



The Audit Findings for Devon and Somerset Fire and Rescue Authority

Year ended 31 March 2020

05 November 2020



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Your key Grant Thornton
team members are:

Barrie Morris

Key Audit Partner

T: 0117 305 7708

E: barrie.morris@uk.gt.com

Aditi Chandramouli

Manager

T: 0117 305 7643

E: Aditi.Chandramouli@uk.gt.com

Oscar Edwards

Associate

T: 0292 034 7607

E: Oscar.r.Edwards@uk.gt.com

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Headlines

This table summarises the key findings and other matters arising from the statutory audit of Devon and Somerset Fire and Rescue Authority ('the Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2020 for those charged with governance.

<p>Covid-19</p>	<p>The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Authority, and measures have been put in place to respond to this, including increased home-working for its support staff and restricted access to stations to station personnel only. The Authority have been closely monitoring the Government response to coronavirus and have been making changes to the way services are delivered to protect frontline services. The Authority also updated their business continuity plans in order to respond efficiently to the Covid-19 pandemic during March and April 2020.</p> <p>Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020, with the date for the audited financial statements deferred until 30 November 2020.</p>	<p>We updated our audit risk assessment to consider the impact of the pandemic on our audit and issued an audit plan addendum on 15 April 2020. In that addendum we reported an additional financial statement risk in respect of Covid -19 and highlighted the impact on our VfM approach. Further detail is set out on page 6.</p> <p>Restrictions for non-essential travel has meant both Authority and audit staff have had to undertake the audit remotely. This has included use of video conferencing and sharing screens to remotely view financial systems. The main challenge was around verifying the completeness and accuracy of information produced by the entity. The Authority has engaged with us proactively to ensure that our requirements have been met.</p>
<p>Financial Statements</p>	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Authority's financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of Authority and its income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Statement of Assurance and Narrative Report) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work was completed remotely during June to August 2020. Our findings are summarised on pages 7 to 13. We have not identified any adjustments to the financial statements that have resulted in an adjustment to the Authority's Comprehensive Income and Expenditure Statement. However, we have identified a number of other audit adjustments, which are detailed in Appendix C. We have not raised any recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.</p> <p>Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion (Appendix E) or material changes to the financial statements, subject to the outstanding matters set out on Page 5 of this report.</p> <p>We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation. The financial statements we have audited is up until 31 March 2020 which was at the very beginning of the outbreak of the Covid-19 coronavirus pandemic.</p> <p>Our anticipated audit report opinion will be unqualified, but includes an Emphasis of Matter paragraph highlighting a material uncertainty with regards to the valuation of land and buildings, and the valuation of the Authority's share of the Pension Fund's property assets, as reported in the Authority's financial statements.</p>

Headlines

This table summarises the key findings and other matters arising from the statutory audit of Devon and Somerset Fire and Rescue Authority ('the Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2020 for those charged with governance.

Value for Money arrangements	Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VFM) conclusion').	We have completed our risk based review of the Authority's value for money arrangements. We have concluded that Devon and Somerset Fire and Rescue Authority has proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19. We therefore anticipate issuing an unqualified value for money conclusion, as detailed in Appendix E. Our findings are summarised on pages 17 to 19.
Statutory duties	The Local Audit and Accountability Act 2014 ('the Act') also requires us to: <ul style="list-style-type: none"> • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • to certify the closure of the audit. 	We have not exercised any of our additional statutory powers or duties. We have completed the majority of work under the Code and expect to be able to certify the completion of the audit when we give our audit opinion.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times. We have worked flexibly with your finance team to complete the audit in the most effective way, initially working on an incomplete draft of the financial statements, received on the 8 June 2020, whilst the Authority awaited final information from its partner organisations. This enabled us to commence the majority of audit work and complete testing whilst the final version was being compiled. We received the final complete version of the financial statements on 30 July 2020 which we then reconciled to the initial draft version. Whilst we encountered some delays in receiving evidence in relation to the valuation of land and buildings, this was due to the department's heightened responsibilities as a result of Covid-19, and the finance team liaised with the relevant department and the audit team to ensure that the quality of the evidence was appropriate.

Audit approach

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Authority's business and is risk based, and in particular included:

- an evaluation of the Authority's internal controls environment, including its IT systems and controls; and
- substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have had to alter our audit plan, as communicated to you on 15 April 2020 to reflect our response to the Covid-19 pandemic.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit and Performance Review Committee meeting on 19 November 2020, as detailed in Appendix E. These outstanding items include:

- completion of our detailed sample testing of the valuation of fixed assets;
- testing of Council Tax and NDR Income;
- review of disclosure notes in relation to financial instruments, and provisions;
- review of responses to queries on a small number of areas, such as grants, and debtors;
- receipt and review of Pension Fund Auditor assurances;
- Resolution of queries in relation to the McCloud judgment and the Goodwin case;
- receipt and review of Annual Statement of Assurance; and
- receipt of management representation letter.

Materiality

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan. We detail in the table below our determination of materiality for Devon and Somerset Fire and Rescue Authority.

	Authority Amount	Qualitative factors considered
Materiality for the financial statements	£1.85m	This equates to 2% of your 2019/20 gross expenditure for the year. This was determined as the appropriate benchmark for determining materiality. Our knowledge of the environment at Devon and Somerset Fire and Rescue Authority has led us to the conclusion that the risk of fraud is low, hence 2% is deemed an appropriate percentage to apply to the benchmark. This is consistent with that reported in our Audit Plan in February 2020.
Performance materiality	£1.39m	This equates to 75% of materiality. This is consistent with that reported in our Audit Plan in February 2020.
Trivial matters	£93k	ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. This is consistent with that reported in our Audit Plan in February 2020.
Materiality for senior officers' remuneration	£20k	Senior Officers' Remuneration is a balance which require a lower materiality due to its sensitive nature. This is consistent with that reported in our Audit Plan in February 2020.

Significant audit risks

Risks identified in our Audit Plan

Auditor commentary

Covid- 19

We have performed the following work in relation to this risk:

- worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided on 8 June 2020 with some notes incomplete due to awaiting third party information. The final draft set of financial statements were received on 30 July 2020 once this information was obtained;
- liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Authority's property valuation expert;
- evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic;
- evaluated whether sufficient audit evidence could be obtained through remote technology;
- evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations; and
- evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment.

Our audit work has not identified any issues in respect of the Covid-19 risk.

The revenue cycle includes fraudulent transactions (rebutted)

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition 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 frameworks of fire authorities, including Devon and Somerset Fire and Rescue Authority, mean that all forms of fraud are seen as unacceptable.

Therefore we do not consider this to be a significant risk for the Authority.

There have been no changes to our assessment as reported in our Audit Plan.

Significant audit risks

Risks identified in our Audit Plan	Auditor commentary
Management override of controls	<p>We have performed the following work in relation to this risk:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals; analysed the journals listing and determined the criteria for selecting high risk unusual journals; tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration; gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence; and evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>Our audit work has not identified any issues in respect of management override of controls</p>
Valuation of land and buildings	<p>We have performed the following work in relation to this risk:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; evaluated the competence, capabilities and objectivity of the valuation expert; wrote to the valuer to confirm the basis on which the valuations were carried out; challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Authority's valuer's report and the assumptions that underpin the valuation; tested, on a sample basis, revaluations made during the year to ensure they have been input correctly into the Authority's asset register; and as a result of the Covid-19 pandemic, management's expert reported the valuations on the basis of material valuation uncertainty. We reviewed the valuations in line with market trends, and challenged any valuations that were not in line with trends. <p>As a result of the Estates department's need to prioritise the Authority's Covid-19 response and the increase in audit evidence required from the Estates team as a result of both the pandemic and increased audit work on valuations, there was a significant delay in obtaining some of the information that we had requested. We also encountered delays in obtaining evidence from management's expert. This has resulted in our audit work taking longer in this area, however this is now complete. Our testing identified one asset where the floor areas provided to the valuer were different to the floor plans. This led to the asset value being overstated. We have extrapolated the impact of this error across the population, resulting in an overstatement of Land and Buildings of £367k, with a corresponding overstatement of the Revaluation Reserve. As this is an extrapolation, we would not expect the Fire Authority to make an adjustment to the accounts. This has been reported as an unadjusted misstatement at Appendix C.</p> <p>The management's expert has disclosed a material uncertainty with regards to the valuations and we have undertaken additional work as a result of this, as set out above. This will result in the audit report including an emphasis of matter, highlighting this material uncertainty.</p> <p>Apart from the matters set out above, no issues have been identified in respect of this risk.</p>

Significant audit risks

Risks identified in our Audit Plan

Auditor commentary

Valuation of pension fund net liability

We have performed the following work in relation to this risk:

- updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertaken 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 – this involved challenging the actuary to obtain additional information to corroborate some assumptions which were slightly outside the ranges advised by our consulting actuary; and
- requested that the Fire Authority obtain a revised IAS19 report from the actuary as a result of the McCloud/Sargeant judgment and the consultation around the remedy published in July 2020. The revised report showed that the original net pension liability for 2019-20 was overstated by £2.2m. The Fire Authority has included this as a non-adjusting post balance sheet event in line with IAS 10.

We are awaiting assurances from the auditor of Devon Pension Fund as to the controls surrounding 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.

Our audit work in this area is still ongoing as we await the resolution of queries in relation to the McCloud and Goodwin judgments, and receipt of the Pension Fund auditor assurances

Significant findings – other issues

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant control deficiencies identified during the year.

Issue	Auditor view
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IFRS 16 implementation has been delayed by one year	
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Although the implementation of IFRS 16 has been delayed to 1 April 2021, audited bodies still need to include disclosure in their 2019/2020 statements to comply with the requirement of IAS 8 para 31. As a minimum, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases.	We have reviewed the disclosures included within the accounting policies in relation to the deferral of IFRS 16, and consider them to be appropriate.
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Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Land and Buildings – Other - £102.66m	<p>Other land and buildings comprises £102.66m of specialised assets namely the fire stations, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The Authority has engaged Norfolk Property Services to complete the valuation of properties as at 31 March 2020. All of the assets were revalued during 2019/20.</p> <p>In line with RICS guidance, the Authority's valuer disclosed a material uncertainty in the valuation of the Authority's land and buildings at 31 March 2020 as a result of Covid-19. The Authority has included disclosures on this issue within their Accounting Policies.</p> <p>The valuation of properties valued by the valuer has resulted in a net increase of £0.91m. The Authority has moved away from the five year rolling programme of revaluations in order to ensure that all revalued assets falling under the same class are assessed at the same time.</p>	<ul style="list-style-type: none"> We reviewed management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work. We then considered the competence, expertise and objectivity of the valuer in their capacity as the management experts. We reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding and challenged key assumptions where appropriate. We undertook testing on a sample basis to corroborate the source data used by the valuer to data held by the Estates Team We tested revaluations made during the year to ensure they are input correctly into the asset register and subsequently recorded in the financial statements. Our testing identified one asset where the floor areas provided to the valuer were different to the floor plans. This led to the asset value being overstated. We have extrapolated the impact of this error across the population, resulting in an overstatement of Land and Buildings of £367k, with a corresponding overstatement of the Revaluation Reserve. As this is an extrapolation, we would not expect the Fire Authority to make an adjustment to the accounts. This has been reported as an unadjusted misstatement at Appendix C. <p>Apart from the matters identified above, we have no additional matters to bring to your attention in respect of this estimate.</p>	<p style="text-align: center;">● Green</p>

Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment																								
Net pension liability – £729.884m	<p>The Authority's total net pension liability at 31 March 2020 is £729.884m (PY £785.502m) which includes both the Devon Pension Fund Local Government and the Firefighters unfunded defined benefit pension scheme obligations. The Authority uses Barnett Waddingham to provide actuarial valuations of the Authority's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £67.492m net actuarial gain during 2019/20.</p>	<ul style="list-style-type: none"> We identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We also assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. This included gaining assurances over the data provided to the actuary to ensure it was robust and consistent with our understanding. No issues were identified from our review of the controls in place. We also evaluated the competence, expertise and objectivity of the actuary who carried out your pension fund valuations and gained an understanding of the basis on which the valuations were carried out. This included undertaking procedures to confirm the reasonableness of the actuarial assumptions made. <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.35%</td> <td>2.35%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>1.85%</td> <td>1.85% - 1.95%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>2.85%</td> <td>2.85%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>22.9</td> <td>21.4 – 23.3</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>24.1</td> <td>23.7 - 24.7</td> <td>●</td> </tr> </tbody> </table> <ul style="list-style-type: none"> We checked the consistency of the pension fund asset and liability and disclosures in notes to the financial statements with the actuarial reports and did not identify any inconsistencies. We requested that the Fire Authority obtain a revised IAS19 report from the actuary as a result of the McCloud/Sargeant judgment and the consultation around the remedy published in July 2020. The revised report showed that the original net pension liability for 2019-20 was overstated by £2.2m. The Fire Authority has included this as a non-adjusting post balance sheet event in line with IAS 10. 	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.35%	2.35%	●	Pension increase rate	1.85%	1.85% - 1.95%	●	Salary growth	2.85%	2.85%	●	Life expectancy – Males currently aged 45 / 65	22.9	21.4 – 23.3	●	Life expectancy – Females currently aged 45 / 65	24.1	23.7 - 24.7	●	<p>●</p> <p>Green</p>
Assumption	Actuary Value	PwC range	Assessment																								
Discount rate	2.35%	2.35%	●																								
Pension increase rate	1.85%	1.85% - 1.95%	●																								
Salary growth	2.85%	2.85%	●																								
Life expectancy – Males currently aged 45 / 65	22.9	21.4 – 23.3	●																								
Life expectancy – Females currently aged 45 / 65	24.1	23.7 - 24.7	●																								
Assessment	<p>Our audit work in this area is still ongoing as we await the resolution of queries in relation to the McCloud and Goodwin judgments, and receipt of the Pension Fund auditor assurances.</p>																										

● We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated

● We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic

● We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious

● We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary

Management’s assessment process

- Management have prepared a paper which contains a review of the financial position as at 31 March 2020 alongside an assessment of the ability of the Authority to continue operating for the foreseeable future.
- Management have also prepared a cash flow forecast from April 2020 to September 2021, which shows that the cashflows over this period are sustainable.
- Management have considered the impact of Covid-19 on the Authority’s ability to continue as a going concern, and have factored this into their medium term financial planning.
- In making their assessment, management have considered the Authority’s reserves, liquidity, capital expenditure as well as assumptions about income and expenditure over the next few years.

Auditor commentary

- Management’s assessment of the use of the going concern basis of accounting is appropriate
- The cashflow projections and medium term financial planning projections are based on prudent assumptions about future income
- The disclosures in the accounts are considered appropriate

Work performed

- We have reviewed management’s assessment and cashflow projections in arriving at the conclusion that the Authority is a going concern, and reviewed the disclosures in the narrative report and financial statements.
- We have also reviewed the Medium Term Financial Plan to 2024/25, and the 2020-21 Budget and are satisfied that the Going Concern basis is appropriate for the 2019-20 financial statements

- We have not identified a material uncertainty in relation to management’s assessment of the use of the going concern basis of accounting
- We consider this to be appropriate

Concluding comments

Our audit opinion will be unmodified in respect of going concern.

Other matters for communication

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Auditor commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Performance Review Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Authority, which is included in the Audit and Performance Review Committee papers.
Confirmation requests from third parties	<ul style="list-style-type: none"> • We requested permission from management to send confirmation requests for bank and investment balances. This permission was granted and the requests were sent. Two of these requests were not returned, and hence we undertook alternative audit procedures to gain sufficient assurances that these balances were appropriate. • We requested permission from management to send confirmation requests to the pension fund auditor. This permission was granted and the requests were sent. We have not yet received the final response from the pension fund auditor but are liaising regularly with them whilst they complete their work. We will require this assurance prior to issuing our opinion. • We requested permission from management to send requests to the valuer. This permission was granted and the requests were sent. We have not yet received the final response from the valuer and will require this prior to issuing our opinion.
Disclosures	Our review identified a number of disclosure changes within the draft financial statements. See page 23 for further details.
Audit evidence and explanations/significant difficulties	<ul style="list-style-type: none"> • All information and explanations requested from management were provided. • We would like to reiterate our appreciation for the assistance provided by the finance team and other staff during our audit.

Other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Statement of Assurance and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Our work in this area is substantially complete, subject to the resolution of an outstanding query on the Narrative Report. Our work in relation to the Annual Statement of Assurance is on hold as we await the receipt of this report.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception:</p> <ul style="list-style-type: none"> • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit. • If we have applied any of our statutory powers or duties. <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions for our local government clients. However, as the Authority does not exceed the threshold, we are not required to complete this work for the Authority.</p>
Certification of the closure of the audit	<p>We intend to certify the closure of the 2019/20 audit of Devon and Somerset Fire and Rescue Authority in the audit report, as detailed in Appendix E.</p>

Value for Money

Background to our VFM approach

We are required to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Authority. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single criterion for auditors to evaluate:

“In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.”

This is supported by three sub-criteria, as set out below:

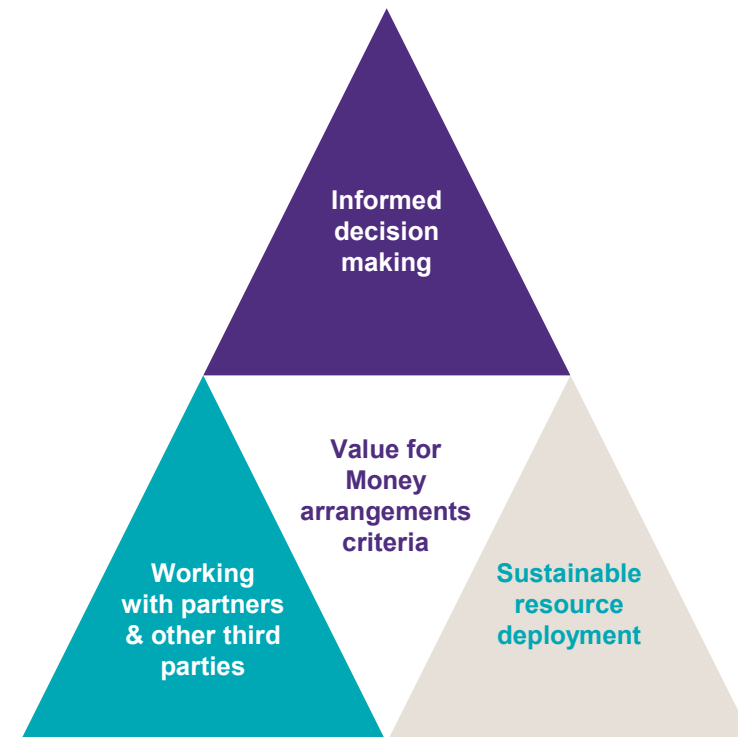
Risk assessment

We carried out an initial risk assessment in February 2020 and identified one significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated February 2020

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We have not identified any new VFM risks in relation to Covid-19. We do not consider Covid-19 to be a significant risk given the date of the pandemic. We have, however reviewed the updated medium term financial plan produced by the Authority, taking into account the impacts of Covid-19 on scenario planning.

We carried out further work only in respect of the significant risk we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.



Value for Money

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Authority's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Authority's arrangements. In arriving at our conclusion, our main considerations were:

- Medium Term Financial Planning and the need to identify further savings in the medium term to balance the budget; and
- Scenario planning identified within the Medium Term Financial Plan forecasting the levels of income and expenditure in the medium term affected by Covid-19

We have set out more detail on the risks we identified, the results of the work we performed, and the conclusions we drew from this work on pages 18 and 19

Overall conclusion

Based on the work we performed to address the significant risks, we are satisfied that the Authority had proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The text of our report, which confirms this can be found at Appendix E.

Recommendations for improvement

We discussed findings arising from our work with management and have not raised any recommendations for improvement.

Significant difficulties in undertaking our work

We did not identify any significant difficulties in undertaking our work on your arrangements which we wish to draw to your attention.

Significant matters discussed with management

There were no matters where no other evidence was available or matters of such significance to our conclusion or that we required written representation from management or those charged with governance.

Value for Money

Key findings

We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk

Findings

Medium Term Financial Planning

We reported in our audit plan that the Authority continues to face financial pressures with the 4 year settlement for 2016/17 to 2019/20 resulting in a 25% grant cut. The Authority has set a balanced budget for the 2020/21 financial year, with a Council Tax increase of 1.99% being agreed. The balanced budget position was achieved by reducing the revenue contribution to capital expenditure by £577k and a transfer from reserves of £1,167k. The revised medium term financial plan also highlights that savings of between £8.6m and £14.1m will need to be made by 2024/25 depending on the level of future Council Tax increases.

- The Medium Term Financial Plan (MTFP) is a key element within the Authority's overall strategic planning framework. The Plan takes a five-year perspective and is reviewed, updated and rolled forward annually to set a framework for how budget pressures and priorities will be managed within the best estimates of available capital and revenue resources. An update to the medium term financial plan was made in June 2020, following the outbreak of the Covid-19 pandemic.
- We reviewed the Authority's Medium Term Financial Plan, including the assumptions and savings included within the modelling. We also considered the work being done by the Authority to identify the additional savings that it needs to make over this period. The Authority's outturn for 2019/20 was £0.163m below budget, which was transferred to reserves. At 31 March 2020 the Authority has reserves of £38.8m, with £33.5m being in earmarked reserves and £5.3m in the general reserve.
- The Authority set a balanced budget for the 2020/21 financial year, with a Council Tax increase of 1.99% being agreed. Savings within this were £1.323m, consisting of £217k from authority pensions, £106k from budget management savings (which includes reduction of non-operational budget heads), and £1m from vacancies, as a result of the current strategy to hold vacancies during the phased implementation of the Safer Together Plan. The balanced budget position was achieved by reducing the revenue contribution to capital expenditure by £577k, and a transfer from reserves of £1.167m, which relates to the funding for the Payment for Availability system for On-Call Staff. This will be funded from the Budget Smoothing Reserve, which contains £1.8m as at the end of 2019-20.
- The current MTFP runs to 2024/25 with the savings requirement over that period being between £8.6m and £14.1m depending on the level of future council tax increases. The MTFP is based on detailed modelling assumptions in the Financial Planning Model. These include inflation, pay and pension increases as well as anticipated reductions in grant funding. These assumptions have been reviewed and appear to be reasonable based on the evidence and information currently available. The MTFP is updated regularly as information on grant settlements become available, outcomes from the savings strategy are identified and any new cost pressures identified.
- The graph included on the next page is a diagrammatic representation of the savings requirements over the 2020-21 to 2024-25 period. As a result of the Covid-19 pandemic, the medium term financial planning assumptions have been updated. The major changes have been to the income assumptions, including the Council Tax base and surplus and NDR income. The Authority have used relevant market information, and central government announcements to analyse the loss in income over the next two years, and forecasted the level of recovery of the losses over the next five years. The Authority has also undertaken some market analysis to identify what level of Council Tax increases would be supported by businesses and residents in the region through a survey, commissioned in October 2019, of local 400 businesses and 400 residents. The purpose of the survey was to assess the opinions of business decision makers and residents on how the Authority should approach setting its budget for 2020/21 and on whether the Service is currently deemed to be providing value for money. The results of this survey were used in order to set the Council Tax increases at 1.99% for the next five years.

Value for Money

Key findings

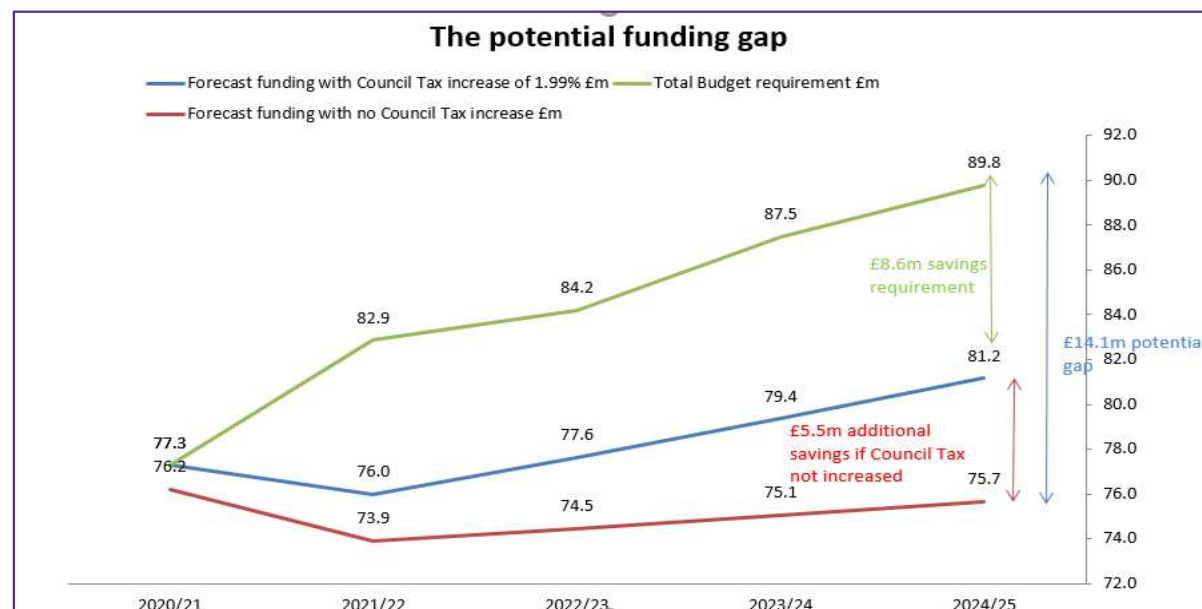
We set out below our key findings against the significant risks we identified through our initial risk assessment and further risks identified through our ongoing review of documents.

Significant risk

Findings

Medium Term Financial Planning

We reported in our audit plan that the Authority continues to face financial pressures with the 4 year settlement for 2016/17 to 2019/20 resulting in a 25% grant cut. The Authority has set a balanced budget for the 2020/21 financial year, with a Council Tax increase of 1.99% being agreed. The balanced budget position was achieved by reducing the revenue contribution to capital expenditure by £577k and a transfer from reserves of £1,167k. The revised medium term financial plan also highlights that savings of between £8.6m and £14.1m will need to be made by 2024/25 depending on the level of future Council Tax increases.



Auditor view

The Authority's MTFP has a gap of up to £14.1m over the 2020-21 to 2024-25 period. This represents a considerable challenge for the Authority given the savings it has already had to make in recent years. The Authority has undertaken a robust process to determine the scale of the challenge and has applied sensitivity analysis to this as well as incorporating third party evidence and independent research. It recognises that it must develop realistic savings plans to bridge the budget gap and there is evidence that such plans are being developed and implemented through the Safer Together Programme.

On that basis, we have concluded that the risk was sufficiently mitigated and the Authority has proper arrangements in place for planning finances effectively to support the sustainable delivery of strategic priorities and using appropriate cost and performance information to support informed decision making.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. No non-audit services were identified which were charged from the beginning of the financial year to the date of the audit opinion.

Action plan

We have not identified any specific recommendations for the Authority as a result of issues identified during the course of our audit.

We have discussed with management a number of areas where the audit process could be further streamlined, but recognise the significant challenge that remote working has brought upon both the Authority's staff as well as our own audit teams. However, it should also be recognised that the necessity for remote working has also revealed some benefits in terms of how we complete our audit work and we will continue to liaise with management on how we can continue to utilise these in future years.

Management also recognise the significant challenge of delivering the scale of savings required as identified in the MTFS. Whilst we have not identified any specific areas for improvement or actions as a result of our value for money work, we are mindful of this challenge and will consider the progress being made as part of our detailed value for money work in future years.

Follow up of prior year recommendations

We identified the following issues in the audit of Devon and Somerset Fire and Rescue Authority's 2018/19 financial statements, which resulted in 3 recommendations being reported in our 2018/19 Audit Findings report. We have followed up on the implementation of our recommendations and note 1 is still to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>During the 2018-19 year, the provision of payroll services was transferred from Devon County Council to Midland HR services. The Authority undertook parallel runs of payroll on both systems to highlight any variances in the data, in order that these could be investigated and resolved and to gain assurance over the completeness of data processing.</p> <p>Our audit enquiries over the output from these checks identified that the final version of the document, where the final variances were investigated and action taken to resolve them, could not be located. Consequently, the Authority as not able to demonstrate that this final check over the completeness of data processing has been satisfactorily concluded with any issues identified being resolved.</p> <p>In order to gain sufficient assurance over the completeness and accuracy of payroll data we have undertaken alternative procedures to ensure that the figures are not materially misstated. We are satisfied that the payroll information recorded in the financial statements are not materially mis-stated.</p>	<p>The file used to check the final parallel run was located and forwarded on to the audit team on 10/07/2019.</p> <p>No further issues were identified in the 2019-20 audit.</p>
✓	<p>The Authority's MTFP has a gap of up to £14.5m over the 2019/20 - 2023/24 period. This represents a considerable challenge for the Authority given the savings it has had to make in recent years. Furthermore given the McCloud decision, further assumptions may be required in the medium term financial planning model.</p> <p>The Authority should continue to develop realistic savings plans to bridge the budget gap, with appropriate ongoing monitoring and review to ensure that planned savings are delivered in line with expectations, taking mitigating actions as necessary. The Authority should review and reflect any changes required as a result of relevant legal decisions within their medium term financial planning model.</p>	<p>The Safer Together Programme has developed plans to reform our Service to future proof the organisation and, to deliver budget savings. The initial focus is on the Service Delivery Operating Model, Digital Transformation, managing the Fleet & Equipment and People. The Authority will also take account of the impact of the recent McCloud decision once the impact on Devon & Somerset FRS is understood.</p>
X	<p>Given the criticality of data accessible through Capita Integra, logs of information security events (i.e. login activity, unauthorised access attempts, access provisioning activity) created by these systems should be proactively and formally reviewed for the purpose of detecting inappropriate or anomalous activity. These reviews should ideally be performed by one or more knowledgeable individuals who are independent of the day-to-day use or administration of these systems. This recommendation was first raised in 2016-17.</p>	<p>Management response</p> <p>A wider Protective Monitoring system, covering multiple systems, is being pursued by the FRA. Implementation and roll out is planned for 2020-21. We do not consider this to be high risk due to the small number of staff able to access the system and their levels of access</p>

Assessment

- ✓ Action completed
- X Not yet addressed

Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2020.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Cash in transit of £469k was included within the cash balances, overstating cash and cash equivalents in the balance sheet. This was adjusted by reducing the Short Term Investments Balance.	£0	Dr Short Term Investments - £469k Cr Cash and Cash Equivalents - £469k	£0
Thus, Cash and Cash Equivalents were overstated, Short Term Investments were understated.			
Overall impact	£0	£0	£0

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Auditor recommendations	Adjusted?
Senior officer remuneration	Total expenses allowance of £52k across all senior officers was originally omitted from the note	Amend the senior officer remuneration to include the taxable expenses of £52k	✓
Post balance sheet events	Post balance sheet events doesn't reflect the closure of two fire stations during the 2020-21 financial year	Amend the post balance sheet events note to reflect fire station closures	✓
Audit fees	Audit fees disclosure note doesn't reflect additional fees approved by PSAA	Audit fees disclosure to be updated	✓
Accounting policies	The accounting policies notes don't reference going concern, IFRS 15 or the material uncertainty in relation to the valuation of land and buildings as a result of Covid-19. Additionally, the Devon LGPS has disclosed a material uncertainty in relation to their Property Fund investments.	Accounting policies to be updated to reflect going concern, IFRS 15 and material uncertainty. The Authority should disclose a material uncertainty in relation to their share of the Pension Fund Property assets, which is material.	✓

Audit adjustments

Misclassification and disclosure changes (continued)

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Detail	Auditor recommendations	Adjusted?
Related parties	The related parties note currently includes items that do not meet the definition of related parties, and £832k of FRIC related parties have been omitted from the disclosure	The related parties note should be updated to only include items which meet the definition of related parties	✓
Financial Instruments	<p>The following errors were identified:</p> <ul style="list-style-type: none"> The debtors balance should be amended to £7,598k from £8,914k. The creditors balance should be amended to £5,854k from £7,304k Short term borrowing to be updated to -£90k from £90k Amortised cost of PWLB debt should be amended to £25,534k from £33,557k Long term investments should be reclassified as short term, as these do not meet the classification of long term investments 	The financial instruments note should be updated to reflect these adjustments	✓
Post balance sheet events	The Authority requested a revised IAS19 report to understand the impact of the July 2020 consultation on the McCloud/Sargeant remedy. The impact was that the net pension liability is overstated by £2.2m.	The Authority should include this as a non-adjusting post balance sheet event in their financial statements, in line with IAS10.	✓
General	Other general amendments	Other amendments including spelling, grammar and syntax and other minor disclosures which have not been separately disclosed should be adjusted and included	✓

Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2019/20 audit which have not been made within the final set of financial statements. The Audit and Performance Review Committee is required to approve management's proposed treatment of all items recorded within the table below:

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Our testing of the source data in respect of land and buildings valuation identified that the floor areas provided to management were overstated in relation to one asset in our sample. We calculated the impact of this error on the valuations, and extrapolated this across the population, identifying a total error of £367k by which land and buildings, and the revaluation reserve are potentially overstated.	£0	Cr – Property, Plant and Equipment - £367k Dr Revaluation Reserve - £367k	£0	As this is an extrapolated error, as opposed to a true error, we would not expect the Authority to adjust. The error should be corrected in 2020/21
Overall impact	£0	£0	£0	

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2018/19 financial statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Impact of the McCloud/Sargeant judgment – The Authority commissioned their actuary to undertake a materiality assessment in relation to their Local Government Pension Scheme as a result of the McCloud/Sargeant Judgment. The impact of this would be a £963k understatement of the net pension liability	Nil	Cr Net pension liability £963	Nil	In the prior year, when considered along with the adjustment below, the total impact on the net pension liability was below performance materiality. In the current year, this has been appropriately accounted for within the IAS19 actuary report
Impact of GMP Equalisation judgment – The Authority has considered the impact of the GMP Equalisation judgment on the net pension liability. After discussion with the actuary, the Authority has identified that the net pension liability is overstated by £1.448m.	Nil	Dr Net pension liability £1,448	Nil	In the prior year, when considered along with the adjustment above, the total impact on the net pension liability was below performance materiality. In the current year, this has been appropriately accounted for within the IAS19 actuary report
Overall impact	£0	£485	£0	

Fees

We confirm below our final fees charged for the audit and there were no fees for the provision of non audit services.

Audit fees	Proposed fee	Final fee
Authority Audit	31,291	31,291*
Total audit fees (excluding VAT)	£31,291	£31,291*

* The final fee for the year is subject to a final review and discussion with the Treasurer to take account of the impact of Covid-19 and the additional time required to complete the audit.

The fees reconcile to the financial statements.

Audit opinion

We anticipate we will provide the Authority with an unmodified audit report

Independent auditor's report to the members of Devon and Somerset Fire and Rescue Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Devon and Somerset Fire and Rescue Authority (the 'Authority') for the year ended 31 March 2020 which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, Statement of Movement in Reserves and notes to the financial statements, including a summary of significant accounting policies and include the Pension Fund financial statements comprising the Firefighters' Pension fund and the Net Assets Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2020 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Treasurer and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Authority's future operational arrangements.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Authority's future operational arrangements. However, no audit should be expected to predict the unknowable factors or all possible future implications for an authority associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Treasurer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the Treasurer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the Authority's financial statements shall be prepared on a going concern basis, we considered the risks associated with the Authority's operating activities, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit.

Audit opinion

We analysed how those risks might affect the Authority's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Authority will continue in operation.

Emphasis of Matter – effects of Covid-19 on the valuation of land and buildings and Pension Fund Property Assets

We draw attention to Note 4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of land and buildings, and pension fund property assets as at 31 March 2020. As disclosed in Note 4 to the financial statements, the outbreak of Covid-19 has impacted global financial markets and market activity has been impacted. A material valuation uncertainty was therefore disclosed in the Authority's property valuer's report. Our opinion is not modified in respect of this matter. Additionally, as disclosed in Note 4 to the financial statements, a material uncertainty was disclosed in Devon Pension Fund's financial statements in relation to the impact on the valuation of investments in land and buildings. A corresponding material uncertainty is disclosed in the Fire Authority's financial statements as the Authority's share of property funds is material.

Other information

The Treasurer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report, and the Annual Statement of Assurance other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge of the Authority obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Statement of Assurance does not comply with the 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Statement of Assurance addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, the other information published together with the financial statements in the Statement of Accounts, the Narrative Report, and the Annual Statement of Assurance for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest 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 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 in respect of the above matters.

Audit opinion

Responsibilities of the Authority, the Treasurer and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities for the Accounts set out on page 11, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Treasurer. The Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority will no longer be provided.

The Audit and Performance Review Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements - Conclusion on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Responsibilities of the Authority

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

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether in all significant respects the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to be satisfied that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Audit opinion

Report on other legal and regulatory requirements - Certificate

We certify that we have completed the audit of the financial statements of the Devon and Somerset Fire and Rescue Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.



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