Essex Police, Fire and Crime Commissioner Fire and Rescue Authority

Annual Audit Letter for the year ended 31 March 2018

August 2018

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Public Sector Audit Appointments Ltd (PSAA) have issued a ‘Statement of responsibilities of auditors and audited bodies’. It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The ‘Terms of Appointment (updated 23 February 2017)’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

01 Executive Summary

Executive Summary

We are required to issue an annual audit letter to Essex Police, Fire and Crime Commissioner Fire and Rescue Authority (the Authority) following completion of our audit procedures for the year ended 31 March 2018.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Authority's: ► Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2018 and of its expenditure and income for the year then ended
► Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts
Concluding on the Authority's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources

Area of Work	Conclusion
Reports by exception: ► Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Authority
► Public interest report	We had no matters to report in the public interest
► Written recommendations to the Authority, which should be copied to the Secretary of State	We had no matters to report
► Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Authority's Whole of Government Accounts return (WGA).	The Authority is below the specified audit threshold of £500 million. Therefore, we did not perform any audit procedures on the consolidation pack

Executive Summary (cont'd)

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Authority communicating significant findings resulting from our audit.	Our Audit Results Report was issued on 19 July 2018
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 30 July 2018

We would like to take this opportunity to thank the Authority's staff for their assistance during the course of our work.

Kevin Suter

Associate Partner

For and on behalf of Ernst & Young LLP

02 Purpose and Responsibilities

Purpose and Responsibilities

The Purpose of this Letter

The purpose of this annual audit letter is to communicate to the Authority and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Authority .

We have already reported the detailed findings from our audit work in our 2017/18 Audit Results Report to the Audit Committee meeting on 27 July 2018 and the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority (PFCCFRA), as those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Authority .

Responsibilities of the Appointed Auditor

Our 2017/18 audit work has been undertaken in accordance with the our Audit Plan dated 13 March 2018 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- Expressing an opinion:
  - On the 2017/18 financial statements; and
  - On the consistency of other information published with the financial statements.
- Forming a conclusion on the arrangements the Authority has to secure economy, efficiency and effectiveness in its use of resources.
- Reporting by exception:
  - If the annual governance statement is misleading or not consistent with our understanding of the Authority;
  - Any significant matters that are in the public interest;
  - Any written recommendations to the Authority, which should be copied to the Secretary of State; and
  - If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Authority is below the specified audit threshold of £500 million. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Authority

The Authority is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement. In the AGS, the Authority reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

03 Financial Statement Audit

Financial Statement Audit

Key Issues

The Authority's Statement of Accounts is an important tool for the Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Authority's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 30 July 2018.

Our detailed findings were presented to the Audit Committee meeting on 27 July 2018.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
Misstatements due to fraud or error The financial statements as a whole are not free of material misstatements whether caused by fraud or error. As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.	We obtained a full list of journals posted to the general ledger during the year, and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested a sample of journals that met our criteria and tested these to supporting documentation. We considered the accounting estimates relating to pensions and property valuations as the most susceptible to bias. We challenged the significant assumptions in the actuarial pension valuation and found no indication of management bias in these estimates. Our work on the property valuations found no material errors in the balances presented within the financial statements. We have not identified any material weaknesses in controls or evidence of material management override. We have not identified any instances of inappropriate judgements being applied. We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business. Overall, our audit work has not identified any material issues, inappropriate judgements or unusual transactions which indicate that there has been any misreporting of the financial position, that revenue or expenditure has been incorrectly recorded or that management has overridden control.
Risk of fraud in revenue and expenditure recognition Auditing standards also required us to presume that there is a risk that revenue and expenditure may be misstated due to improper recognition or manipulation. For Essex Fire, we identified the potential for the incorrect classification of revenue spend as capital as a particular area where there is a risk of misstatement.	We performed sample testing on additions to the property, plant and equipment balance and found that these items met the relevant accounting requirements to be capitalised. Our testing did not identify any expenditure which had been inappropriately capitalised. Overall, our audit work did not identify any material misstatements to indicate that revenue and expenditure had been incorrectly recorded.

Financial Statement Audit (cont'd)

Other Key Findings	Conclusion
Property, plant and equipment valuation The fair value of Property, Plant and Equipment (PPE) represents significant balances in the accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.	We are satisfied that the Authority's expert valuer, Lambert Smith Hampton, has the necessary qualifications and experience. We have undertaken appropriate audit procedures to verify and critically challenge the basis of valuation adopted by the valuer in relation to the Authority's property, focusing in particular on specialised assets, which are valued on a depreciated replacement cost basis, which is a more judgemental valuation basis. Our testing has not identified any material misstatements from inappropriate judgements being applied to the property valuation estimates. We considered the underlying assumptions made by the expert valuer and concluded that the overall valuation estimate was not unreasonable and did not result in a material misstatement of the value of property, plant and equipment.
Pension valuation & disclosures The Code of Practice on Local Authority Accounting and IAS19 requires the Authority to make extensive disclosures within its financial statements regarding the Local Government Pension Scheme (LGPS) in which it is a scheduled body and similar in respect of the Firefighters' Pension Fund. The Authority's current pension fund deficit is a material and sensitive item and the Code requires that this liability be disclosed on the respective balance sheets. The information disclosed is based on the IAS 19 reports issued to the Authority by the actuary to the administering body. Accounting for this scheme involves significant estimation and judgement. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.	We assessed and were satisfied with the competency and objectivity of the Authority's actuary: Barnett Waddingham. EY Pensions team and PwC (Consulting Actuary to the NAO) reviewed the work of the actuary. We challenged the significant movement in the actuarial valuation and found no indication of management bias in this estimate. We have received reports from the Essex Pension Fund Auditor and the EY actuarial team. The report from the Essex Pension Fund Auditor identified material movements in the pension assets and related disclosures, as a result of significant movements in the asset values between the date of the estimates used by the actuary to produce the IAS19 report and the year end. This was notified after the draft statement of accounts were published and Essex Fire and Rescue Authority's share, when apportioned, is £0.91 million, which management have chosen not to adjust. There is no impact on the General Fund. The accounting entries and disclosures are in line with our expectations and the Code.

Financial Statement Audit (cont'd)

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £1.96 million (2016/17: £1.92 million), which is 2% of gross expenditure on provision of services reported in the accounts of £97.9 million. We consider gross expenditure on provision of services to be one of the principal considerations for stakeholders in assessing the financial performance of the Authority. In addition, we determined the Firefighters' Pension Fund materiality to be £0.42 million (2016/17: £0.47m million), based on 2% of the higher of Benefits Payable/Contributions Receivable for the Firefighters' Pension Fund.
Reporting threshold	We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.098 million (2016/17: £0.096 million)

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits; and
- Related party transactions

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

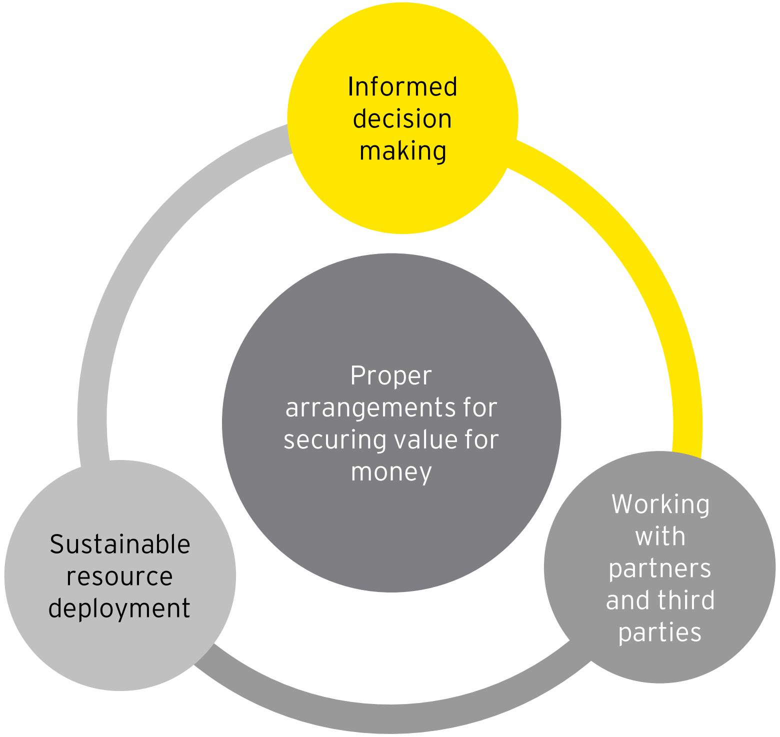
04 Value for Money

Value for Money

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.



We identified two significant risks in relation to these arrangements. The tables below present the findings of our work in response to the risks identified.

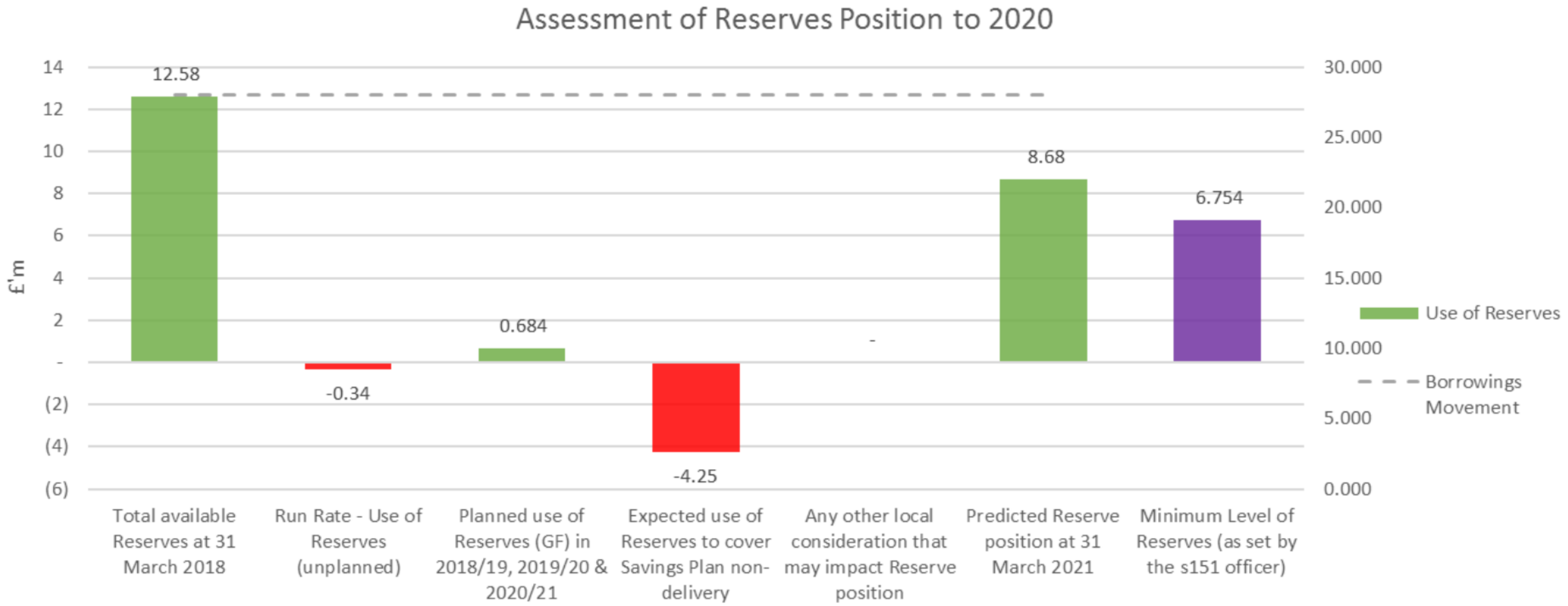
We have performed the procedures outlined in our audit plan. We did not identify any significant weaknesses in the Authority's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We therefore issued an unqualified value for money conclusion on 30 July 2018.

Value for Money (cont'd)

Significant Risk	Conclusion
Financial resilience *(Deploy resources in a sustainable manner)* The Authority faces significant financial challenges with the continued reduction in Revenue Support Grant. We have reviewed the 2018/19 budget and most recent medium term efficiency plans, which indicate that the financial challenge before efficiencies for the three years from 2017/18 to 2019/20 is £10.4 million. Given the scale of the savings needed, there is a risk that savings plans to bridge this gap are not robust and/or achievable. The Authority has recognised this challenge as part of its options for change, through Programme 2020.	In September 2016, the previous Fire Authority approved an efficiency plan for the period to 2019/20 and this was submitted to the Government, which enabled the agreement of the 4 year settlement. The provisional settlement figures for 2017/18 reflected those expected in the efficiency plan. The government also confirmed that funding levels for 2018/19 and 2019/20 will reflect the certainty amounts included within the efficiency plan. The Authority's Efficiency Plan is based on the assumption that Council Tax will increase by 2% annually until 2019/20, with a continued reduction in revenue support grant, which this has been built into the Medium Term Financial Strategy (MTFS) and Programme 2020. The Efficiency Plan also recognises that the financial challenge before efficiencies is £11.3 million from 2017/18 to 2019/20. While savings assumptions have identified savings of £10.6 million over the same period, it is the Authority's intention to use reserves to balance the budget over the short to medium term, while Programme 2020 is being implemented. The Authority is forecasting a surplus position of £0.24 million after efficiency savings by 2019/20, as demonstrated in their MTFS and efficiency plans. The Authority's actual net expenditure outturn position for 2017/18 reported an underspend of £1 million against the current full year budget, demonstrating that the Authority is continuing to manage its expenditure, without significant problems. The Authority intends to hold its General Fund Balance at £6.8 million and earmarked reserves are held to manage uncertainties and support the implementation of Programme 2020. We assessed the Authority's reserves position up to 2020/21. However, we noted that Authority's MTFS and Efficiency Plans do not go beyond 31 March 2020. This is due to the ongoing commitment to follow the decisions taken in developing Programme 2020 and to allow for the transition period for the PFCCFRA to develop his own medium term plans. Our projections to 31 March 2020 are based on the Authority's MTFS, as well as our assessment of historic performance in delivering budgets, which results in an estimated decrease in reserves of £0.34 million due to predicted overspends against future budgets. As set out on page 16, we predict that the level of general fund and earmarked reserves at 31 March 2020 will be £7.31 million, which is above the minimum balance of £6.754 million. Our review of the Authority's MTFS has also concluded that it includes appropriate and prudent assumptions, including planned use of reserves for areas specific to Essex Fire.

Significant Risk	Conclusion
Transfer of governance arrangements *(Working with partners and other third parties)* There has been a change in governance arrangements from 1 October 2017, with the Essex Police and Crime Commissioner taking over governance responsibility of Essex Fire. Now that the new arrangements have commenced, there is a risk that not all aspects have been identified and adequately considered by the PFCC; and outstanding issues and risks have not been addressed through the transfer process.	On 16 February 2017, the PCC for Essex launched a public consultation to change the way Essex County Fire & Rescue Service was governed. In addition to operational benefits of working more closely to deliver blue-light services in Essex, it is estimated that the 10 year Net Present Value (NPV) of potential costs and benefits would be £30.8m. This included £10.1m from sharing estates and £9m from medium and long-term operational collaboration. The consultation period ended on 10 May 2017 and the final version of the Local Business case was submitted to the Home Secretary on 19 May 2017. The business case was approved, the Statutory Order was issued and the new governance arrangements came into effect from 1 October 2017. The transfer of governance means the key change was the dissolution of the former Fire Authority, which was replaced by the PFCCFRA. The PFCCFRA has been involved in many of the key committees prior to the transfer, given the intent to make the change and therefore he had already built up his knowledge of the Fire Authority. At an officer level, there was continuity of the key officers as at the date of change and through to the end of 2017/18, this included the Chief Fire Officer and the Finance Director & Treasurer. New committees have also been established to support the PFCCFRA and provide a scrutiny and challenge role. The PFCCFRA has implemented a new constitution for the new organisation, which provides the overarching arrangement for risk and internal controls. The process for risk management has continued under the new governance arrangements and we have seen evidence of this continuity with the risks being reported to the Audit Committee. Arrangements for financial reporting and monitoring have also continued to be in place throughout the governance change period and transfer to the PFCCFRA.



Our Assessment

In our assessment we considered:

- The Authority's level of savings requirement to balance the General Fund budget in each of the next two years;
- The Authority's planned use of reserves to support the General Fund budget in each of the next two years;
- The Authority's planned use of earmarked reserves over the next two years;
- The Authority's history of delivering savings plans and therefore the potential to call upon reserves to make up a shortfall in future savings plan delivery;
- The Authority's history of over or under spending on the General Fund budget, and the impact this trajectory would have on the use of General Fund reserves; and
- Any other unusual future transactions or reliance upon the commercialisation agenda to derive future income streams, upon which the MTFS is reliant.

We have also looked at the Authority's planned use of borrowing over the same time frame to inform our assessment.

As a result of our assessment, we are satisfied that the General Fund reserve balance at the 31 March 2020 will remain above the approved minimum level.

05 Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts
The Authority is below the specified audit threshold of £500 million. Therefore, we did not perform any audit procedures on the consolidation pack.

Annual Governance Statement
We are required to consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading. We completed this work and did not identify any areas of concern.

Report in the Public Interest
We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Authority or brought to the attention of the public. We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations
We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response. We did not identify any issues which required us to issue a written recommendation.

Other Reporting Issues (cont'd)

Objections Received

We did not receive any objections to the 2017/18 financial statements from members of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Audit Committee meeting on 27 July 2018. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

Our testing of entity level controls did however identify that the HBS system, which is used for recording retained firefighters' hours, does not have any automated controls for segregation duties. This means that the same person can both input and authorise the hours they have worked.

We understand that mitigating detection controls are in place through budget monitoring and management review and challenge of the hours worked.

We understand that this is in contravention of HR policies and that a new system is to be implemented in the future, which will include automated controls.

We raised the same matter in the 2016/17 Audit Results Report and we reiterate our recommendation that existing staff are reminded of the HR policies and that recording and authorisation of hours should be carried out by different people.

06 Data Analytics

Use of Data Analytics in the Audit

Analytics Driven Audit

Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2017/18, our use of these analysers in the Authority's audit included testing journal entries to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our Audit Planning Report.

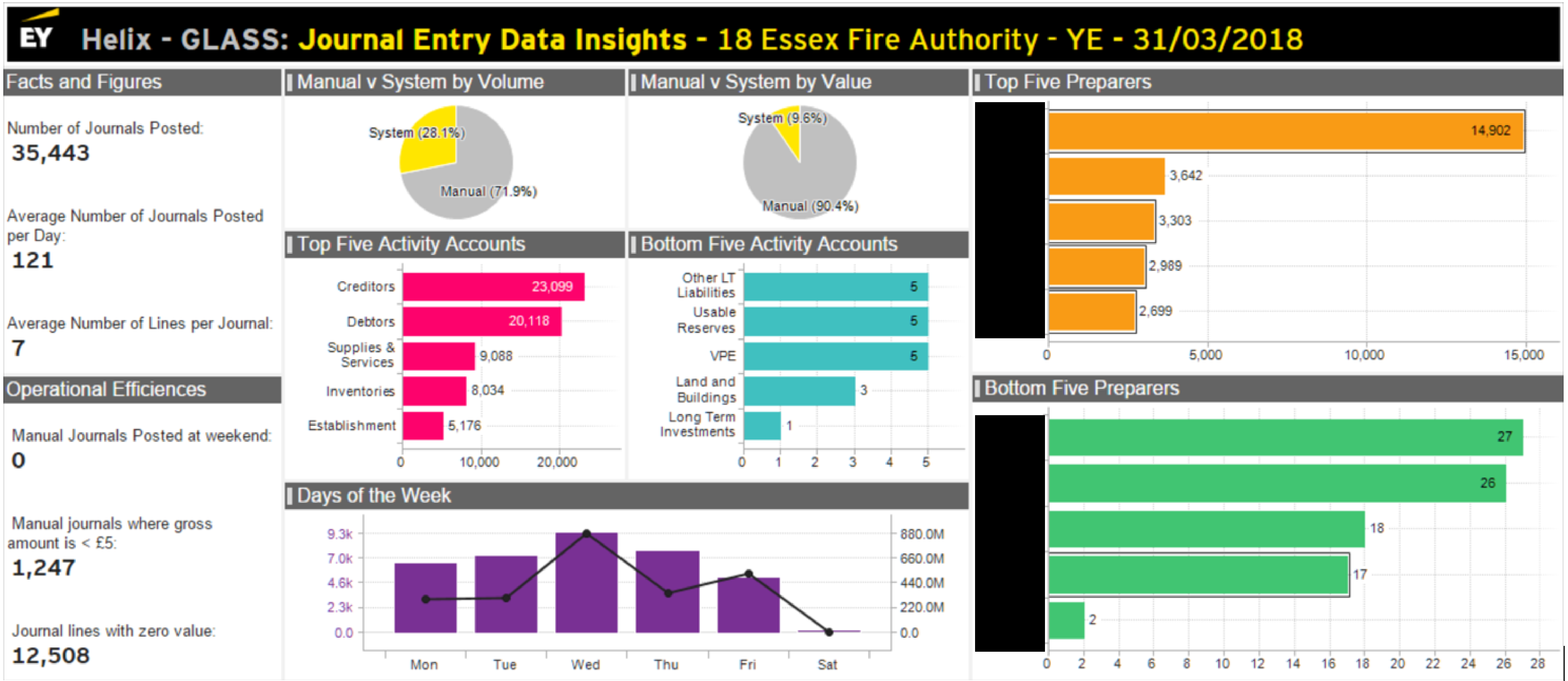
Some of the outputs from this work are shown on the following pages.

Data Analytics

Journal Entry Data Insights

The graphic outlined below summarises the Authority's journal population for 2017/18. We review journals by certain risk based criteria to focus on higher risk transactions, such as journals posted manually by management, those posted around the year-end, those with unusual debit and credit relationships, and those posted by individuals we would not expect to be entering transactions.

The purpose of this approach is to provide a more effective, risk focused approach to auditing journal entries, minimising the burden of compliance on management by minimising randomly selected samples.



Data Analytics (cont'd)

Journal Entry Testing

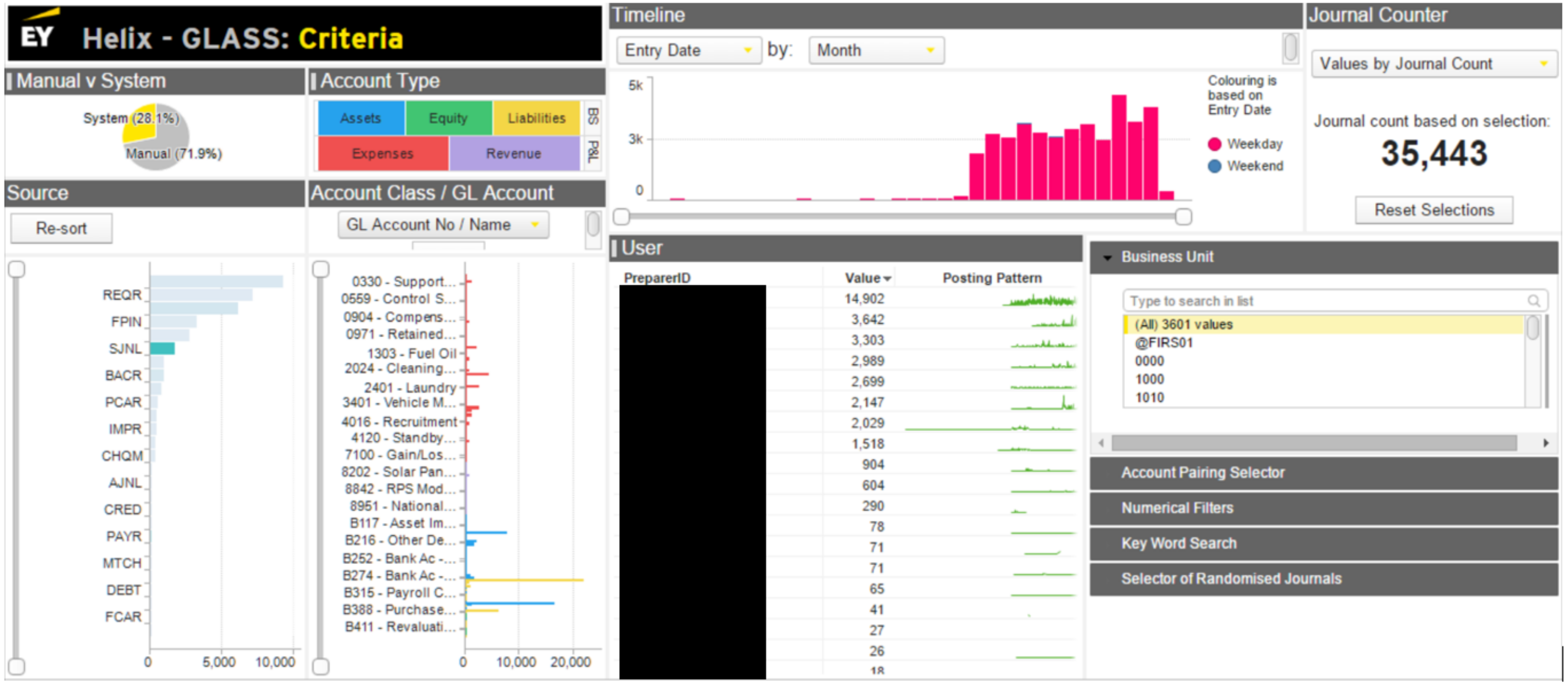
What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.

What judgements are we focused on?

Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.

Journal entry data criteria – Essex Fire and Rescue Authority – 31 March 2018



What did we do?

We obtained general ledger journal data for the period, which comprised all transactions recorded by the Authority.

We have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

What are our conclusions?

We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.

07 Focused on your future

Focused on your future

The Code of Practice on Local Authority Accounting in the United Kingdom introduces the application of new accounting standards in future years. The impact on the Authority is summarised in the table below.

Standard	Issue	Impact
IFRS 9 Financial Instruments	Applicable for local authority accounts from the 2018/19 financial year and will change: ▸ How financial assets are classified and measured; ▸ How the impairment of financial assets are calculated; and ▸ The disclosure requirements for financial assets. There are transitional arrangements within the standard and the 2018/19 Accounting Code of Practice for Local Authorities has now been issued, providing guidance on the application of IFRS 9. In advance of the Guidance Notes being issued, CIPFA have issued some provisional information providing detail on the impact on local authority accounting of IFRS 9, however the key outstanding issue is whether any accounting statutory overrides will be introduced to mitigate any impact.	Although the Code has now been issued, providing guidance on the application of the standard, along with other provisional information issued by CIPFA on the approach to adopting IFRS 9, until the Guidance Notes are issued and any statutory overrides are confirmed there remains some uncertainty. However, what is clear is that the Authority will have to: ▸ Reclassify existing financial instrument assets ▸ Re-measure and recalculate potential impairments of those assets; and ▸ Prepare additional disclosure notes for material items.
IFRS 15 Revenue from Contracts with Customers	Applicable for local authority accounts from the 2018/19 financial year. This new standard deals with accounting for all contracts with customers except: ▸ Leases; ▸ Financial instruments; ▸ Insurance contracts; and ▸ For local authorities; Council Tax and NDR income. The key requirements of the standard cover the identification of performance obligations under customer contracts and the linking of income to the meeting of those performance obligations. Now that the 2018/19 Accounting Code of Practice for Local Authorities has been issued it is becoming clear what the impact on local authority accounting will be. As the vast majority of revenue streams of Local Authorities fall outside the scope of IFRS 15, the impact of this standard is likely to be limited.	As with IFRS 9, some provisional information on the approach to adopting IFRS 15 has been issued by CIPFA in advance of the Guidance Notes. Now that the Code has been issued, initial views have been confirmed; that due to the revenue streams of Local Authorities the impact of this standard is likely to be limited. The standard is far more likely to impact on Local Authority Trading Companies who will have material revenue streams arising from contracts with customers. The Authority will need to consider the impact of this on their own group accounts if the trading company is consolidated in the future.

Focused on your future (cont'd)

Standard	Issue	Impact
IFRS 16 Leases	It is currently proposed that IFRS 16 will be applicable for local authority accounts from the 2019/20 financial year. Whilst the definition of a lease remains similar to the current leasing standard; IAS 17, for local authorities who lease a large number of assets the new standard will have a significant impact, with nearly all current leases being included on the balance sheet. There are transitional arrangements within the standard and although the 2019/20 Accounting Code of Practice for Local Authorities has yet to be issued, CIPFA have issued some limited provisional information which begins to clarify what the impact on local authority accounting will be. Whether any accounting statutory overrides will be introduced to mitigate any impact remains an outstanding issue.	Until the 2019/20 Accounting Code is issued and any statutory overrides are confirmed there remains some uncertainty in this area. However, what is clear is that the Authority will need to undertake a detailed exercise to identify all of its leases and capture the relevant information for them. The Authority must therefore ensure that all lease arrangements are fully documented.

08 Audit Fees

Audit Fees

Our fee for 2017/18 was reported in our Annual Results Report presented to the Audit Committee meeting on 27 July 2018.

Description	Final Fee 2017/18 £	Planned Fee 2017/18 £	Scale Fee 2017/18 £	Final Fee 2016/17 £
Total Audit Fee – Code work	35,625 *	35,625	35,625	35,625

* We anticipate charging an additional fee in 2017/18 to take into account the additional work required to audit the amounts related to the incorrect calculation of Council Tax and Non Domestic Rates and the late revisions to the narrative report.

Any fee increases will be discussed with management and need to be approved by PSAA.

We confirm we have not undertaken any non-audit work outside of the PSAA's requirements.

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ED None

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