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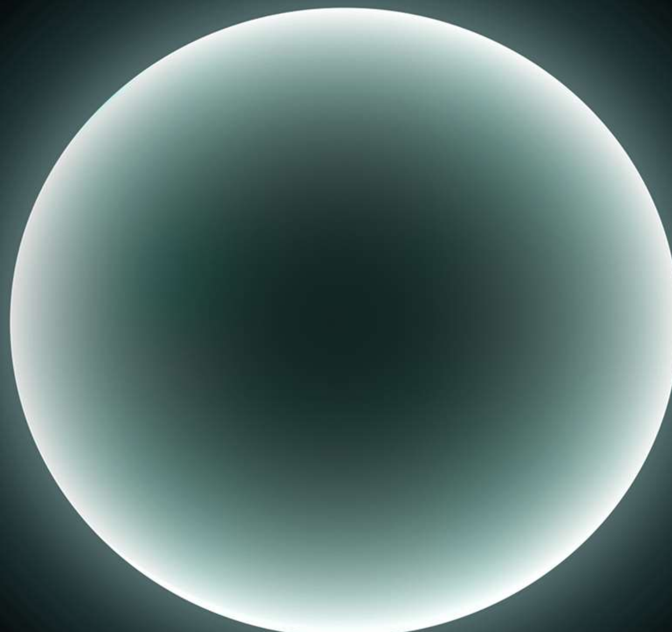
Item 23/06 Appendix A



Dorset and Wiltshire Fire and Rescue Authority

Auditor's Annual Report 2021/22

February 2023

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How the body plans and manages its resources to ensure it can continue to deliver its services

- The Authority recognised a deficit on the provision of services for the year of £12.4m (2021: £5.1m). The deficit on the provision of service is mainly driven by the increase in payroll costs which includes 1.5% pay awards for the operational staff and 1.75% pay award for corporate staff, applying from April 2021.
- At 31 March 2022, the Authority had net liabilities of £621.1m (31 March 2021: net liabilities of £645.3m), net current assets of £5.2m (31 March 2021: £6.6m), and cash of £5.4m (31 March 2021: £5.6m). The net liability position is driven by the pensions liability and therefore is not considered a risk in relation to VFM and the Authority's ability to deliver the Medium Term Finance Plan. The Authority's useable reserves have shown minor variation (Decreased from £23.4m to £23.3m).
- The Authority has a thorough annual financial planning and forecasting process and has set out a Medium Term Financial Strategy from 2022/23 to 2025/26. The Authority has identified the budgeting gaps for the period from 2023/24 to 2025/26 amounting to £4.40m (2023/24: £1.14m, 2024/25: £1.45m and 2025/26: £1.8m). The Authority has established plans to cut costs and effective use of its available resources to bridge this gap. Please refer to page no. 12 for further details.
- The Authority reports the financial position on a quarterly basis which includes an analysis of the actual expenditure incurred compared to budget.

Key Messages

The Authority's arrangements to secure Value for Money (Continued)

Governance

How the body ensures that it makes informed decisions and properly manages its risks

- The Authority has a detailed risk management process in place. The Authority maintains a Risk Management Framework and risk register, which are reviewed on a quarterly basis by the Authority.
- The Authority receives a bi-annual corporate performance report which includes a review of the actual outturn position against the budget, and details any significant variances. In addition the committees with delegated authority review the performance against the key strategic priorities on a quarterly basis.

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services

- The Authority assesses its performance through quarterly Corporate Performance Reports presented to key committees, which consider 5 key priorities.
- His Majesty's Inspector of Constabulary and Fire and Rescue Service (HMICFRS) carried out a full national inspection of all fire and rescue services in 2018 and 2019. The effectiveness section of the inspection report provides an external validation of the Authority's partnership working arrangements with no issues noted. This is further supported in the report on our Covid-19 themed inspection from 2020.
- HMICFRS commenced a second round of all service inspections in 2021 and this concludes in 2022. DWFRS was in the third tranche of inspections and the inspection took place in the six weeks commencing 28 February 2022. We have reviewed the latest HMICFRS inspection report and no such issues were noted. The Authority was rated Good in all sections except for efficiency where the Authority has received an Outstanding rating.

Purpose of this report

Our Auditor's Annual Report sets out the key findings arising from the work we have carried out at Dorset and Wiltshire Fire and Rescue Authority ("the Authority") for the year ended 31 March 2022.

This report is intended to bring together the results of our work over the year at the Authority, including commentary on the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources ("Value for Money", "VfM"). This report fulfils the requirements of the Accounts and Audit Regulations for an Annual Audit Letter.

In preparing this report, we have followed the National Audit Office's ("NAO") Code of Audit Practice and its Auditor Guidance Note ("AGN") 03, Value for Money, and AGN 07, Auditor Reporting. These are available from the NAO website.

A key element of this report is our commentary on the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources ("Value for Money", "VfM"). Our work considering these arrangements is based on our assessment of the adequacy of the arrangements the Authority has put in place, based on our risk assessment. The commentary does not consider the adequacy of every arrangement the Authority has in place, nor does it provide positive assurance that the Authority is delivering or represents value for money.

Where we find significant weaknesses in the Authority's VFM arrangements or areas where arrangements could be further strengthened, we include recommendations setting out what the Authority needs to do to strengthen its arrangements.

We have not identified any significant weaknesses in the Authority's VfM arrangements, and so have not reported any recommendations in respect of significant weaknesses.

Assurance sources for the Authority

The diagram below illustrates how the assurances provided by external audit around finance, quality, controls and systems and the future of the Authority (in the green rows) fits with some of the other assurances available over the Authority's position and performance.

	Financial How is the Authority performing financially?	**Quality and Operational** How is the Authority performing operationally and in quality of outcomes?	**Controls and systems** Does the Authority have adequate processes?	**Future of the Authority** Is the Authority's strategy appropriate and sustainable?
Business processes and Authority oversight	Is reliable reporting and data being produced through the year, at each level within the Authority, and appropriately reviewed and followed up?			
	Is the Statement of Accounts, taken as a whole, fair, balanced and understandable?		Are the Authority's processes operating effectively?	Are the Authority's plans realistic and achievable?
	Is the Authority meeting its legal and regulatory obligations, and are appropriate plans in place to maintain compliance?			
	Has the Authority delivered on its financial plans?	Are KPIs and other priorities selected appropriate for the Authority?	Does the Authority have efficient systems and processes?	Are appropriate actions in place to deliver the Authority's plans?
	Is the Authority generating sufficient surplus for reinvestment?	Are KPIs and other operational priorities reported to committees?	Are risks around legacy systems etc appropriately mitigated?	What are the risks to achievement of the Authority's plans and are appropriate mitigations in place?
Internal audit assurance	Is there a generally sound system of internal control on key financial and management processes?			
	Has the Authority suffered losses due to fraud?		Does the Authority have appropriate arrangements in place to mitigate fraud risks?	
External Audit assurance on reported performance	Do the financial statements give a true and fair view? Have the financial statements been properly prepared?		Is the Annual Governance Statement misleading or inconsistent with information we are aware of from our audit? *	Is there significant uncertainty over the going concern assumption?
	Is the Narrative Report consistent with the financial statements? *		Has the Authority made proper arrangements for securing economy, efficiency and effectiveness in the use of resources?	

* The scope of external audit in this area is "negative assurance" of reporting by exception of issues identified.

Opinion on the financial statements

We provide an independent opinion whether the Authority's financial statements:

- Give a true and fair view of the financial position of the Authority at 31 March 2022 and of the Authority's income and expenditure 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 in 2021/22.

The full opinion will be included in the Authority's Statement of Accounts, which could be obtained from the Authority's website.

We conduct our audit in accordance with the NAO's Code of Audit Practice, International Standards on Auditing (UK) ("ISAs (UK)") and applicable law.

We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Authority's Ethical Standard.

Audit opinion on the financial statements:	We are expecting to issue an unqualified opinion on the Authority's financial statements subject to completion of our remaining procedures on pension liabilities. We did not identify any matters so far where, in our opinion, proper practices had not been observed in the compilation of the financial statements.
Narrative Report:	We reported that the information given in the Narrative Report for the year ended 31 March 2022 is consistent with the financial statements.
Annual Governance Statement:	We did not identify any matters where, in our opinion, the Annual Governance Statement did not meet the disclosure requirements set out in the Code of Practice on Local Authority Accounting, was misleading, or was inconsistent with information of which we are aware from our audit.
Reports in the public interest and duties as public auditor:	We did not exercise any of our additional reporting powers in respect of the year ended 31 March 2022.
Audit Certificate:	We are not able to certificate the audit until the Whole of Government Accounts requirements are published by the NAO and the audit procedures in relation to these are completed.

Our financial statement audit approach

An overview of the scope of the audit

Our audit was scoped by obtaining an understanding of the Authority and the environment it operates in, including internal control, and assessing the risks of material misstatement to the financial statements. Our risk assessment procedures include considering the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures. This enables us to determine the scope of further audit procedures to address identified risks of material misstatement.

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team, led by the audit director, Michelle Hopton. The audit team included integrated Deloitte specialists bringing specific skills and experience in property valuations and in relation to local government and firefighters pension schemes.

Materiality

Our work is planned and performed to detect material misstatements. We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Authority to be £1.495m, on the basis of 2% of Gross Expenditure.

We agreed with the Finance and Audit Committee that we would report to the Committee all audit differences in excess of £74.8k as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Finance and Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Procedures for auditing the financial statements

Our audit of the financial statements included:

- developing an understanding of the Authority, including its systems, processes, risks, challenges and opportunities and then using this understanding to focus audit procedures on areas where we consider there to be a higher risk of misstatement in the financial statements;
- performing sample tests on balances in the financial statements to supporting documentary evidence, as well as other analytical procedures, to test the validity, accuracy, completeness and existence of those balances; and
- interviewing members of the Authority's management team and reviewing documentation to test the design and implementation of the Authority's internal controls in certain key areas relevant to the financial statements.

Approach to audit risks

We focused our work on areas where we considered there to be a higher risk of misstatement. We refer to these areas as significant audit risks.

We provided a detailed audit plan to the Authority's Finance and Audit Committee setting out what we considered to be the significant audit risks for the Authority, together with our planned approach to addressing those risks. We have provided a summary of each of the significant audit risks on the following pages.

Financial statement audit significant risks

Risk 1 – Capitalisation of expenditure

Risk identified	Under UK auditing standards, there is a mandatory presumed risk of revenue recognition due to fraud. We are able to rebut this risk in relation to the Authority, given that the majority of income received is straightforward being Council Tax and NDR precepts received from the Local Authorities, however by doing so we are required to identify an alternative fraud risk. The authority has recognised £10.1m (2020/21: £3.5m) of capital expenditure in the year. The increase in capital expenditure is mainly due to acquisition of fire trucks and other vehicles during the year to perform the statutory duties of the Authority. Although the capital expenditure has been increased from prior year but this is less than the budgeted capital programme for 2021/22 of £12.2m, which included £3.2m of projects carried over from 2020/21. There is an element of judgement in applying the relevant capitalisation criteria for expenditure. We therefore consider that there is an incentive for revenue expenditure to be capitalised so that this expenditure does not impact the Statement of Comprehensive income in one year, but is instead spread over a number of years through the depreciation charge in an attempt to report a more favourable year end position.
Our response	• We have tested the design and implementation of the key controls in place around ensuring expenditure is correctly capitalised when appropriate. • We have tested capital expenditure on a focused sample basis to confirm that it complies with relevant accounting requirements. • We have used analytics to profile journals entries posted between capital and expenditure general ledger account codes. • We have tested repairs and maintenance expenditure to confirm that it complies with relevant accounting requirements.
Conclusion	• We did not identify any errors above our reporting threshold, however, we have raised two recommendations in relation to the controls in operation around property, plant and equipment additions and disposals. These control findings have been reported to those charged with governance within the final ISA260 report for current year.

Financial statement audit significant risks (Continued)

Risk 2 – Management Override of Controls

Risk identified	In accordance with ISA 240 (UK) management override is a significant risk. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Authority's controls for specific transactions. The key judgements in the financial statements are those which we have selected to be the significant audit risks, i.e. capitalisation of expenditure. This is inherently the area in which management has the potential to use their judgement to influence the financial statements.
Our response	We have considered the key judgements made in the preparation of the financial statements and performed below procedures; • We considered the overall control environment and 'tone at the top'. **Journals** • We tested the design and implementation of controls in relation to journals. • We have made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments. • We have used analytics tools to select journals for testing, based upon identification of items of potential audit interest. We conducted various tests using excel analytics to highlights journals which were indicative of fraud, due to their large value or being rounded in nature etc, with journal tests being refined to our significant audit risks in the current year. Investigation of items selected did not identify indicators of management override. In addition, we tested the appropriateness of journals and adjustments made in the preparation of the financial statements. **Accounting estimates** • We tested the design and implementation of controls in relation to key accounting estimates. • We reviewed key accounting estimates including capitalisation of expenditure for biases that could result in material misstatements due to fraud. • We tested the recognition of provisions to ensure valid provisions were recognised at the year end. • In relation to other key accounting estimates i.e. pension and fixed asset valuations, we have challenged the assumptions applied in the valuation through the use of our internal specialists. • We assessed the design and implementation of controls relating to significant management estimates, in accordance with ISA 540. **Significant transactions** • We did not identify any material unusual transactions outside the normal course of business.
Conclusion	• We have found no evidence of management override of controls however we have raised one recommendation in relation to controls in operation over management override of controls. The control finding has been reported to those charged with governance within the final ISA260 report for current year.

Auditor’s work on Value for Money (VfM) arrangements

The Accounting Officer and the Authority are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money.

The Accounting Officer reports on the Authority’s arrangements, and the effectiveness with which the arrangements are operating as part of their Annual Governance Statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources. Under the National Audit Office’s Auditor Guidance Note 3, we are required to assess arrangements under three areas:

Financial Sustainability	*How the body plans and manages its resources to ensure it can continue to deliver its services*
Governance	*How the body ensures that it makes informed decisions and properly manages its risks*
Improving economy, efficiency and effectiveness	*How the body uses information about its costs and performance to improve the way it manages and delivers its services*

In this report, we set out the findings from the work we have undertaken. Where we have found significant weaknesses in arrangements, we are required to make recommendations so that the Authority can consider them and set out how it plans to make improvements. We have not identified any significant weaknesses in arrangements.

In planning and performing our work, we consider the arrangements that we expect bodies to have in place, and potential indicators of risks of significant weaknesses in those arrangements. As a result of the Covid-19 pandemic, there have been changes in nationally led processes, changes in expectations around Authority’s arrangements, and events occurring outside of the Authority’s control, which affect the relevance of some of these indicators. We have still considered whether these indicators are present, but have considered them in the context of the circumstances of 2021/22 in assessing whether they are indicative of a risk of significant weakness.

In addition to our financial statement audit, we performed a range of procedures to inform our VfM commentary, including:

- **Interviews with key stakeholders, including Ian Cotter (Head of financial services), Jill McCrae (Head of Strategic Planning and Corporate Assurance) and Charlie Windebank (Management Accountant).**
- **Review of Authority and committee reports and attendance at Finance and Audit Committee meetings.**
- **Reviewing reports from third parties including internal audit and HMICFRS reports.**
- **Considering the findings from our audit work on the financial statements.**
- **Review of the Authority’s Annual Governance Statement and Narrative Report.**

VfM arrangements: Financial Sustainability

Approach and considerations	Commentary
We have considered how the Authority plans and manages its resources to ensure it can continue to deliver its services, including: • How the Authority ensures it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them; • How the Authority plans to bridge its funding gaps and identifies achievable savings; • How the Authority plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities; • How the Authority ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning; and • How the Authority identifies and manages risks to financial resilience, including challenge of the assumptions underlying its plans.	The Authority recognised a deficit on the provision of services for the year of £12.4m (2021: £5.1m). The deficit on the provision of service is mainly driven by the increase in payroll costs which includes 1.5% pay awards for the operational staff and 1.75% pay award for corporate staff, applying from April 2021. At 31 March 2022, the Authority had net liabilities of £621.1m (31 March 2021: net liabilities of £645.3m), net current assets of £5.2m (31 March 2021: £6.6m), and cash of £5.4m (31 March 2021: £5.6m). The net liability position is driven by the pensions liability and therefore is not considered a risk in relation to VFM and the Authority's ability to deliver the Medium Term Finance Plan. The Authority's useable reserves have shown minor variation (Decreased from £23.4m to £23.3m). There has been limited impact of the Covid-19 pandemic on the Authority, with limited Covid-19 grant income being received during the year. The Authority has reviewed the additional costs of Covid-19 on the Authority and used the Covid-19 grants to support the delivery of services during the pandemic. The Authority has a thorough annual financial planning and forecasting process and has set out a Medium Term Financial Strategy from 2022/23 to 2025/26. The Authority has identified the budgeting gaps for the period from 2023/24 to 2025/26 amounting to £4.40m (2023/24: £1.14m, 2024/25: £1.45m and 2025/26: £1.8m). The Authority has established plans to bridge this gap which mainly includes; • scrutinising every line of expenditure and ensure avenues for cost reductions; • collaborate on all significant procurements (over £100k), using pre–established frameworks, or developing frameworks, to maximise any partnership opportunities and economies of scale where it is practical and beneficial to do so; • ensuring that the Authority is managing their staffing resources in the most efficient and effective way possible; • revisiting future capital programme requirements by examining a number and specifications of specialist vehicles;

VfM arrangements: Financial Sustainability (Continued)

Commentary

• developing a strategic property transition plan to reduce costs, mitigate risks and to support the potential financing of a centralised and modernised training facility; and

• reviewing the future scope of our prevention activity

The Authority successfully realised cash savings of £6.66m across FY 2016/17 - 2019/20 through various other cost reduction measures, and the Authority will continue to monitor the possibilities to reduce costs through the above steps to bridge this gap.

In preparing the 2022/23 budget, the Authority has performed a full review of the base budget, which involved reviewing both the internal and external environments to ensure that all financial pressures were identified and factored into the budget.

The 2022/23 budget is linked to the corporate objectives and has been prepared to ensure the Authority has sufficient resources to deliver services.

The Authority has a detailed risk management process. This includes a Risk Framework and a 5X5 matrix rating system to measure the risks. The Authority maintains departmental and a strategic risk register which is reviewed and challenged on a quarterly basis by the Authority's Finance and Audit Committee. The highest risk on the strategic risk register is 'Failure to secure financial sustainability that ensures and maintains effective service provision'. This specifically relates to the uncertainties in the future funding of Fire Authorities which isn't specific to Dorset and Wiltshire Fire Authority therefore no significant weaknesses have been noted.

The Authority reports the corporate performance on a regular basis, which includes a review of the financial position and an analysis of the actual expenditure incurred compared to budget. This allows the Authority to identify any changes in demand throughout the year.

VfM arrangements: Governance

Approach and considerations	Commentary
We have considered how the Authority ensures that it makes informed decisions and properly manages its risks, including: • How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud; • How the body approaches and carries out its annual budget setting process; • How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed; • How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and • How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer behaviour.	As set out on the previous page, the Authority has a detailed risk management process in place. The Authority maintains a Risk Management Framework and a strategic risk register which is reviewed on a quarterly basis by the Authority, departmental risk registers are reviewed on a monthly basis. The risks identified are allocated to an owner to implement the mitigating actions. The Authority has a series of policies covering internal controls, including a whistleblowing and anti-fraud policy. These policies are readily available for all staff to review on the Authority's website. The Treasurer is responsible for ensuring that a budget and a long term budget plan or forward financial forecast (Medium Term Financial Plan) is prepared on an annual basis for consideration by Members. National and local guidance is assessed and used to form the basis of a number of assumptions in the plan. Current year performance is evaluated with notable variances explained to determine any ongoing impact. The budget seeks to explain year on year movements and any pressures are identified. There is a clear process in place to set the annual budget and this is approved by the Authority. The Authority receives a bi-annual corporate performance report which includes a review of the actual outturn position against the budget, and details any significant variances. In addition the committees with delegated authority review the performance against the key strategic priorities on a quarterly basis as set out in Performance Management Framework. The Authority has a number of staff policies in place including a code of conduct. These are all contained within the policies and procedures and are readily available for all staff to access. Declarations of interest are maintained for all senior members of staff and decision making officers.

VfM arrangements: Improving economy, efficiency and effectiveness

Approach and considerations	Commentary
We have considered how the body uses information about its costs and performance to improve the way it manages and delivers its services, including: • How financial and performance information has been used to assess performance to identify areas for improvement; • How the Authority evaluates the services it provides to assess performance and identify areas for improvement; • How the Authority ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and • Where the Authority commissions or procures services, how the Authority ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the Authority assesses whether it is realising the expected benefits.	The Authority has a detailed Performance Management framework in place. The Authority assesses its performance through biannual Corporate Performance Reports which consider a number of key priorities: • Priority 1- Making safer and healthier choices • Priority 2 – Protecting you and the environment from harm • Priority 3 – Being there when you need is • Priority 4 – Making every penny count • Priority 5 – Supporting and developing our people Performance against these priorities is reviewed by the Local Performance and Scrutiny Committee and the Finance and Audit Committee on a quarterly basis. Officers and Members represent the Authority and Service at various strategic partnership boards and meetings including health and wellbeing boards, community safety partnerships, local resilience forums and public service boards. At a more local level officers also support partnership arrangements, such as area boards in Wiltshire. The Authority are partners, along with Devon & Somerset FRS and Hampshire & Isle of White FRS, in the Network Fire Services Partnership (NFSP). NFSP provides a common fire control system and procedures across the partnership, with borderless mobilising sending the closest available resources to an incident, irrespective of location within the five geographical counties.

VfM arrangements: Improving economy, efficiency and effectiveness (Continued)

Commentary

- His Majesty's Inspector of Constabulary and Fire and Rescue Service (HMICFRS) carried out a full national inspection of all fire and rescue services in 2018 and 2019. The effectiveness section of the inspection report provides an external validation of the Authority's partnership working arrangements with no issues noted. This is further supported in the report on our Covid-19 themed inspection from 2020.

- HMICFRS commenced a second round of all service inspections in 2021 and this concludes in 2022. DWFRS was in the third tranche of inspections and the inspection took place in the six weeks commencing 28 February 2022. We have reviewed the latest HMICFRS inspection report and no issues were noted. The Authority was rated as Good by HMICFRS in all sections except for efficiency where the Authority has received an Outstanding rating.

Appendices

Appendix 1: Purpose of our report and responsibility statement

What we report

Our report fulfils our obligations under the Code of Audit Practice to issue an Auditor's Annual Report that brings together all of our work over the year, including our commentary on arrangements to secure value for money, and recommendations in respect of identified significant weaknesses in the Authority's arrangements.

What we don't report

Our audit was not designed to identify all matters that may be relevant to the Finance and Audit Committee.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and work under the Code of Audit Practice in respect of Value for Money arrangements.

The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the Authority, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

Deloitte LLP

Bristol, 28 February 2023

Appendix 2: Authority's responsibilities

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Treasurer, as Accounting Officer of the Authority, is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting.

In preparing the Statement of Accounts the Accounting Officer is required to select suitable accounting policies and make judgements and estimates that are reasonable and prudent. The Accounting Officer is required to confirm that the Statement of Accounts, taken as a whole, is fair, balanced, and understandable, and provides the information necessary for Authority Tax payers, regulators and stakeholders to assess the Authority's performance, business model and strategy.

The Accounting Officer is required to comply with the CIPFA Code of Practice and prepare the financial statements on a going concern basis, unless the Authority is informed of the intention for dissolution without transfer of services or function to another entity. In applying the going concern basis of accounting, the Accounting Officer has applied the 'continuing provision of services' approach set out in the CIPFA code of practice as it is anticipated that the services the Authority provides will continue into the future.

The Accounting Officer and Authority are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the Authority's resources, for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance, for safeguarding the assets of the Authority, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Appendix 3: Auditor’s responsibilities

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 FRC’s website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Auditor’s responsibilities relating to the Authority’s arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under the Code of Audit Practice and the Local Audit and Accountability Act 2014 to satisfy ourselves 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 undertake our work in accordance with the Code of Audit Practice, having regard to the guidance, published by the Comptroller & Auditor General in April 2021, as to whether the Authority has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Authority a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022. Other findings from our work, including our commentary on the Authority’s arrangements, are reported in our Auditor’s Annual Report.

Auditor’s other responsibilities

We are also required to report to you if we exercise any of our additional reporting powers under the Local Audit and Accountability Act 2014 to:

- make a written recommendation to the Authority, copied to the Secretary of State;
- make a referral to the Secretary of State if we believe that the Authority or an officer of the Authority is:
    - about to make, or has made, a decision which involves or would involve the Authority incurring unlawful expenditure; or
    - about to take, or has begun to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency; and
- consider whether to issue a report in the public interest.