



Annual Audit Letter on the 2019-20 External audit

Dorset & Wiltshire Fire and Rescue
Authority

February 2021

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16 February 2021

The Members

Dorset & Wiltshire Fire and Rescue Authority
Hulse Road
Salisbury
SP1 3NR

Dear Members

We have pleasure in setting out this Annual Audit Letter to summarise the key matters arising from the work that we have carried out in respect of the audit for the year ended 31 March 2020.

Although this letter is addressed to the Members of Dorset & Wiltshire Fire and Rescue Authority ("the Authority"), it is also intended to communicate the significant issues we have identified, in an accessible style, to key external stakeholders, including members of the public.

This letter has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by Public Sector Audit Appointments Ltd. This is available from www.psaa.co.uk.

This key contents of this letter has been discussed and agreed with the Authority. A copy of the letter will be provided to all Members.

Yours faithfully



Michelle Hopton
Audit Director
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Bristol, United Kingdom

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1. Key message

Statement of accounts

Unqualified opinion issued on 18 December 2020

In 2019/20 the Authority was required to prepare its Statement of Accounts in accordance with International Financial Reporting Standards ("IFRS") as defined in the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 and other relevant legislation.

The Statement of Accounts was prepared and audited in accordance with the agreed timetable, however there was a slight delay in relation to completing the approval of the accounts and issue of the audit report due to the time needed for the Authority to consider the impact of a recent judgement on the estimate for pension liabilities and approve the updated accounts.

Through our audit planning we identified four significant risks of material misstatement which we addressed through our audit. These were:

- Property valuations;
- Completeness and cut-off of expenditure;
- Pension liabilities; and
- Management override of controls.

Materiality for the Authority's accounts was set at £1,340,000.

We issued an unqualified audit opinion on the Statement of Accounts on 18 December 2020.

Value for Money (VfM) conclusion

Unqualified opinion issued on 18 December 2020

We are required to base our statutory VfM conclusion on the criteria specified by the National Audit Office, namely whether the Authority has in place proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We issued an unqualified opinion in respect of the VfM conclusion on 18 December 2020.

Whole of Government accounts

The Authority is below the audit threshold

The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review this pack as the Authority falls below the threshold where an audit is required.

As required we have confirmed this fact to the National Audit Office on the 18 December 2020.

Financial reporting systems

Weaknesses in internal control were identified

During our audit we identified an area for improvement in internal controls and procedures resulting in one recommendation being raised. This related to a historic lease arrangement where no signed agreement was identified.

2. Responsibilities and scope

Responsibilities of the Authority and Auditors

The Authority is responsible for maintaining the control environment and accounting records and preparing the accounting statements in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 based on IFRS and other relevant legislation.

We are appointed as the Authority's independent external auditors by PSAA, the body responsible for appointing auditors to local public bodies in England.

As the Authority's appointed external auditor, we are responsible for planning and carrying out an audit that meets the requirements of the National Audit Office's Code of Audit Practice ("the Code"). Under the Code, we have responsibilities in two main areas:

- the Authority's accounts; and
- whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion).

The scope of our work

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) as adopted by the UK Auditing Practices Board ("APB"). The audit opinion on the accounts reflects the financial reporting framework adopted by the Authority, being the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 based on IFRS and other relevant legislation.

We conducted our work on the value for money conclusion in line with guidance issued by the National Audit Office, in respect of local government bodies for the financial year ended 31 March 2020.

3. Audit of the accounts

Statement of accounts

Unqualified opinion issued on 18 December 2020

Before we give our opinion on the accounts, we are required to Report to Those Charged with Governance any significant matters arising from the audit. A draft report was discussed with the members of the Finance and Audit Committee on 17 September 2020 with a final report being issued on the 18 December 2020 following a verbal update to the Finance and Audit Committee on the 18 December 2020.

Materiality for the Authority's accounts was set at £1,340,000 which equated to 2% of gross expenditure. The level of materiality shapes and informs the extent of the audit work we undertook. This assists in the identification of transactions and balances which are likely to give rise to material misstatements, and in determining the extent of work undertaken in respect of the areas we judged to contain such risks.

Our Report to Those Charged with Governance, in the case of the Authority, the Finance and Governance Committee, sets out the details of any errors identified during the audit which were greater than £67,100, our clearly trivial reporting threshold.

The final Statement of Accounts upon which we issued our opinion contained no uncorrected misstatements for communication to Those Charged with Governance.

Our audit work was designed to specifically address the following significant audit risks:

- Whether the Statement of Accounts included the property at an appropriate valuation as at the 31 March 2020 (Property valuation) – We tested the design and implementation of key controls in place around the property valuation, including how the Authority assures itself that there are no material impairments or changes in value for the assets not covered by the annual valuation; We reviewed revaluations performed in the year, assessing whether they have been performed in a reasonable manner by suitably qualified individuals; We used our valuation specialists, Deloitte Real Estate, to support our review and challenge the appropriateness of the assumptions used in the valuation of the Authority's property assets; and We tested a sample of revalued assets and reperformed the calculation of the gain or loss to be recorded in the financial statements and checked whether it has been correctly recorded.
- Whether the Statement of Accounts contained all of the expenditure relating to the year ended 31 March 2020 (Completeness and cut-off of expenditure) – We obtained an understanding of the design and implementation of the key controls in place to ensure the completeness of accruals and expenditure; and We performed focused testing in relation to the completeness of creditors and accruals and cut off of expenditure through testing whether invoices processed and invoices paid after the year end had been recorded in the correct financial year.
- Whether the Statement of Accounts included the pension liabilities at an appropriate valuation as at 31 March 2020 (Pension valuations) – We obtained an understanding of the design and implementation of the key controls in place in relation to data passed to the actuary and review of the assumptions by the Authority; We evaluated the competency, objectivity and independence of Barnett Waddingham and Hymans Robertson LLP, the Authority's actuarial specialists; We reviewed the methodology and appropriateness of the assumptions used in the valuations, utilising a Deloitte Pension team to provide specialist assessment of the variables used; and We reviewed the pension related disclosures in the financial accounts.

Statement of accounts (continued)

Unqualified opinion issued on 18 December 2020 (continued)

- Whether the Authority's controls had been bypassed by management in the preparation of the financial statements (Management override of controls) – We tested the design and implementation of key controls in place around journal entries and key management estimates; We profiled journals and select items for detailed testing. The journal entries were selected using computer-assisted profiling based on areas which we consider to be of increased interest; We reviewed accounting estimates for biases that could result in material misstatements due to fraud; and We did not identify any significant transactions that were outside of the normal course of business for the Authority.

We issued an unqualified opinion on the Authority's 2019/20 accounts on 18 December 2020. Our opinion confirms that the accounts present a true and fair view of the financial position of the Authority as at 31 March 2020 and its income and expenditure for the year then ended.

Key issues from work performed on the Statement of Accounts

We identified no uncorrected misstatements

We received a set of draft accounts in line with the agreed deadline, which were supported by working papers.

The final Statement of Accounts upon which we issued our opinion contained no uncorrected misstatements.

Powers and duties

We did not receive any questions about the accounts or make any public interest reports

Under the Local Audit and Accountability Act 2014, auditors have specific powers and duties, including to give electors the opportunity to raise questions about the accounts and to consider and decide upon objections received in relation to the accounts. We did not receive any such questions or objections.

We have a duty to consider whether to issue a report in the public interest about something we believe the Authority should consider, or if the public should know about.

We have not identified any matters that would require us to issue a public interest report.

Whole of Government accounts return

The Authority is below the audit threshold

The Authority prepares a consolidation pack to support the production of Whole of Government Accounts by HM Treasury. We are not required to review this pack as the Authority falls below the threshold where an audit is required. As required by the guidance we have confirmed this with the National Audit Office on the 18 December 2020.

Audit certificate

We have issued our certificate

We issued our certificate on 18 December 2020. The certificate confirms that we have concluded the audit for 2019/20 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice.

4. Value for money

Background and approach

The approach to our audit work in relation to value for money (“VFM”) was specified by the National Audit Office.

We are required to satisfy ourselves that the Authority has made proper arrangements for securing financial resilience and economy, efficiency and effectiveness in its use of resources.

We would emphasise that it is the arrangements in place that we are required to assess, and not the actual decisions made by the Authority.

We planned our local programme of work based on our risk assessment. We did not identify any significant risks as part of our risk assessment.

The VFM conclusion

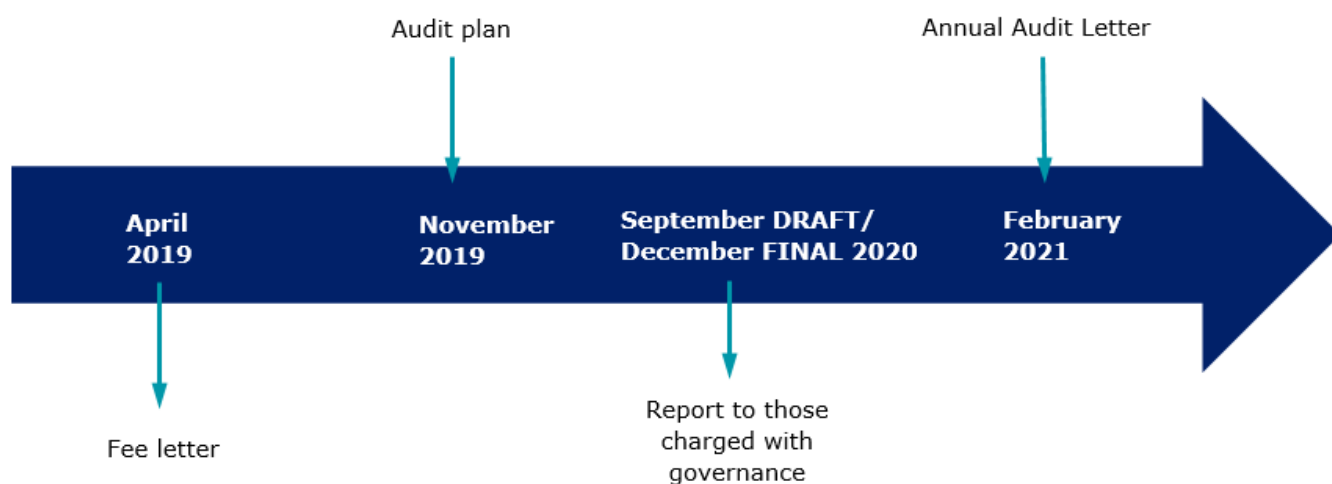
Having performed our work in line with guidance received from the National Audit Office we issued an unqualified value for money conclusion for the 2019/20 financial year.

5. Other matters

Reports issued

Reports issued during the course of the 2019/20 audit included:

- Audit Fee letter;
- Annual Audit Plan;
- The Report to Those Charged with Governance on the 2019/20 audit of the Authority; and
- This Annual Audit Letter



Analysis of audit fees

Audit fees charged are as follows:

	2018/19 £
Scale fees for the audit of the Authority's annual accounts, VfM conclusion and whole of government accounts return	34,650
Total fee	34,650

Independence and objectivity

In our professional judgement, our policies and safeguards that are in place ensure that we are independent within the meaning of all regulatory and professional requirements and that the objectivity of the audit partner and audit staff is not impaired.

We continue to review our independence and ensure that appropriate safeguards are in place including, but not limited to, the rotation of senior partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

We are required to provide written details of all relationships (including the provision of non-audit services) between us and the organisation, its board and senior management and its affiliates, including all services provided by us and the DTTL network to the Authority, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our objectivity and independence.

We are not aware of any relationships which are required to be disclosed.

No matters impacting our independence have arisen during the year.

Statement of Responsibilities

The Statement of Responsibilities of Auditors and Audited Bodies issued by PSAA explains the respective responsibilities of auditors and of the audited body and this report is prepared on the basis of, and our audit work is carried out in accordance with, that statement.

The matters raised in this report are only those that came to our attention during our audit and are not necessarily a comprehensive statement of all weaknesses that exist or of all improvements that might be made. You should assess recommendations for improvements for their full implications before they are implemented. In particular, we would emphasise that we are not responsible for the adequacy and appropriateness of the national data and methodology supporting our value for money conclusion as they are derived solely from the National Audit Office.

This report has been prepared for the Members, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other party.

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the Annual Audit Letter since first published. These matters are the responsibility of the Authority but no control procedures can provide absolute assurance in this area.



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