

Date: 10 January 2025

PRIVATE & CONFIDENTIAL

Those Charged with Governance
Devon & Somerset Fire & Rescue Authority
The Knowle Clyst
St. George
Exeter
EX3 0NW

Dear Sirs and Madams

Devon & Somerset Fire & Rescue Authority ('the Authority') – Audit Completion Report

We are pleased to attach our Audit Completion Report. This report summarises our audit conclusions, highlights the key findings arising from our work and details a number of points that we would like to discuss further with you.

We have initially discussed the contents of our report with management and have incorporated their comments where relevant.

This report is intended to be solely for the information and use of management and those charged with governance of the Authority and should not be shared with anyone beyond the Authority without our prior approval.

We would like to take this opportunity to thank the finance team for the co-operation and assistance afforded to us during the course of the audit.

Kind regards

Yours faithfully

A handwritten signature in black ink that reads "Bishop Fleming LLP." The signature is written in a cursive, flowing style.

BISHOP FLEMING LLP

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1. Executive summary

Status of audit

The scope of our work is set in accordance with the National Audit Office's Code of Audit Practice (the Code) and the International Standards on Auditing (ISAs) (UK). Our work is planned to provide a focused and robust audit. We are required to provide an independent opinion as to whether the financial statements:

- give a true and fair view of the financial position of the Authority at the year end and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Our audit is now complete, subject to the conclusion of usual completion procedures as outlined in section 2. Subject to the satisfactory finalisation of these points, we anticipate issuing an unmodified audit report.

Key audit issues

Within our Audit Plan which was presented to the Audit and Governance Committee in July 2024, we outlined a number of risks that we considered to be of particular significance to the audit. Our plan also detailed our planned approach for addressing each of these risks.

The specific risks highlighted were as follows:

- Management override of controls;
- Fraud in revenue recognition;
- Fraud in expenditure recognition;
- Valuation of land and buildings; and
- Valuation of the pension fund net liability.

Our audit work has been largely completed on each of the above areas, with the exception of some ongoing work on the valuation of land and buildings, and the valuation of the pension fund net liability. This is further detailed in section 2 of this report.

Audit Adjustments

During the course of our work, adjustments were identified and, on agreement of management, were adjusted in the financial statements.

Further adjustments were proposed but not made, as those charged with governance do not consider them to be material to the financial statements. We accept this explanation.

Full details of the adjustments identified are included in section 7 to this report.

Management Letter Points and Internal Control Matters

A number of control points were identified during the course of our work and these are further detailed in section 8 to this report. Of the matters noted, none are considered to have an important effect on your system of internal control.

Value for Money

We are also required to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024. The National Audit Office's Code of Audit Practice requires us to report on the Authority's arrangements under three specified reporting criteria:

- Financial sustainability – how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Authority ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

Our work has not identified any significant weaknesses; see section 9 for more details. The results of the Value for Money work are reported separately in our Auditor's Annual Report.

Independence

The FRC Ethical Standard and ISA 260 requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The aim of these communications is to ensure full and fair disclosure by us to those charged with governance on matters in which you have an interest.

We are not aware of any relationships that, in our professional judgment, may reasonably be thought to bear on our independence or the objectivity of the audit engagement team.

We confirm that in our professional judgment, Bishop Fleming is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff has not been compromised.

We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view. Should you have any specific matters that you wish to discuss, please contact us.

2. Introduction

Responsibilities of the audited body

The audited body is responsible for the preparation of the financial statements and for making available to us all the information and explanations we consider necessary. Therefore, it is essential that it confirms that our understanding of all matters referred to in this report are appropriate, having regard to its knowledge of the particular circumstances.

We would point out that the matters dealt with in this report 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 of Devon & Somerset Fire & Rescue Authority.

In consequence, our work did not encompass a detailed review of all aspects of the system and controls and cannot be relied upon necessarily to disclose possible frauds or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might reveal.

Materiality

In carrying out our audit work we have considered whether the financial statements are free from 'material misstatement'. Materiality is an expression of the relative significance of a particular matter in context of the financial statements as a whole.

In general, misstatements, including omissions, are considered to be material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The assessment of whether a misstatement is material in the context of the financial statements is a matter of professional judgement and will have regard to both the size and the nature of the misstatement, or a combination of both. It is also affected by our perception of the financial information needs of users of the financial statements.

	Basis of materiality	Amount
Devon & Somerset Fire & Rescue Authority Group	2% of gross expenditure	£2,653,000
Devon & Somerset Fire & Rescue Authority	2% of gross expenditure	£2,555,000

The level of materiality is lower for the group and the authority because expenditure in the draft statement of accounts is lower than the budgeted expenditure used to calculate materiality at planning.

Anticipated audit report

Subject to the satisfactory resolution of our completion procedures, we anticipate issuing an unmodified audit report on the financial statements of Devon & Somerset Fire & Rescue Authority for the year ended 31 March 2024.

Representation Letter

The representation letter is attached at Appendix 1.

Update on our planned approach

Our audit work was carried out in accordance with our Audit Plan in response to the perceived audit risks. No matters were identified which required us to change our approach and no additional risks were identified.

Our audit is substantially complete. We are now just completing final audit completion procedures up until sign off of the audit opinion, which includes:

- Final reviews of the accounts, workings papers and clearing final queries in low risk areas (these matters will be resolved by the time of the Audit and Governance Committee).
- To consider post balance sheet events prior to signing
- Approval of the financial statements and receipt of the signed management representation letters

Confidentiality

This document is strictly confidential and although it has been made available to those charged with governance to facilitate discussions, it may not be taken as altering our responsibilities to the Authority arising under the Local Audit and Accountability Act 2014 (the Act) and from the Code of Audit Practice. The contents of this report should not be disclosed to third parties without our prior written consent.

3. Audit and accounts process

The preparation of the financial statements is a vital process for the management of the Authority and one which should be performed on a timely basis. We met with senior officers as part of our planning work to discuss how we would work together to make the audit process effective.

We discussed key accounting issues early, so they could be considered before the audit commenced.

Readiness for audit	<input checked="" type="checkbox"/>
Quality of financial statements	<input checked="" type="checkbox"/>
Accuracy of financial records	<input type="checkbox"/>
Quality of working papers	<input checked="" type="checkbox"/>
Availability of Staff	<input checked="" type="checkbox"/>

Key (Impact on audit approach)

None or limited	<input checked="" type="checkbox"/>
Some impact	<input type="checkbox"/>
Significant impact	<input type="checkbox"/>

We invested significant time into the audit running as smoothly as possible. In addition to carrying out a review of the predecessor auditor's working papers, we also met with Grant Thornton to discuss key issues and ensure we had a clear understanding of the prior year audit. At the start of the audit, we held planning meetings with the finance team. During the final audit, we held regular calls with the finance team, including the Head of Finance. In addition to this, the team had an on-site presence during the final audit visit.

As a result of the investment made by both parties, the audit has generally proceeded smoothly, although some areas have taken longer to audit than we had expected. In particular, our work over the valuation of land and buildings, which was delayed as a result of management having to obtain a full valuation report during the audit. We discuss this further in section 7.

We are keen to continually improve our service and the effectiveness of the process and, therefore, will hold a debrief discussion with management to identify areas where this might be possible.

Readiness for audit

We were provided with a copy of the draft statement of accounts in line with the timetable agreed before the start of the audit and as outlined in our audit plan.

Information requested during the onsite fieldwork was generally provided promptly to our staff. This made the core audit work progress relatively smoothly, although there were delays in some areas. Most notable was in respect of evidence from the Authority's external valuer, which we recognise is not something the Authority can fully control, and was also due in-part to the Authority having to commission a full valuation report during the audit.

Quality of financial statements

We have not identified any significant omissions from the draft financial statements.

The finalisation of the financial statements, for amendments identified during the audit, took slightly longer than we had anticipated, as more than one additional version of the amended accounts were required.

Accuracy of financial records

The majority of the underlying financial records were accurate, agreed to the information provided in the audit file and were easy to understand.

However, our work has identified one material difference in relation to the valuation of properties where management have agreed to process the relevant amendments to their financial statements. This is discussed further in section 5.

Quality of working papers

The quality of the working papers and supporting evidence provided was generally good. There were some minor issues with supporting schedules where information could have been provided in a better format to assist with our testing.

We understand that management have also identified some areas where they would have appreciated greater clarity in the information we were requesting.

Some of these issues are natural for a first year audit, we will continue to work with the authority to ensure that there is greater clarity and hence that this is more efficient next year.

Availability of Staff

Key members of the finance team made themselves available to us throughout the audit where possible. We were kept informed of any instances when staff were not available.

4. Audit risks

Management override of controls

Significant Risk

We are required by auditing standards (ISA 240) to consider fraud and management override of controls to be a significant risk for all audits as no matter how strong a control environment, there is the potential for controls to be overridden or bypassed.

Applies to Group and Authority

Work done and conclusion

To address this risk, we have:

- reviewed the reasonableness of accounting estimates and critical judgements made by management;
- tested journals with a material impact on the results for the year; including estimates over the valuation of land and buildings and valuation of pensions.
- considered a sample of other journals with key risk attributes.

In testing journals, we used data analytics tools to interrogate the whole population of journals posted in the year and focus on those with key risk factors. Some of the output from our data analytics work has been summarised in Section 6 of this report.

We have not identified any material errors from our work carried out.

Fraud in revenue recognition

Significant Risk

There is also a presumption under auditing standards that the risk of fraud in revenue recognition is considered to be a significant risk area.

Applies to Group only

Work done and conclusion

Having considered the risk factors set out in ISA240 and the nature of the revenue streams of the Authority, we have concluded that the risk of fraud arising from revenue recognition for the Authority can be rebutted because:

- There is little incentive to manipulate revenue recognition;
- Opportunities to manipulate revenue recognition are very limited; and
- The culture and ethical framework of local authorities, including Devon & Somerset Fire Authority, mean that all forms of fraud are seen as unacceptable.

We have not rebutted the risk of fraud in revenue recognition at Group level as we cannot draw the same conclusions for the trading income in Red One Limited, where there would be a greater ability to manipulate revenue recognition due to the nature of the transactions. To address this risk we have:

- Performed a detailed review of the component auditor's working papers. In particular, we closely reviewed their work over the significant risk of fraud in revenue recognition, where we did not identify any additional risk to the group financial statements.
- Performed an assessment of the component auditor in line with the requirements of ISA 600.

Red One Ltd.'s financial statements were given an unmodified opinion by their auditor, Albert Goodman, for the financial year ended 31st March 2024.

We have not identified any material errors from our work.

Fraud in expenditure recognition

Significant Risk

Practice Note 10: Audit of Financial Statements and regularity of public sector bodies in the United Kingdom sets out that the risk of fraud related to expenditure is also relevant.

We consider that the risk of fraud at the Authority to be around the cut-off at year end.

Applies to Group and Authority

Work done and conclusion

At the planning stage, we considered whether we have any significant concerns about fraudulent financial reporting of expenditure which would need to be treated as a significant risk for the audit.

We concluded that this was not a significant risk for Devon & Somerset Fire Authority because:

- expenditure is well controlled, and the Authority has a strong control environment; and
- the Authority has clear and transparent reporting of its financial plans and financial position.

We have not identified anything in our audit work that suggests our assessment needed to be updated.

Significant Risk

There is a risk over the valuation of land and buildings due to the high degree of estimation uncertainty, and judgements involved in build valuations.

Applies to Group and Authority.

Work done and conclusion

To address this risk, we have:

- documented our understanding of the processes and controls put in place by management, and evaluate the design of the controls;
- reviewed the instructions provided to the valuer and the valuer's skills and expertise, in order to determine if we can rely on the management expert;
- written to the valuer to confirm the basis on which the valuation was carried out;
- confirmed that the basis of valuation for assets valued in year is appropriate based on their usage;
- reviewed the appropriateness of assumptions used in the valuation of land and buildings. For assets not formally revalued in the year we assessed how management has satisfied itself that these assets are not materially different from the current value at the year-end;
- reviewed accuracy and completeness of information provided to the valuer, such as floor areas;
- tested a sample of revaluations made during the year to ensure that they have been input correctly into the Authority's asset register; and
- form our own expectations regarding the movement in property values and comparing this to the valuations reflected in the Authority's financial statements, following up valuation movements that appear unusual.

We have identified a material difference between the draft valuation and the carrying value of assets in the financial statements. Please see section 5 of this report for further details.

We have not identified any further issues during our work to report to you.

Valuation of the pension fund net liability

Significant risk

Applies to Group and Authority

The Group have staff enrolled in both Firefighters Pension Schemes and a Local Government Pension Scheme, which are both defined benefit schemes. There is a risk over the valuation of the pension fund net liability due to the values involved and the high degree of estimation uncertainty due to the sensitivity of the estimate to changes in key assumptions. To address this risk, we have:

- documented our understanding of the processes and controls put in place by management, and evaluated the design of the controls;
- Reviewed the instructions provided to the actuary and the actuary's skills and expertise, in order to determine if we can rely on them as a management expert;
- Considered the accuracy and completeness of the information provided to the actuary;
- Ensured that the disclosures in the financial statements in respect of the pension fund liability are consistent with the actuarial report from the actuary;
- Carried out procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- Obtained assurances from the auditor of the Devon County Council Pension Fund in respect of the controls around the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the pension fund, and the fund assets valuation in the pension fund financial statements.

We have received the assurance letter from the auditor of the Devon Pension Fund, Grant Thornton. The assurance letter detailed an uncorrected, projected misstatement as the auditor identified a potential understatement of asset valuations. We have calculated the value that would be attributable to Devon & Somerset Fire Authority, and do not consider the impact to be material. We have included it in section 7 below as an unadjusted potential error.

We have also considered whether a material onerous funding liability existed at 31 March 2023, and have confirmed that this does not apply to the Authority as they do not make secondary contributions. See section 5 for more details.

We have not identified any further matters to report as a result of our procedures.

5. Other audit and financial reporting matters

Valuation of land and buildings

During the preparation of the statement of accounts, management obtained an indicative valuation of their land and buildings portfolio. They elected not to commission a portfolio valuation as they did not believe that the movement between years would be material. However, the depreciation charged in-year meant that the difference between the depreciated carrying value and the new valuation was material. As a result, management commissioned the report during the audit and have agreed to adjust the statement of accounts.

We recognise that this issue was the result of a well-intentioned decision by management on the basis that it is a non-cash accounting adjustment that they did not believe to be material. Engaging a valuer for a full report also incurs additional costs to the Authority.

However, as the valuer's indicative report indicated that the valuation of the Authority's portfolio was greater than the carrying value in the accounts by more than our materiality levels that we had communicated to you in our audit plans, we concluded that there was no option allowable under the CIPFA code other than to obtain the full report and adjust the statement of accounts.

Going forward, we will encourage management to raise key accounting decisions ahead of the production of the draft statement of accounts in order to prevent such an issue reoccurring.

Valuation of the LGPS pension

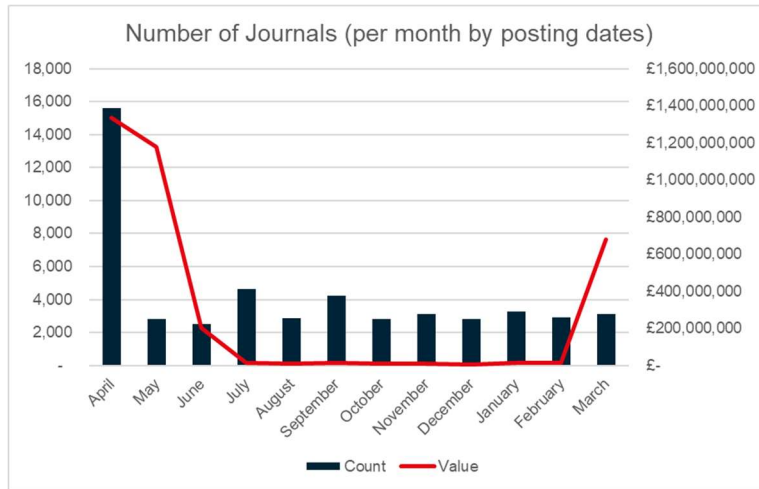
The macro-economic environment has had a significant effect on the actuarial valuation of the Authority's share of the Local Government Pension Scheme, with the net liability reported by the Authority's actuary through the IAS 19 report changing to a net asset position (before adjustments) for the current year. For 2023/24, the initial net position reported by the actuary was a net asset of £6,576k. As pension assets are not "realisable" assets in practice, the pension position has been reduced by the amount of the asset, effectively capping it at zero. The present value of unfunded pension obligations of £181k pushes the final net position into a liability of £181k.

Across the Local Government Sector, accounting surpluses have become more prevalent. IFRIC 14 provides guidance from the International Financial Reporting Interpretations Committee on the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liability needs to be recognised in respect of onerous funding commitments. The sector-wide approach to applying IFRIC 14 has developed over the last year as IAS 19 surpluses are becoming more common. This has resulted in some actuaries revising their approach when producing 'asset ceiling' calculations that adopt the principles set out in IFRIC 14.

On production of the asset ceiling report for the valuation as at 31 March 2024, the Authority's Actuary, Barnett Waddingham, determined that no additional liability should be recognised to reflect an onerous funding commitment that results from some Authorities' commitments to make secondary contributions over the funding horizon period set out at the Triennial Valuation. This sector-wide issue has therefore had no effect on the financial statements of the Authority.

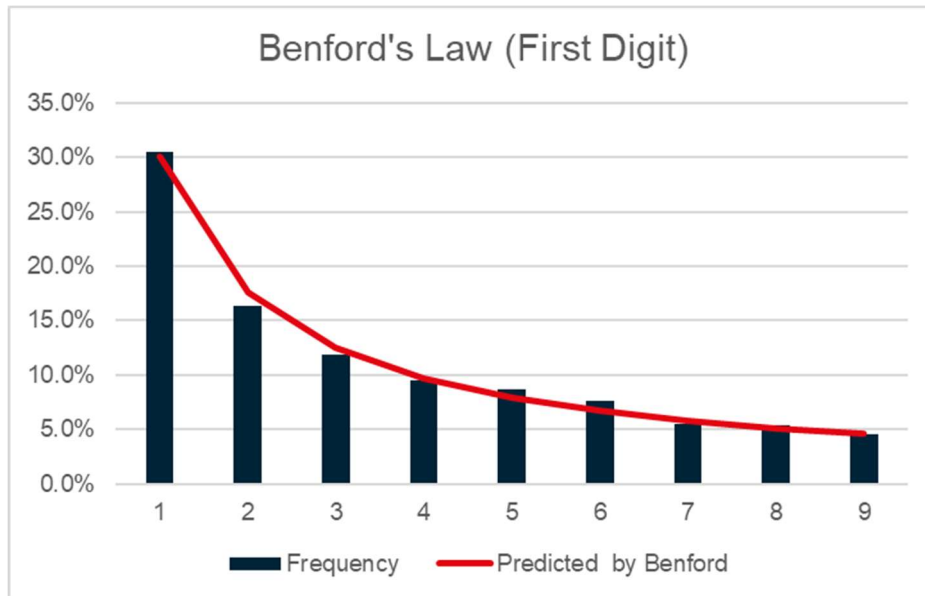
6. Audit Insights

Number of Journals (per months by posting date)



This graph shows the number of individual journal lines and values posted each month. For the majority of the year the number of journals posted each month is largely consistent, with the exception of April, which is where year-end journals are posted. The value of journals posted in March & April is higher due to the posting of opening and closing balances. This is in line with our expectations.

Normality Analysis



Benford's Law states that in a natural collection of numbers, the leading significant digit is likely to be small and follow a logarithmic curve. This is analysed to assess whether there is a heightened risk of fraud due to unusual data being posted that is not in line with what is deemed a normal data set.

From analysing the data set of all journals posted during the year, we noted that, while the dataset largely confirms to expectation, the number six occurs slightly more frequently than others. Upon investigation, we established that there is a regular journals for £6.29 posted in relation to the Suez Waste & Recycling contract.

Key Word Analysis

We have also performed a review of key words contained within journal descriptions that could represent heightened risk of fraud or management override of controls. We did not identify any issues from this review.

7. Audit Adjustments

In accordance with the requirements of International Standards on Auditing, we must communicate all adjusted and unadjusted items identified during our audit work, other than those which we believe to be clearly insignificant.

Adjusted items

All adjusted misstatements are set out in detail below along with the impact on the key statements for the year ended 31 March 2024:

	Comprehensive Income and Expenditure Statement		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Revaluation of land & buildings	308	(4,611)	6,194	(1,891)
Total	308	(4,611)	6,194	(1,891)

Misclassifications and adjustments to disclosures

The table below provides details of any misclassification and disclosure changes identified during the audit.

Misclassification/ Disclosure change	Audit comment	Adjusted?
Misclassification of cash equivalents as short-term investments	Cash equivalents of £150k were recognised under short term investments. This is not material and management have not adjusted for it.	✘
Misclassification of current PWLB loan liabilities as non-current	PWLB loan liabilities of £459k were classified under non-current.	✓

Unadjusted items

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Audit & Governance Committee is required to approve management's proposed treatment of all items recorded within the table below. (These are also set out in the Letter of Representation.)

	Comprehensive Income and Expenditure Statement		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Authority's share of unadjusted errors identified by the auditor of the Devon County Pension Fund	-	(227)	227	-
Total	-	(227)	227	-

8. Management letter points and internal control systems

The Authority's management is responsible for the identification, assessment and monitoring of risk, for developing, operating and monitoring the systems of internal control and for providing assurance to the Those Charged with Governance that it has done so.

In accordance with the terms of our engagement we have not provided a comprehensive statement of all issues which may exist in the accounting and internal control systems or of all improvements which may be made, but outline below our observations arising from the audit; none of which are considered significant.

KEY:



Observations refer to issues that are so fundamental to the system of internal control that management should address immediately to minimise the risk of a material misstatement within the financial statements.




Observations refer mainly to issues that have an important effect on the system of internal control and, if left uncorrected could potentially lead to a material misstatement within the financial statements.




Observations refer to issues that would, if corrected, improve internal control in general and engender good practice, but is unlikely to have a material impact on the financial statements.

Current Year Issues

Land & buildings valuations – Valuation report not obtained or posted.	
The authority elected not to revalue its estate portfolio this year, leading to a misstatement in the accounts as land & building values were understated.	<p><u>Recommendation</u></p> <p>We recommend that the Authority consults auditors and considers external audit materiality before making decisions as to its estates valuation strategy.</p> <p><u>Management comment</u></p> <p>We will ensure a full valuation report is obtained from the valuer each year from now on whilst comparing any difference against the materiality amount set.</p>
The valuer does not perform site visits	
The Authority's land & buildings valuer has never visited any of the sites in the Authority's estates portfolio. This therefore presents a risk that impairments to buildings go undetected.	<p><u>Recommendation</u></p> <p>We recommend that the Authority's instructions to the valuer include visits to a sample of sites, rotated year-on-year.</p> <p><u>Management comment</u></p> <p>The Valuer had visited stations in the past. Our Estates team will identify any issues with building (impairment) as will the station themselves. The cost to achieve this could be fairly high so we will determine if engaging with them to achieve this will gain value for money for the public.</p>

Pensions Data – Lack of Segregation of Duties	
	
The data sent to the actuary with monthly contributions and payroll costs is not reviewed before it is sent. This presents a risk of misstatement if the data provided was inaccurate or incomplete.	<p><u>Recommendation</u></p> <p>We recommend that a review process is implemented before data is sent to the Authority's actuary.</p> <p><u>Management comment</u></p> <p>We will ensure the process is amended to ensure the data is reviewed before being sent to the actuary.</p>

Contract of employment – Unsigned by employee	
	
During our testing of payroll costs, we identified that 8 contracts out of our sample of 40 had not been signed by the employee.	<p><u>Recommendation</u></p> <p>We recommend that all contracts of employment are signed by employees prior to the commencement of employment at the Authority.</p> <p><u>Management comment</u></p> <p>There is a new process in place and this was implemented in September to provide further attempts and assurances around ensuring we get all signed documentation back.</p>

Prior Year Issues – Unresolved

Journals approval	
<p><u>Previous finding</u></p> <p>Our work on journals identified that there is no formal approval process for posting journals, therefore the finance team members who have access to post journals are effectively approving their own entry. The Head of Finance and Senior Accountant complete a review of a sample of journal entries posted twice a year, however this is done retrospectively and is not a preventative control. We recommended that the Authority introduce preventative controls for the approval of journals.</p>	<p><u>2022-23 Management Response</u></p> <p>The Authority continue to accept the risk in this area as with the size of team introducing preventative controls would be unworkable.</p> <p><u>2023-24 Bishop Fleming update</u></p> <p>There is no change to the process. However, we are aware that management are considering how this could be addressed with the implementation of the new finance system.</p> <p><u>2023-24 Management response</u></p> <p>The replacement Finance system will have an authorisation process.</p> <p>Within the new ledger, the levels of authorisation will change so that the Accountants will authorise journals up to a certain amount, the Senior Account will authorise anything that is above the Accountants level, the Head of Finance will authorise anything greater than the Accountants level.</p> <p>The revised system is due to go live Q3 2025.</p>

Journals authorisation	
<p><u>Previous finding</u></p> <p>Our work on journals work noted that there is no authorisation limit on posting journals, therefore journal users are not restricted by the value they post. We recommended implementing a structure/policy on authorisation limits.</p>	<p><u>2022-23 Management Response</u></p> <p>The Authority continue to accept the risk in this area as with the size of team introducing preventative controls would be unworkable.</p> <p><u>2023-24 Bishop Fleming update</u></p> <p>There is no change to the process. However, as noted above, we are aware that management are considering how this could be addressed with the implementation of the new finance system.</p> <p><u>2023-24 update</u></p> <p>The approval process documented above that will be implemented with the new finance system will address this risk.</p> <p>We continue to accept this risk due to the size of the team in the short term.</p>

IFRS 16 transition assessment	
<p><u>Previous finding</u></p> <p>We note that the Authority has made no assessment of the impact of the implementation of IFRS16. This is a significant change that will impact on how the Authority recognises its leases. There are a number of steps to be completed as part of the assessment that can be time consuming. We recommend that the Authority commence its assessment of the impact of IFRS16 implantation.</p>	<p><u>2022-23 Management Response</u></p> <p>Management are aware of the requirement to implement the standard and will be ready for the date of introduction.</p> <p><u>2023-24 Bishop Fleming update</u></p> <p>There is no change to the process. However, as noted above, we are aware that management are considering how this could be addressed with the implementation of the</p> <p><u>2023-24 update</u></p> <p>This piece of work is ongoing. We are aware of the requirement to ensure this is ready.</p>

9. Other matters

Other information

We are required to give an opinion on whether the other information published with the audited financial statements (for example, the Narrative Statement and Annual Governance Statement) is materially inconsistent with the financial statement or our knowledge as obtained during the audit.

We have nothing to report in this respect.

Reporting by exception

We are required to report to you by exception the following matters, if:

- the Annual Governance Statement does not comply with "Delivering Good Governance in Local Government: Framework 2016 Edition" published by CIPFA/SOLACE; or
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report on these matters.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

Going concern

Our work has not identified a material uncertainty related to going concern. We are satisfied that management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Value for money arrangements

We are required to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024. The Code of Audit Practice requires us to report on the Authority's arrangements under three specified reporting criteria:

- Financial sustainability – how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance – how the Authority ensures it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness – how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We asked management to complete an evidenced self-assessment of the Authority's arrangements. We then reviewed the evidence provided and carried out follow-up work as appropriate to consider whether there are any significant weaknesses in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources.

We have not identified any significant weaknesses and the results of the Value for Money work are reported separately in our Auditor’s Annual Report.

Whole of Government accounts work

Alongside our work on the financial statements, we also review and report to the National Audit Office on the Authority’s Whole of Government Accounts (WGA) return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have received group instructions from the National Audit Office in respect of our work on the WGA submission and will complete this work alongside the conclusion of our audit work.

Audit certificate

At the end of the audit, as auditors, we are required to certify the completion of the audit. The effect of this certificate is to close the audit and marks the point when the auditor’s responsibilities in respect of the audit of the period covered by the certificate have been discharged.

We will be unable to issue our audit certificate alongside the auditor’s opinion on the accounts until we have received confirmation from the NAO that no additional work (beyond submission of the Assurance Statement) will be required in respect of the Whole of Government Accounts exercise.

Audit fees

Our final fee for the 2023/24 audit is set out below:

	Fee proposed at planning stage (£)	Final fee (subject to approval by PSAA) (£)
PSAA scale fee 2023/24	£103,738	£103,738
Fee variation for additional procedures in relation to revisions to ISA 315	TBC	£8,500
Fee variation for additional first year procedures in relation to PFI	N/A	£4,000
Delays and additional costs as a result of PPE valuation needing to be processed after the start of the audit.		£2,500
Total (excluding VAT)	TBC	£118,738

The fees for work to comply with ISA 315 will be baked into the PSAA scale fee from 2024/25 onwards.

We can confirm that we have not undertaken any non-audit work at the Authority during the year.

Appendices



1. Letter of representation

Bishop Fleming LLP
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
Devon
PL4 0BN

[Date]

Dear Sirs and Madams

Devon & Somerset Fire & Rescue Authority

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the Devon & Somerset Fire & Rescue Authority (the Authority) financial statements (and its subsidiary undertaking) for the year ended 31 March 2024. These enquiries have included inspection of supporting documentation where appropriate, and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

1. General

We have fulfilled our responsibilities for the preparation of the group and Authority's financial statements in accordance with International Financial Reporting Standards and the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) and applicable law and for being satisfied that they give a true and fair view and for making accurate representations to you.

All the transactions undertaken by the group and the Authority have been properly reflected and recorded in the accounting records.

All the accounting records have been made available to you for the purpose of your audit of the group and the Authority. We have provided you with unrestricted access to all appropriate persons within the Authority, and with all other records and related information requested, including minutes of all Authority and Committee meetings.

The financial statements are free of material misstatements, including omissions.

The effects of uncorrected misstatements (as set out in the appendix to this letter) are immaterial both individually and in total [*Appendix to be extracted from section 7 above*]

2. Internal control and fraud

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe that we have appropriately fulfilled these responsibilities. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud.

We have disclosed to you all instances of known or suspected fraud affecting the group and the Authority involving management, employees who have a significant role in internal control or others where fraud could have a material effect on the financial statements.

We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the group and the Authority's financial statements communicated by current or former employees, analysts, regulators or others.

3. Assets and liabilities

The group and the Authority has satisfactory title to all assets and there are no liens or encumbrances on the group and the Authority's assets, except for those that are disclosed in the notes to the financial statements.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include PPE valuations & pension liability valuations.

All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.

We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.

4. Accounting estimates

The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

5. Legal claims

We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

6. Laws and regulations

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

We confirm that all correspondence with our Regulators has been made available to you.

7. Related parties

Related party relationships and transactions comply with the Authority's financial regulations, relevant requirements of the Code and have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with regulatory, legislative and accounting standards requirements.

8. Subsequent events

All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

9. Going concern

We believe that the group and the Authority's financial statements should be prepared on a going concern basis on the grounds that the financial reporting framework applicable to local government bodies means that the anticipated continued provision of entity's services in the public sector is normally sufficient evidence of going concern. We have not identified any material uncertainties related to going concern.

10. Annual Governance Statement

We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

11. Narrative Report

The disclosures within the Narrative Report fairly reflect our understanding of the group and the Authority's financial and operating performance over the period covered by the Authority's financial statements.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.

We have taken all the appropriate steps in order to make ourselves aware of any relevant audit/ other information and to establish that you are aware of that information.

Yours faithfully

.....

Signed on behalf of the Audit & Governance Committee of Devon & Somerset Fire & Rescue Authority

[Date]

Appendix 1- Uncorrected misstatements

Misclassifications and adjustments to disclosures

The table below provides details of any misclassification and disclosure changes identified during the audit.

Misclassification/ Disclosure change	Audit comment	Adjusted?
Misclassification of cash equivalents as short-term investments	Cash equivalents of £150k were recognised under short term investments. This is not material and management have not adjusted for it.	x

Unadjusted items

The table below provides details of adjustments identified during the 2023/24 audit which have not been made within the final set of financial statements. The Audit & Governance Committee is required to approve management's proposed treatment of all items recorded within the table below. (These are also set out in the Letter of Representation.)

	Comprehensive Income and Expenditure Statement		Balance sheet	
	Dr	Cr	Dr	Cr
	£'000	£'000	£'000	£'000
Authority's share of unadjusted errors identified by the auditor of the Devon County Pension Fund	-	(227)	227	-
Total	-	(227)	227	-

2. Required communications with the Audit & Governance Committee

Under the auditing standards, there are certain communications that we must provide to the Audit & Governance Committee as those charged with governance. These include:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and those charged with governance.	Audit Plan
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Plan
With respect to misstatements: <ul style="list-style-type: none"> • uncorrected misstatements and their effect on our audit opinion; • the effect of uncorrected misstatements related to prior periods; • a request that any uncorrected misstatement is corrected; and • in writing, corrected misstatements that are significant. 	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none"> • enquiries of those charged with governance to determine whether they have a knowledge of any actual, suspected or alleged fraud affecting the entity; • any fraud that we have identified or information we have obtained that indicates that fraud may exist; and • a discussion of any other matters related to fraud. 	Audit Completion Report Discussions at Audit & Governance Committees
Significant matters arising during the audit in connection with the entity's related parties.	Audit Completion Report
Significant findings from the audit including: <ul style="list-style-type: none"> • our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures; • significant difficulties, if any, encountered during the audit; • significant matters, if any, arising from the audit that were discussed with management; • written representations that we are seeking; • expected modifications to the audit report; and • other matters significant to the oversight of the financial reporting process or otherwise identified during the audit that we believe will be relevant to the Committee when fulfilling their responsibilities. 	Audit Completion Report
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations	Audit Completion Report Discussions at Audit & Governance Committees
Significant matters in relation to going concern.	Audit Completion Report
Indication of whether all requested explanations and documents were provided by the entity.	Audit Completion Report
Confirmation of independence and objectivity of the firm and engagement team members.	Audit Plan Audit Completion Report



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