

## **Report of the Comptroller and Auditor General into the 2010-11 and 2011-12 financial statements of Firebuy Ltd.**

### **Introduction**

Firebuy Ltd was set up in September 2005 as a company limited by guarantee under the provisions of the Fire and Rescue Services Act 2004. The Secretary of State for the Department for Communities and Local Government (the Department) was the only member of the company. Firebuy was also a Non-Departmental Public Body and its main role was to help deliver procurement efficiencies for fire and rescue authorities in England through nationally negotiated contracts with suppliers.

On 14 October 2010, as part of its review of arm's length bodies, the Government announced the closure of Firebuy Ltd. All of Firebuy's procurement functions were transferred to other organisations. The key framework contracts were formally novated to Wiltshire County Council on 31 May 2011, with The Consortium for Purchasing and Distribution Ltd ("The Consortium") managing these on the Council's behalf.

Firebuy Ltd went into Members' Voluntary Liquidation and ceased trading on 13 July 2011.

These financial statements cover events up to the completion of liquidation. They include the transactions relating to the period when Firebuy Ltd was actively trading and transactions which have been processed by the liquidators since trading ceased.

### **Purpose of Report**

The purpose of this Report is to explain the background to the qualification of my audit opinions.

### **Explanation for Qualified Audit Opinions**

Firebuy Ltd went into liquidation without having prepared financial statements for 2010-11 or the short period thereafter in 2011-12. The Department for Communities and Local Government has prepared the accounts from Firebuy Ltd's accounting data. 'Managing Public Money' is clear that when a Non-Departmental Public Body closes, there should be procedures in place to gain independent assurance on key transactions, financial commitments, cash flows and other information needed for the Department (and, in this case, the liquidators) to handle the wind-up effectively. In this instance, Firebuy Ltd did not transfer all of its financial documentation to the Department.

As a result, there are transactions and account balances for which I have been unable to obtain sufficient documentary evidence. Further, there are no longer any Directors or staff of Firebuy Ltd to provide explanations for transactions, adjustments and events that the Department is not in a position to explain. There is, therefore, considerable uncertainty surrounding the accuracy of the financial statements of Firebuy Ltd for both 2010-11 and 2011-12.

Due to these circumstances I have been unable to express an opinion on the financial statements for the financial year 2010-11.

I have also had to limit the scope of my audit opinion for the financial year 2011-12. I am unable to express an audit opinion on the Income and Expenditure figures presented in the financial statements. However, in my opinion, the balance sheet gives a true and fair view of the state of Firebuy Ltd's affairs as at 31 March 2012, as sufficient, appropriate evidence was available to support these balances.

I have not given an opinion on whether expenditure and income in respect of either the year ended 31 March 2011 or the year ended 31 March 2012 have been applied to the purposes intended by Parliament or whether the financial transactions conform to the authorities which govern them. This arose because of the limitations in the evidence available to support the income and expenditure transactions for both years.

### **Conclusion**

The extent of the missing documentation and explanations in relation to Firebuy Ltd's activity is so great that I cannot conclude with sufficient certainty whether the 2010-11 financial statements are free from material error. Similarly, I cannot conclude with sufficient certainty whether the 2011-12 income and expenditure figures are free from material error. However I can conclude that in my opinion, the balance sheet gives a true and fair view of the state of Firebuy Ltd's affairs as at 31 March 2012. I cannot conclude for either year that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and conform to the authorities which govern them. As Firebuy Ltd no longer exists, I have not made any recommendations. The Department has already taken steps to ensure that lessons are learned from this company closure by communicating the problems encountered with Firebuy Ltd to key stakeholders in the Departmental group who are also preparing to face closure issues in relation to other bodies.

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