



Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	22 July 2020
OFFICER	Mark Hemming, Director of Finance & Assets
LEAD MEMBER	Chairman of Overview and Audit Committee
SUBJECT OF THE REPORT	Letter of Management Representation 2019/20
EXECUTIVE SUMMARY	The Authority is required to consider and sign the letter of representation to Ernst & Young in order for the audit opinion and conclusion to be issued.
ACTION	Noting
RECOMMENDATIONS	That the Letter of Representation be noted.
RISK MANAGEMENT	The results of the audit give reassurance regarding entries in the accounts and value for money arrangements.
FINANCIAL IMPLICATIONS	No direct impact.
LEGAL IMPLICATIONS	The audit of the financial statements is a statutory requirement.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	No direct impact.
PROVENANCE SECTION & BACKGROUND PAPERS	As part of the audit, the Chairman was required to provide a response to Ernst & Young detailing how the Overview and Audit Committee gains assurance from management. A copy of this letter is attached in Annex B.
APPENDICES	Annex A: Letter of Management Representation

	2019/20. Annex B: Understanding how the Overview and Audit Committee gains assurance from management.
TIME REQUIRED	10 minutes
REPORT ORIGINATOR AND CONTACT	Marcus Hussey mhussey@bucksfire.gov.uk 01296 744680



Annex A

Ernst & Young
Apex Plaza
Forbury Road
Reading
RG1 1YE

Our ref: Letter of Representation 2019/20
Enquiries to: Mark Hemming
Direct line: 01296 744687
Date: 22 July 2020
Email: mhemming@bucksfire.gov.uk

Dear Neil,

Buckinghamshire & Milton Keynes Fire and Rescue Authority - Audit for the year ended 31 March 2020

This letter of representations is provided in connection with your audit of the financial statements of Buckinghamshire and Milton Keynes Fire Authority ("the Authority") for the year ended 31/03/2020. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority financial position of **Buckinghamshire and Milton Keynes Fire Authority** as of 31/03/2020 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK and Ireland), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with [the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.



2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.
4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.



3. We have made available to you all minutes of the meetings of the Authority, the Executive Committee and the Overview and Audit Committee held through the year to the most recent meeting on the following date: 05 February 2020.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the period end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

E. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

F. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the narrative statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.



G. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral. All assets to which the Authority has satisfactory title appear in the balance sheet.
2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.
3. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts.

H. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

I. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the **fair value of property, plant and equipment and the IAS19 actuarial valuations of pension liabilities** and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

J. Pension Liability and PPE Valuations Estimate

1. We believe that the measurement processes, including related assumptions and models, used to determine the accounting estimate(s) have been consistently applied and are appropriate in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
2. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
3. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s) are complete and made in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.
4. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements due to subsequent events.



K. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours sincerely,

Director of Finance and Assets and Chief Financial Officer

Chairman of the Overview and Audit Committee



Annex B

Maria Grindley
Director
Ernst & Young LLP
Apex Plaza
Forbury Road
Reading
RG1 1YE

Your ref: 20 BMKFA/TCWG
Enquiries to: Marcus Hussey
Ext no: 177
Direct line: 01296 744680
Date: 22 July 2020
E-mail: mhussey@bucksfire.gov.uk

Dear Maria

Understanding how the Overview and Audit Committee gains assurance from management

I am replying to your letter in my capacity as Chairman of the Overview and Audit Committee in order that you may formally update your understanding of our management processes and arrangements. My responses to your questions are set-out below.

1) How does the Overview and Audit Committee, as 'those charged with governance' at Buckinghamshire and Milton Keynes Fire Authority, exercise oversight of management's processes in relation to:

- Undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments)

Response: As part of the presentation of the Statement of Accounts the Chief Finance Officer (CFO) is required to certify that they present a true and fair view. The CFO will carry out sufficient scrutiny of the accounts and working papers to enable him to reach that view. The Committee is able to question the CFO on any aspect of the accounts to gain additional assurance on this matter.

- Identifying and responding to risks of fraud in Buckinghamshire and Milton Keynes Fire Authority, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, accounts balances, or disclosure for which a risk of fraud is likely to exist

Response: There is a proactive fraud response plan and part of the Internal Audit Plan is allocated to the examination of controls designed to reduce or identify fraudulent behaviour and activity. Internal Audit reports their findings to the Committee on a triannual basis. Members have the opportunity to raise issues and concerns with both responsible officers and Internal Audit

- Communicating to employees its views on business practice and ethical behaviour (for example by updating, communicating and monitoring against the Authority's code of conduct)

Response: The Authority wide Counter-Fraud and Corruption Policy was reviewed and updated in 2018/19 and released to all employees via the internet (see also Whistleblowing

policy below). This policy is approved by the Committee. The Authority has also created an e-Learning module which all employees have access to.

- Encouraging employees to report their concerns about fraud

Response: The Authority wide Whistleblowing Policy was reviewed and updated in 2018/19 and released to all employees via the internet. This policy is approved by the Committee.

- Communicating to you the processes for identifying and responding to fraud or error

Response: The Counter-Fraud and Corruption Policy is approved by the Committee. As Chairman of the Committee I am the counter-fraud champion for the Authority.

- 2) How does the Overview and Audit Committee oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?

Response: The Committee receives quarterly updates from Internal Audit and challenges officers on the achievement of recommendations against the agreed timescales.

- 3) Is the Committee aware of any breaches of, or deficiencies in, internal control; and actual, suspected or alleged frauds during 2019-20?

Response: No

- 4) Is the Committee aware of any organisational or management pressure to meet financial or operating targets?

Response: No

- 5) How does the Committee gain assurance that all relevant laws and regulations have been complied with? Are you aware of any instances of non-compliance during 2019/20?

Response: The Authority has appointed a Monitoring Officer and a Data Protection Officer. The Monitoring Officer has discretion to commission an investigation and/or refer matters to the relevant authorities to investigate. In respect of potential or actual unlawful acts that relate to personal data, the Data Protection Officer has put in place a number of procedural documents which support the protection of information against unlawful disclosure. These include a data breach management process to encourage and instruct the reporting of data breaches, incidents or 'near misses'.

The Overview and Audit Committee is not aware of any instances of non-compliance in 2019/20

- 6) Is the Committee aware of any actual or potential litigation claims that would affect the financial statements?

Response: Yes. A review of potential litigation and claims is carried out by officers as part of the year end closedown process. An assessment is made as to whether these require a provision or contingent liability to be disclosed in order for the financial statements to present a true and fair view. The 2019/20 financial statements contain a number of provisions and contingent liabilities covering a range of events that may impact upon the Authority in subsequent years.

- 7) How does the Committee satisfy itself that is appropriate to adopt the going concern basis in preparing the financial statements?

Response: The circumstances are reviewed by officers against the 'Code of Practice on Local Authority Accounting in the United Kingdom - Guidance Notes for Practitioners'. There is currently no reason to assume that the authority and its functions and services will not continue for the foreseeable future.

- 8) What does the Overview and Audit Committee consider to be the related parties that are significant to the Buckinghamshire and Milton Keynes Fire Authority and what is its understanding of the relationships and transactions with those related parties?

Response: The most significant transaction with a related party is for the provision of a joint control room facility with Royal Berkshire and Oxfordshire fire and rescue services. This, along with all other related party transactions, is disclosed within the Statement of Accounts.

- 9) Does the Overview and Audit Committee have concerns regarding relationships or transactions with related parties and, if so, what is the substance of those concerns?

Response: None

I believe that the answers that I have given will satisfy all your queries but if you need any more information then please do not hesitate to contact me

Yours sincerely

David Carroll

Chairman – Overview and Audit Committee