audit fees	52,992	47,352

Reduction in fee of £5.64k is due to Audit Commission audit fee rebate.

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

01. Executive summary

02. Audit findings

03. Value for Money

04. Fees, non audit services and independence

05. Communication of audit matters

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.

	Audit Plan	Audit Findings
Our communication plan		
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: Audit opinion

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREATER MANCHESTER FIRE AND RESCUE AUTHORITY

Opinion on the Authority financial statements

We have audited the financial statements of Greater Manchester Fire and Rescue 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 Greater Manchester Fire and Rescue 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Treasurer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Appendix A: Audit opinion

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Greater Manchester Fire and Rescue 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 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.

Appendix A: Audit opinion

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, Greater Manchester Fire and Rescue Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2013.

Appendix B: 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 at the audit committee on 11 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	No	None
Cost of services – employee remuneration	Employee remuneration	Other	Remuneration expenses not correct	No	None
Cost of services – other revenues (fees & charges)	Other revenues	Low	Material balance but we have not identified a risk of material mis-statement	No	None
(Gains)/ Loss on disposal of non current assets	Property, Plant and Equipment	Low	We have not identified a risk of material mis-statement	No	None
Interest payable and similar charges	Borrowings	Low	We have not identified a risk of material mis-statement	No	None
Pension Interest cost	Employee remuneration	Low	Material balance but we have not identified a risk of material mis-statement	No	None
Interest & investment income	Investments	None	We have not identified a risk of material mis-statement	No	None
Return on Pension assets	Employee remuneration	None	We have not identified a risk of material mis-statement	No	None

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
Dividend income from Joint Venture	Revenue	None	We have not identified a risk of material mis-statement	No	None
Impairment of investments	Investments	None	We have not identified a risk of material mis-statement	No	None
Investment properties: Income expenditure, valuation, changes & gain on disposal	Property, Plant & Equipment	None	We have not identified a risk of material mis-statement	No	None
Income from council tax	Council Tax	None	Material item but we have not identified a risk of material mis-statement	No	None
NNDR Distribution	NNDR	None	Material item but we have not identified a risk of material mis-statement	No	None
PFI revenue support grant and other Government grants	Grant Income ⁹	None	Material item but we have not identified a risk of material mis-statement	No	None
Capital grants & Contributions (including those received in advance)	Property, Plant & Equipment	None	We have not identified a risk of material mis-statement	No	None
(Surplus)/ Deficit on revaluation of non current assets	Property, Plant & Equipment	None	We have not identified a risk of material mis-statement	No	None
Actuarial (gains)/ Losses on pension fund assets & liabilities	Employee remuneration	None	Material item but we have not identified a risk of material mis-statement	No	None

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
Other comprehensive (gains)/ Losses	Revenue/ Operating expenses	None	We have not identified a risk of material misstatement	No	None
Property, Plant & Equipment	Property, Plant & Equipment	Other	PPE activity not valid	No	None
Property, Plant & Equipment	Property, Plant & Equipment	Other	Revaluation measurements not correct	No	None
Heritage assets & Investment property	Property, Plant & Equipment	None	We have not identified a risk of material misstatement	No	None
Intangible assets	Intangible assets	None	We have not identified a risk of material misstatement	No	None
Investments (long & short term)	Investments	None	We have not identified a risk of material misstatement	No	None
Debtors (long & short term)	Revenue	None	Material item but we have not identified a risk of material misstatement	No	None
Assets held for sale	Property, Plant & Equipment	None	We have not identified a risk of material misstatement	No	None
Inventories	Inventories	None	We have not identified a risk of material misstatement	No	None

Audit findings

Account	Transaction cycle	Material misstatement risk?	Description of risk	Change to the audit plan	Audit findings
Cash & cash equivalents	Bank & Cash	None	Material item but we have not identified a risk of material misstatement		
Borrowing (long & short term)	Debt	None	Material item but we have not identified a risk of material misstatement	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	Material item but we have not identified a risk of material misstatement	No	None
Pension liability	Employee remuneration	None	Material item but we have not identified a risk of material misstatement	No	None
Reserves	Equity	None	Material item but we have not identified a risk of material misstatement	No	None
Income to the firefighters' pension fund	Firefighters' pensions	None	Material item but we have not identified a risk of material misstatement	No	None
Spending by the Fund	Firefighters' pensions	Other	Payments to pensioners incorrectly calculated	No	None
Top up grant receivable	Grant income	None	Material item but we have not identified a risk of material misstatement	No	None
Net current assets and liabilities	Firefighters' pensions	None	Material item but we have not identified a risk of material misstatement	No	None



© 2013 Grant Thornton UK LLP. All rights reserved.

'Grant Thornton' means Grant Thornton UK LLP, a limited liability partnership.

Grant Thornton is a member firm of Grant Thornton International Ltd (Grant Thornton International). References to 'Grant Thornton' are to the brand under which the Grant Thornton member firms operate and refer to one or more member firms, as the context requires. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by member firms, which are not responsible for the services or activities of one another. Grant Thornton International does not provide services to clients.

grant-thornton.co.uk