

The Audit Findings for Greater Manchester Fire and Rescue Authority

Year ended 31 March 2014

September 2014

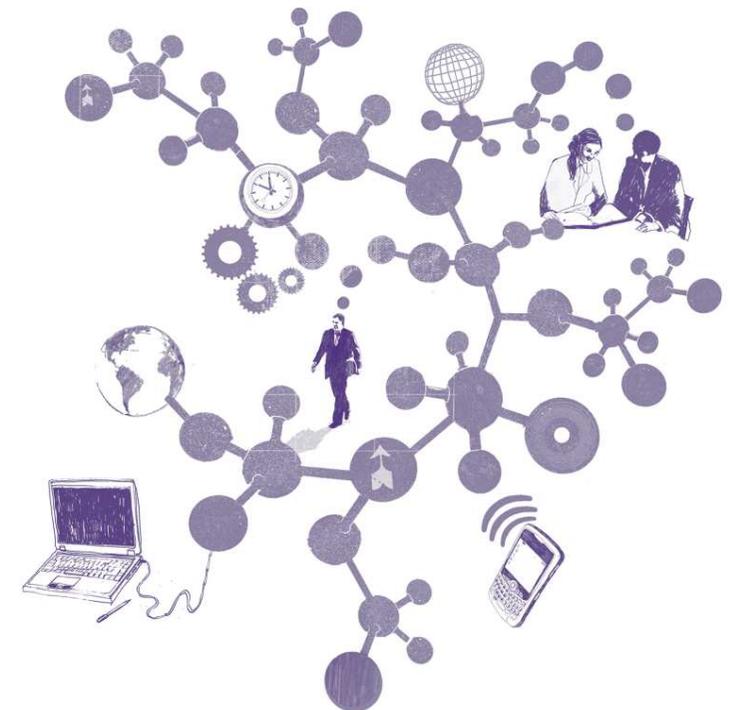
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DRAFT

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.



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	14
4. Fees, non audit services and independence	19
5. Communication of audit matters	21
Appendices	
A Audit opinion	

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 and Rescue Authority's ('the Authority') financial statements for the year ended 31 March 2014. 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 April 2014.

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

- clearance of final review points

- completion of the review of the Whole of Government Accounts
- receipt of the signed letter of representation from the audit committee, and
- updating our post balance sheet events review, to the date of signing the opinion

We received the 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

Our audit has not identified any material errors or uncertainties. Therefore we anticipate providing an unqualified opinion on the Authority's financial statements.

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

- the draft accounts and working papers were of good quality, and finance staff responded promptly to all audit queries; and
- the audit has not identified any material misstatements.

Further details 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 issue an unqualified VFM conclusion. The Authority has well established arrangements to ensure that it is using scarce resources effectively and has a good track record of delivering planned savings.

This has been delivered against a backdrop of a radical and fast moving agenda facing the whole public sector, a key element of which is to review funding continually and cut public sector debt dramatically over an extended period. The latest Comprehensive Spending Review makes it clear that the reductions in funding from central government will continue in the medium term.

Further detail of our work on Value for Money is set out in section 3 of this report.

Whole of Government Accounts (WGA)

We have started our work on the Whole of Government Accounts and do not currently have any issues which we wish to highlight for your attention.

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 control weaknesses which we wish to highlight for your attention.

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 and Technical Services.

Acknowledgment

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

Grant Thornton UK LLP
September 2014

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 updated Audit Plan, presented to the Authority in April 2014. We also set out the adjustments to the financial statements arising from our audit work and our findings in respect of internal controls.

Changes to Audit Plan

We have not made any changes to our updated Audit Plan, which was communicated to you on 1 May 2014.

Audit opinion

We anticipate that we will provide the Authority with an unqualified audit opinion. Our proposed audit opinion is set out in Appendix A.

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 • testing of material revenue streams • review of unusual significant transactions 	<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 journal entries 	<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	Creditors understated or not recorded in the correct period	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls are designed effectively, and • tested operating expenses including whether amounts have been recorded in the correct accounting period. 	Our audit work has not identified any significant issues in relation to the risk identified. Our 'walkthrough' of the key controls confirmed they were designed and operating effectively. Testing of 25 items identified no issues.
Employee remuneration	Employee remuneration accrual understated	We have undertaken the following work in relation to this risk: <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle, and • undertaken walkthrough of the key controls to assess the whether those controls are designed effectively, and • tested a sample of employee payments made in the year. 	Our audit work has not identified any significant issues in relation to the risk identified. In particular we tested 25 payroll transactions and were able to agree these to human resources records and confirm the amounts included in the accounts were correct.

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
<p>Firefighters' pensions benefit payments</p>	<p>Payments to pensioners incorrectly calculated</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls are designed effectively, and • tested a sample of new payments in the year to confirm they are accurately reflected in the pensions system and the accounts. 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p> <p>We were able to verify 25 new pensions coming into payment which we tested as part of our audit.</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
<p>Property, Plant & Equipment</p>	<p>Revaluation measurement not correct</p>	<p>We have undertaken the following work in relation to this risk:</p> <ul style="list-style-type: none"> • documented our understanding of processes and key controls over the transaction cycle • undertaken walkthrough of the key controls to assess the whether those controls are designed effectively • review the process followed to ensure it adequately reflects the valuation of your assets, and • ensure the asset values reflected in the statements of accounts materially reflect the asset valuations undertaken. 	<p>Our audit work has not identified any significant issues in relation to the risk identified.</p> <p>The Authority continued this year with its rolling annual valuation year of 20% of its property portfolio, together with confirmation from the valuer about prevailing market conditions on the whole portfolio. This approach is similar to many other bodies, and we are satisfied that the carrying amount of Property, Plant and Equipment (based on these valuations) does not differ materially from the fair value at 31 March 2014. In our view, however, this 5 yearly rolling programme does not strictly meet the Code's requirement in paragraph 4.1.2.35 to value items within a class of property, plant and equipment simultaneously.</p> <p>This paragraph of the Code, which is based on IAS 16 Property, Plant and Equipment, does permit a class of assets to be revalued on a rolling basis provided that:</p> <ul style="list-style-type: none"> • the revaluation of the class of assets is completed within a 'short period' • the revaluations are kept up to date. <p>This approach is similar to many other bodies and we are satisfied that the carrying value of Property, Plant and Equipment (based on these valuations) does not differ materially from the fair value at 31 March 2014. The valuer has provided relevant assurances in this respect. These are supported by the application of national indices relating to property value movements in recent years. The Authority may wish to consider an alternative approach to valuations to achieve full compliance with the requirements of the Code as currently stated.</p>

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
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 – Pensions valuations – Provisions 	<ul style="list-style-type: none"> The Authority's policies in respect of judgements and estimates are appropriate The Authority relies on appropriately qualified experts as appropriate to provide the information in the accounts The impact on the accounts of any changes to the assumptions made have been disclosed in note 40 of the accounts We make reference to the valuation of land and buildings on page 12. 	
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

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 Authority. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit
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 two criteria specified by the Audit Commission which support our reporting responsibilities under the Code.

These criteria are:

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.

Key findings

Securing financial resilience

We have considered the Authority's arrangements to secure financial resilience against the following themes:

- Financial governance;
- Financial planning; and
- Financial control

Challenging economy, efficiency and effectiveness

We have considered the Council's arrangements to challenge economy, efficiency and effectiveness against the following themes:

- Prioritising resources; and
- Understanding costs

Overall our work highlighted that;

- the Authority has a well developed cycle of operational planning which links clearly to its medium-term financial planning.
- performance reporting includes financial and non-financial performance, providing members with oversight of the Authority's activities.
- 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 £4m in 2014/15, £6.5m in 2014/15 and £7m in 2016/17. The Authority is currently on track to deliver its savings target for 2014/15.
- the Authority delivered savings in excess of the £2.7m in its 2013/14 plan, with net expenditure for the year of £107.4m being £1.1m lower than budgeted. Savings targets were achieved through a number of measures including reductions in payroll costs through changes to the shift duty system.
- as a result of a good financial performance and achieving efficiency plans for the year, the Authority was able to increase general fund balances by £1.5m to £19.1m to assist with future budget pressures and the reduction in grant funding going forward
- through service redesign and efficiencies, the Authority has contained expenditure while achieving high standards of service performance. The arrangements it has in place positions the Authority well to respond successfully to future funding reductions.

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

We set out below our detailed findings against six risk areas which have been used to assess the Authority's performance against the Audit Commission's criteria. We summarise our assessment of each risk area using a red, amber or green (RAG) rating, based on the following definitions:

Green	Adequate arrangements
Amber	Adequate arrangements, with areas for development
Red	Inadequate arrangements

The table below and overleaf summarises our overall rating for each of the themes reviewed:

Theme	Summary findings	RAG rating
Key indicators of performance	<p>The Authority's Corporate Plan (including the Integrated Risk management plan) sets out the key plans and efficiencies intended for the Authority. The medium-term financial plan is included within these documents. The Authority will have delivered £25m revenue savings from 2011/12 to the end of 2014/15, with a further £12m required by 2017/18. As well as continuing to identify savings the Authority is committed to investing in new training facilities and equipment in the medium term to reflect the changing risk profile in Greater Manchester.</p> <p>The Authority holds a good level of cash with £18.4m in short-term investments reflected in the balance sheet at 31 March 2014. The Authority has a low level of borrowing with £4.7m included in the accounts at 31 March 2014. Future capital investment will be financed by a mix of capital reserves and competitive grant funding.</p> <p>The budget is monitored throughout the year, with the position reported to the Budget Management Group and the Policy, Resources and Performance Committee. The mid year report identified no major issues, reflected in the year end outturn which reported a position in line with this budget monitoring.</p> <p>The Authority has good budget monitoring arrangements in place and the year end position was an underspend against the revenue budget of £108.5m. Capital expenditure in 2013/14 was £8.2m. The capital expenditure budget for 2014/15 has increased to £18.3 as a result of the Authority's investing in a new state of the art training facility in Bury.</p> <p>The Authority has a treasury management policy in place and the policy is regularly reviewed. Treasury management performance is regularly reported to the Policy, Resources and Performance committee.</p> <p>Sickness levels for the Authority have remained stable in 2013/14 and are in line with the targets set.</p> <p>The General Fund reserve is £19.2m at end of 2013/14 (£17.6m at end of 2012/13). Other earmarked revenue reserves are £27.5m at the end of 2013/4 (£28.7m at the end of the financial year 2012/13). The minimum level of the general fund reserves was set at £16.9m based on a risk assessment of potential costs to the Authority considered as part of the budget setting in January 2014.</p>	Green

Theme	Summary findings	RAG rating
Strategic financial planning	<p>The MTFP models the financial position up until 2017/18. Similarly the Corporate Plan considers the delivery of the service's key objectives until 2016/17. The recently published updated Strategic Intent document 'Confronting the Future' documents the future challenges facing the Authority and demonstrates their leadership of the service and that the Authority is considering the impact of the service over the medium-term to long term.</p> <p>The Authority also undertakes a detailed analysis of external drivers via its financial modelling analysis, which covers legal, economic, political considerations. The analysis highlights the potential impact on the Authority of various identified changes and the action the Authority has already taken in response to these identified issues.</p> <p>The detailed savings plans of the Authority have been considered as part of the budget. Changes to shift patterns and available pumps will release significant savings for the Authority. VFM reviews will continue throughout the service to identify the level of service required and savings which can be delivered. The Corporate plan is the key driver for service delivery for the Authority. The document sets out the key changes the Authority wishes to make to service delivery including the location of new stations where particular strategic risks have been identified.</p>	Green
Financial governance	<p>The Authority is dependent on a significant amount of central government funding, but has recognised as part of its financial planning that this funding is due to reduce significantly. Members and senior management have a good understanding of the savings that need to be delivered over the medium-term. As well as this the impact of changes to income from precepts and central government funding has been considered as part of the Authority's financial modelling analysis.</p> <p>The Authority's MTFS is included in the IRMP and therefore is consulted upon as part of the same process. This was summarised and reported back to members as part of the finalisation of the IRMP.</p> <p>Information provided to members is of appropriate level and detail for members to provide effective challenge.</p> <p>Reporting of the financial position to members is clear, particularly linking financial and performance reporting. The year end reporting sets out the performance and financial position for each area of the Authority, operational and support services, providing clear information to members about the operation of the organisation.</p>	Green
Financial control	<p>Overall the Authority has robust arrangements in place for setting and monitoring the budget.</p> <p>There have been no significant control issues identified in 2013/14 or prior years relating to the key financial systems of the Authority. The finance team are appropriately resourced reflecting the outcome of the department's VFM review.</p> <p>The internal audit plan for 2013/14 was comprehensively delivered and reported to the June 2014 audit committee together with the Annual Governance Statement.</p> <p>The financial impact of risks is particularly drawn to the attention of members as part of the consideration of the minimum level of general fund reserves. Also there is regular risk reporting to the Audit Committee, with summary reporting to the Policy, Resources and Performance committee.</p>	Green

Theme	Summary findings	RAG rating
Prioritising resources	<p>The Corporate Plan is the key document that links the Authority's strategic objectives with operational delivery. The leadership team has worked hard to engage the public and partners through its consultation process on the Authority's strategy. This is evident, for example on the move to the regional control centre in 2014/15 and proposals in its 'Strategic Intent' and 'Confronting the Future' documents.</p> <p>The medium term financial plan, links clearly to the Corporate Plan which includes operational cost saving measures identified. Key decisions made by the Authority (eg decisions to invest in training facilities and new equipment to make savings) are supported by cost information. There is also an on going process of updating the Authority with progress on key projects.</p> <p>As mentioned, a key consideration for the Authority has been the move to the shared control centre which is designed to deliver savings and provide resilience to the service. The Authority is also reviewing the way it deploys vehicles and is also investing in new fire fighting technology and training facilities, reflecting the changing risk profile of the area.</p>	Green
Improving efficiency & productivity	<p>The Authority's Corporate planning documents set out the understanding the Authority has of its costs. In common with other fire authorities a significant amount of the costs involved are in respect of staff costs. Accordingly efficient staffing has been a focus of the Authority in the medium term. Reviewing the way staff are used has been a key component for savings delivered to date and will continue during the 2014/15.</p> <p>Following reviews from Sir Ken Knight and the LGC the Authority made some minor adjustments its action plans in place to improve efficiency. This is updated, monitored and reported to members.</p> <p>The performance and financial reporting are appropriately linked. Similarly planning through the Corporate plan is clearly linked to the aims of the Authority.</p> <p>The Authority undertakes regular performance reporting. The year end performance report identifies that the majority of targets were met. The average response time to incidents was less than 6 minutes for 2013/14. Over 54,000 dwellings were provided with face to face home safety advice and fire related injuries were reduced by over 39%. The Authority also helped reduce the number of fires in non-domestic properties by 15% and the number of malicious/hoax calls attended by 16%. Deliberate fires did increase from 2012/13, but fire related injuries were reduced from the previous year. Overall performance monitoring undertaken indicates a very positive picture.</p>	Green

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 and confirm there were no fees for the provision of non audit services.

Fees

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

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.

Our communication plan	Audit Plan	Audit Findings
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 B: 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 2014 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 2013/14.

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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 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 2013/14 and applicable law.

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.

We have nothing to report in these respects.

Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources***Respective responsibilities of the Authority and the auditor***

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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 October 2013, 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 2014.

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 October 2013, 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 2014.

Certificate

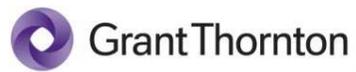
We certify that we have completed the audit of the financial statements of Greater Manchester Fire and Rescue Authority in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mick Waite

Director

for and on behalf of Grant Thornton UK LLP, Appointed Auditor
4 Hardman Square
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M3 3EB

September 2014



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