



Dorset & Wiltshire Fire and Rescue Authority

Report to the Finance & Audit Committee on the audit for the year ended 31 March 2023

Issued 27 November 2023 for the 6 December 2023 meeting

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Introduction

The key messages in this report

Audit quality is our number one priority. We plan our audit to focus on audit quality and have set the following audit quality objectives for this audit:

- A robust challenge of the key judgements taken in the preparation of the financial statements.
- A strong understanding of your internal control environment.
- A well planned and delivered audit that raises findings early with those charged with governance.

I have pleasure in presenting our report to the Finance & Audit Committee (the Committee) for the 2023 audit. The scope of our audit was set out within our planning report presented to the Committee in July 2023.

Status of the audit	<p>Our financial statement audit is substantially complete subject to completion of the following principal matters:</p> <ul style="list-style-type: none">• Completion of remaining fraud inquiries;• Documentation of journal entry testing;• Completion of pension testing for FY22 and FY23;• Completion of repairs and maintenance testing;• Clearance and completion of internal quality reviews;• Receipt of signed management representation letter; and• Our review of events since 31 March 2023 through to signing. <p>We will provide an oral update on the completion of these matters at the meeting of the Finance & Audit Committee.</p>
Conclusions from our testing	<ul style="list-style-type: none">• We have not identified any significant uncorrected audit adjustments or disclosure deficiencies. As our audit work is ongoing, further misstatements may be identified through the completion of our remaining work. We will provide an oral update regarding any such matters in the meeting.• We have summarised any corrected and uncorrected audit adjustments on page 22.• Based on the current status of our audit work, we envisage issuing an unmodified audit opinion on the Authority's financial statements.
Financial Sustainability and Value for Money	<ul style="list-style-type: none">• In the CIES, the Authority reported an accounting surplus of £235.3m for the year (2021/22: £20.8m surplus) which included a net deficit of £0.9m in respect of property revaluation (2021/22: net gain of £5.6m) and gains due to remeasurement of the pension liability of £254.5m (2021/22: £27.5m). At the provision of service line the Authority's deficit was £18.3m (2021/22: £12.4m). At year end the Authority had usable reserves of £19.7m (31 March 2022: £23.3m).• Cash and cash equivalents held by the Authority increased to £6.2m from £5.4m (2021/22).

Introduction

The key messages in this report (continued)

Status of our Value for Money audit	<ul style="list-style-type: none">• Our Value for Money work is on-going, and will be reported within three months from signing the accounts.• From our work to date, we have not identified any risks of significant weakness in arrangements to secure economy, efficiency and effectiveness in the use of resources.• We have no matters to report by exception in our financial statement audit opinion. Our opinion will state that work is on-going.
Narrative Report & Annual Governance Statement	<ul style="list-style-type: none">• We have reviewed the Authority's Narrative Report & Annual Governance Statement to consider whether they are misleading or inconsistent with other information known to us from our audit work.• The Annual Governance Statement complies with the Delivering Good Governance guidance issued by CIPFA/SOLACE. We shared CIPFA compliance checklist exceptions to management and these have been reflected in updated accounts.• We have no matters to raise with you in respect of the latest version of the Narrative Report.
Duties as public auditor	<ul style="list-style-type: none">• We did not receive any formal queries or objections from local electors this year.• We have not identified any matters that would require us to issue a public interest report. We have not had to exercise any other audit powers under the Local Audit and Accountability Act 2014.
Whole of Government Accounts (WGA)	<ul style="list-style-type: none">• The Authority is below the threshold for detailed WGA reporting as set out in the guidance for 2022/23.

Responsibilities of the Finance & Audit Committee

Helping you fulfil your responsibilities

Why do we interact with the Finance & Audit Committee?

To communicate audit scope

To provide timely and relevant observations

To provide additional information to help you fulfil your broader responsibilities

We use this symbol to highlight areas of our audit where the Finance & Audit Committee needs to focus attention.



As a result of regulatory change in recent years, the role of the Finance & Audit Committee has significantly expanded. We set out here a summary of the core areas of Finance & Audit Committee responsibility to provide a reference in respect of these broader responsibilities and highlight throughout the document where there is key information which helps the Finance & Audit Committee in fulfilling its remit.

- At the start of each annual audit cycle, ensure that the scope of the external audit is appropriate.
- Make recommendations as to the auditor appointment and implement a policy on the engagement of the external auditor to supply non-audit services.

Oversight of external audit

Integrity of reporting

Internal controls and risks

Oversight of internal audit

Whistle-blowing and fraud

- Review the internal control and risk management systems.
- Explain what actions have been or are being taken to remedy any significant failings or weaknesses.

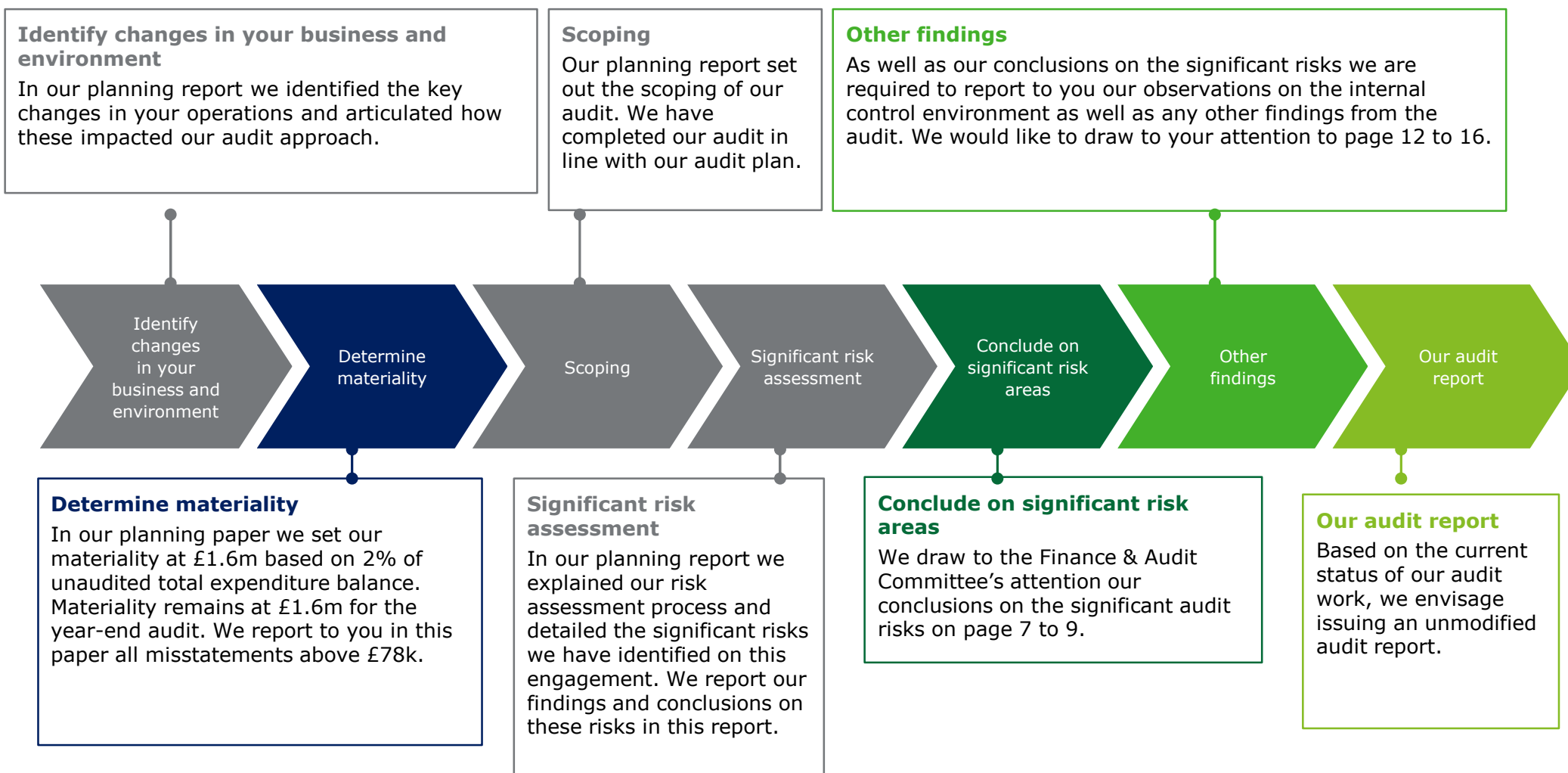
- Ensure that appropriate arrangements are in place for the proportionate and independent investigation of any concerns raised by staff in connection with improprieties.

- Impact assessment of key judgements and level of management challenge.
- Review of external audit findings, key judgements, level of misstatements.
- Assess the quality of the internal team, their incentives and the need for supplementary skillsets.
- Assess the completeness of disclosures, including consistency with disclosures on business model and strategy and provide advice in respect of the fair, balanced and understandable statement.

- Monitor and review the effectiveness of the internal audit activities.
- Consider annually whether the scope of the internal audit programme is adequate.

Our audit explained

We tailor our audit to the Authority and your strategy



Significant Risks Dashboard



Risk	Material	Fraud risk	Approach to controls testing	Controls testing conclusion	Consistency of judgements with Deloitte's expectations	Comments	Page no.
Significant risks							
Capitalisation of expenditure				Satisfactory		Satisfactory with observation raised	8
Management override of controls				Satisfactory		Satisfactory with observation raised	9
Areas of audit focus							
Pensions liability valuation			No controls testing conducted.	N/A	TBC	TBC	11



Inconsistent



Minor differences



Consistent



Controls approach adopted

Assess design & implementation

Significant audit risks

Risk 1 – Capitalisation of expenditure

Risk identified	<p>Under UK auditing standards, there is a presumed risk of revenue recognition due to fraud. We have rebutted this risk, and instead believe that the fraud risk lies with the capital expenditure.</p> <p>The Authority's capital expenditure in 2022/23 was £3.4m (2021/22 £10.1m).</p> <p>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 charges in an attempt to report a more favourable year end position.</p>
Our response	<p>Our work in this area included:</p> <ul style="list-style-type: none">• Assessing the design and implementation of the key controls in place in relation to the determination of capital expenditure.• Performing test of details of capital expenditure during the year 2022/23 on a sample basis to confirm that the capitalisation criteria had been met and complied with relevant accounting requirements.• Identifying the journals of increased audit interest within capital expenditure i.e. debit to capital expenditure and credit to revenue expenditure and other material journals in capital expenditure to ensure there were no errors that resulted in material misstatement. The appropriateness of these journals were then assessed through detailed testing.
Conclusion	<ul style="list-style-type: none">• We did not identify any errors above our reporting threshold, however, we have re-raised two of the three recommendations identified in the prior year. See page 14-15 for more information.

Significant audit risks

Risk 2 – Management Override of Controls

Risk identified	<p>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.</p> <p>The key judgments in the financial statements are those which we have selected to be the significant audit risks: capital expenditure, management override of controls. These are inherently the areas in which management has the potential to use their judgment to influence the financial statements.</p>
Our response	<p>In considering the risk of management override, we plan to perform the following audit procedures that directly address this risk:</p> <p><u>Journals</u></p> <ul style="list-style-type: none">• We tested the design and implementation of controls in relation to journals.• We 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 used computer-assisted profiling of all journals posted during the year to identify journals of increased audit interest. The appropriateness of these journals were then assessed through detailed testing. <p><u>Significant transactions</u></p> <ul style="list-style-type: none">• We carried out a review to see if there were any significant transactions outside the normal course of business or any transactions where the business rationale was not clear. <p><u>Accounting estimates</u></p> <ul style="list-style-type: none">• We performed design and implementation testing of the controls over key accounting estimates.• We reviewed accounting estimates for biases including capital expenditure, that could result in material misstatements due to fraud.• We reviewed the accuracy of prior year estimates.• We assessed the design and implementation of controls relating to significant management estimates, in accordance with ISA540.
Conclusion	<p>We haven't identified any evidence of management override of control in 2022/23 through our design and implementation of controls testing. Please note our audit procedures in relation to journal entry testing are still ongoing.</p>

Area of audit focus

Value for Money

Our requirement

We are required to consider the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources. In accordance with Code of Audit Practice 2020 and related Auditor Guidance Note 03, we are required to:

- Perform work to understand the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources against each of the three reporting criteria (financial sustainability, governance, and improving economy, efficiency and effectiveness);
- Undertake a risk assessment to identify whether there are any risks of significant weaknesses in arrangements;
- If any risks of significant weaknesses are identified, perform procedures to determine whether there is in fact a significant weakness in arrangements, and if so to make recommendations for improvement;
- Issue a narrative commentary in the Auditor's Annual Report, setting out the work undertaken in respect of the reporting criteria and our findings, including any explanation needed in respect of judgements or local context for findings. If significant weaknesses are identified, the weaknesses and recommendations will be included in the reporting, together with follow-up of previous recommendations and whether they have been implemented. Where relevant, we may include reporting on any other matters arising we consider relevant to VfM arrangements, which might include emerging risks or issues.
- Where significant weaknesses are identified, report this by exception within our financial statement audit opinion.

Our risk assessment and procedures

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.

To perform this work, we are required to:

- plan our work based on consideration of the significant risks of giving a wrong conclusion; and
- carry out as much work as is appropriate to enable us to give a safe conclusion on the arrangements to secure VFM.

We did not identify any significant audit risks from performance of the following procedures:

- we have reviewed the Authority's draft Annual Governance Statement;
- reviewed internal audit reports throughout the year;
- considered issues identified through our other audit and assurance work;
- considered the Authority's financial performance and management throughout 2022/23; and
- obtained an understanding of the Authority's Medium Term Financial Plan, and budget for 2023/24

Conclusion

- Our Value for Money work is on-going, and will be reported in our Auditor's Annual Report, which we will issue following completion of our work in this area. From our work to date, we have not identified any risks of significant weakness in arrangements to secure economy, efficiency and effectiveness in the use of resources.

Areas of audit focus

Pensions Liability Valuation

Risk identified	<p>The Authority is member of two pension schemes, the Firefighters Pension Scheme (FFPS), and the Local Government Pension Scheme (LGPS) operated by Wiltshire Council. The Authority recognised a combined pensions liability of £665.8m as at 31 March 2022 which decreased to £428.7m as at 31 March 2023. The Code requires that their year end carrying value should reflect the appropriate fair value at that date.</p> <p>Barnett Waddingham act as the Authority's expert actuary for FFPS and Hymans Robertson LLP act as the Authority's expert actuary for LGPS. Both actuaries produce a report outlining the liability and required disclosures.</p> <p>The pensions valuation is an area of audit interest due to the material values attached to the valuations and disclosures in the financial statements. This has not been classified as a significant risk as both the Goodwin and McCloud items were immaterial in the prior years with no expectation for their impact to differ in the coming year, and we understand that the assumptions and methodologies used are mainly consistent with those in the previous years.</p>
Our response	<p>We carry out a separate, detailed risk assessment of each of the individual components of the calculation (for example market assumptions, membership data, assets and liabilities) using a developed methodology which considers factors such as an assessment of the actuary. We scope our work, including the nature and extent of our actuarial specialist's involvement, in a way which responds to this detailed risk assessment. Should our risk assessment change our overall audit approach in respect of testing pensions, we will notify the Finance & Audit Committee.</p> <p>We will confirm the disclosure of the pension figures in the statement of accounts agree with those provided by the scheme actuary.</p> <p>We will request an IAS19 letter from the pension fund auditors.</p>
Conclusion	<p>Our procedures in relation to pensions are currently ongoing. We are waiting for a response from the pension fund auditors in relation to our IAS19 request in relation to FY22 and FY23. In addition, we are continuing to review the pension assumptions applied in relation to FY22 and FY23.</p>

Your control environment and findings

Control deficiencies and areas for management focus 22/23

Observation	Priority	Recommendation	Management Response
We identified through direct confirmation with the bank, that the Authority held an open bank account that they were not aware of. Although the balance in the bank was extremely trivial, there is a risk that the account could be misused.	Medium Priority	It is recommended that the Fire & Rescue Service performs a review of all open bank accounts to ensure that all bank accounts that are surplus to requirements are closed in a timely manner.	Agreed.
We identified during our PPE additions testing and repairs and maintenance testing that five samples were in relation to refurbishment work completed at multiple locations throughout the financial year. However, it was noted that the allocation between capital expenditure and revenue expenditure was not analysed and apportioned on a line-by-line basis.	Medium Priority	It is recommended that the Fire & Rescue Service prepare a schedule detailing the work performed to enable the correct allocation of costs between capital and revenue expenditure.	The Finance Team will work with the Estates Team to ensure that project costs are allocated between revenue and capital on a more detailed basis.
We identified during our intangible additions testing that a 21-month licence was acquired in the financial period. Per the intangibles capitalisation policy, this should have been capitalised.	Medium Priority	It is recommended that licence contracts with a period greater than one year are assessed against the intangible capitalisation criteria.	This licence was purchased in 2021/22 and only for a 21-month period to bring the licence end date into line with other linked licences held with the same software supplier. 12 months were charged to the 2021/22 revenue budget and 9 months were charged to the 2022/23 revenue budget.
As part of our reconciliation between the additions listing and Fixed Asset Register (FAR), we noted whilst the numerical value of the additions listing reconciled to the FAR, we were unable to reconcile individual items between the two reports.	Low Priority	It is recommended that a reconciliation exercise is implemented between the additions listing and the FAR and that appropriate asset identification numbers are included in both listings.	The Finance Team are content with the existing process for asset additions and can explain the reconciliation of individual items if asked.

Your control environment and findings

Control deficiencies and areas for management focus 21/22

In the prior year, we identified a number of internal control and risk management findings, which we have included below for information. We have added our considerations for the 22/23 audit.

Observation	Priority	Recommendation	Management Response	22/23 Update
Capitalisation of expenditure				
<p>We identified that the Chief Accountant and Head of Financial Services perform reviews and checks to identify incorrectly capitalised expenditure, and expenditure which should be capitalised. The review performed by the Chief Accountant is performed each month and the review performed by the Head of Financial Services is performed each quarter as part of his process to prepare the financial monitoring report. We note that the Chief Accountant's review is not reviewed by another individual.</p> <p>We note that the output of the Head of Financial Services quarterly review of the capital position is the financial monitoring report which is taken to the Finance & Audit Committee for scrutiny. The report contains details setting out the actual and budgeted figures relating to the capital spend in the year to date, and narratives behind any significant variances identified by the Head of Financial Services. The Committee are then able to challenge the details provided in the report.</p>	Medium Priority	<p>It is recommended that the monthly review performed by the Chief Accountant is reviewed by an independent individual, and that sign-offs are documented to keep an audit trail of when the work was performed and reviewed.</p>	<p>The Finance Team added in the monthly review to make year-end processing more efficient, supporting earlier closedown timescales. We will add the review to an already existing monthly review process.</p>	<p>The Chief Accountant carries out a monthly review of transactions, which includes any journals moving expenditure between capital and revenue budgets. Any changes that have been made by the Chief Accountant are separately checked and verified by the Head of Financial Services.</p>

Your control environment and findings

Control deficiencies and areas for management focus 21/22 (continued)

Observation	Priority	Recommendation	Management Response	22/23 Update
<p>Capitalisation of expenditure</p> <p>We identified from our testing of capital additions and payables that the Fire Authority does not retain external delivery or goods receipt notes.</p>	Medium Priority	It is recommended that the Authority retains delivery notes.	Budget Managers confirm receipt of goods and services electronically on the Agresso FMS as part of the process of authorising payments. Some may keep delivery notes etc, where provided, for their own records but this is not mandated.	Recommendation remains in place for the 2022/23 financial year.
<p>Management override of controls</p> <p>We identified when testing the design and implementation of the monthly review control of journals posted that the list of journals which is subject to the Chief Accountant's review is prepared by the Financial System Accountant. We were informed that the list of journals is not checked by the Chief Accountant for completeness before she performs the review control. Therefore, we identified a risk that the list of journals being reviewed may be incomplete. In turn, there is a risk that not all journals posted in the month are being reviewed for reasonableness.</p>	Medium Priority	It is recommended that a procedure is put in place to ensure the completeness of the list of journals posted prior to it being reviewed.	We will add an additional check into the existing process to evidence that the list of journals prepared by the Financial System Accountant is a complete listing.	Recommendation implemented for the 2022/23 financial year.

Your control environment and findings

Control deficiencies and areas for management focus 21/22 (continued)

Observation	Priority	Recommendation	Management Response	22/23 Update
Capitalisation of expenditure				
We sampled on the purchase of casualty care kit upgrades and were informed that they were purchased to replace kits on all pumping appliances as part of a whole service replacement. We did not identify any issues with the purchase being capital in nature however, we were unable to trace the purchase to an associated disposal of assets (either fully depreciated or assets disposed before the end of its useful life). Consequently, there is a risk that replacement assets have been purchased for assets that are still in use which may indicate that the useful lives attributed to assets of a similar nature are inaccurate, thus leading to assets to depreciate either too quickly or slowly.	Medium Priority	It is recommended that all asset disposals are associated to the relevant capital addition.	We agree with the observation made. All items held on the Asset Register are reviewed as part of our year end process with the relevant manager.	No issues identified regarding disposals in 2022/23.

Your control environment and findings

Control deficiencies and areas for management focus (continued)

Observation	Priority	Recommendation	Management Response	22/23 Update
<p>Revaluations</p> <p>The Fire Authority will calculate the revaluation movement for non-valued assets based on the movements determined in the valuer's report. This is done by categorising assets by both location and size of property (small, medium, large and urban, and location). Through our discussions with the client, we identified that there is no monetary threshold to differentiate medium and large buildings.</p>	Medium Priority	It is recommended that monetary thresholds are incorporated to differentiate between medium and large buildings.	The large properties are either significantly larger than the medium stations e.g. Weymouth and Trowbridge, or in more urban areas e.g. Christchurch, Hamworthy, Poole, Redhill, Springbourne, Westbourne which are all in the Bournemouth, Christchurch and Poole conurbation or Stratton, Swindon and Westlea that are all in and around Swindon. Nearly all of these stations are crewed 24/7 by Wholetime staffing models. The majority of the medium stations are more rural and crewed by On-Call staffing models.	No issues identified regarding revaluations for 2022/23.

Other significant findings (continued)

Financial reporting findings

Below are the findings from our audit surrounding your financial reporting process.

Qualitative aspects of your accounting practices:

The annual report and financial statements were prepared to a good standard in advance of audit. The finance team were available throughout the audit and responded in a timely manner to queries raised.

Significant matters discussed with management:

No issues have been identified as at the date of this report.

Other matters relevant to financial reporting:

No issues have been identified as at the date of this report.

We will obtain written representations from those charged with governance on matters material to the financial statements when other sufficient appropriate audit evidence cannot reasonably be expected to exist. A copy of the draft representations letter has been circulated separately.

Our audit report

Matters relating to the form and content of our report

Here we discuss how the results of the audit impact on other significant sections of our audit report.



Our opinion on the financial statements

Our opinion on the financial statements is expected to be unmodified.



Emphasis of matter and other matter paragraphs

There are no other matters we judge to be of fundamental importance in the financial statements that we consider it necessary to draw attention to in an emphasis of matter paragraph. There are no matters relevant to users' understanding of the audit that we consider necessary to communicate in an other matter paragraph.



Value for Money reporting by exception

Our opinion will note that our Value for Money work is on-going and will be reported in our Auditor's Annual Report. We have no matters to report by exception in our financial statement audit opinion.



Irregularities and fraud

We will explain the extent to which we considered the audit to be capable of detecting irregularities, including fraud.

In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations. We will discuss the areas identified where fraud may occur and any identified key audit matters relating to fraud.

Recent changes to ISAs (UK) mean this requirement will apply to **all** entities for periods commencing on or after 15 December 2019

Your narrative report

We are required to report by exception on any issues identified in respect of the Narrative Report and Annual Governance Statement. . At this stage in the audit no issues have been noted, however as the audit is completed items that impact on the below areas may be identified.

	Requirement	Deloitte response
Narrative Report	<p>The Narrative Report is expected to address (as relevant to the Authority):</p> <ul style="list-style-type: none"> - Organisational overview and external environment; - Governance; - Operational Model; - Risks and opportunities; - Strategy and resource allocation; - Performance; - Outlook; and - Basis of preparation 	<p>We have assessed whether the Narrative Report has been prepared in accordance with CIPFA guidance.</p> <p>We have also read the Narrative Report for consistency with the annual accounts and our knowledge acquired during the course of performing the audit, and is not otherwise misleading.</p> <p>Our review identified a number of minor areas where the Narrative Report needed revising in order to comply with guidance and to ensure that it was fair, balanced and understandable, which have been reflected in the final version.</p>
Annual Governance Statement	<p>The Annual Governance Statement reports that governance arrangements provide assurance, are adequate and are operating effectively.</p>	<p>We have assessed whether the AGS has been prepared in accordance with CIPFA guidance.</p> <p>We have also reviewed minutes of the Fire Authority and Finance & Audit Committee, reviewed internal audit reports and reviewed the risk register to ensure that anything relevant to the AGS has been adequately disclosed.</p> <p>No issues have been identified as at the date of this report.</p>

Purpose of our report and responsibility statement

Our report is designed to help you meet your governance duties

What we report

Our report is designed to help the Finance & Audit Committee and the Authority discharge their governance duties. It also represents one way in which we fulfil our obligations under ISA 260 (UK) to communicate with you regarding your oversight of the financial reporting process and your governance requirements. Our report includes:

- Results of our work on key audit judgements and our observations on the quality of your narrative report.
- Our internal control observations.
- Other insights we have identified from our audit.

What we don't report

As you will be aware, our audit was not designed to identify all matters that may be relevant to the Authority.

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 the other procedures performed in fulfilling our audit plan.

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 and again in this report.

This report has been prepared for the Finance & Audit Committee and 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.

We welcome the opportunity to discuss our report with you and receive your feedback.

Michelle Hopton
for and on behalf of Deloitte LLP
Bristol

Appendices



Audit adjustments

Adjusted and Unadjusted misstatements

The following misstatements have been identified up to the date of this report which we request that you ask management to correct as required by ISAs (UK).

		Debit/ (credit) income statement £m	Debit/ (credit) in net assets £m	Debit/ (credit) prior year reserves £m	Debit/ (credit) OCI/Equity £m	If applicable, control deficiency identified
Misstatements identified in current year						
Balance sheet reclassification: prepayments and liabilities (Adjusted)	[1]	-	-	-	-	
Total		-	-	-	-	
Misstatements identified in prior years						
Goodwin ruling (Unadjusted)	[2]	-	(0.2)	0.2	-	
Total			(0.2)	0.2		

[1] We identified that a £1.4m prepayment was recognised in the 2022/23 financial statements to account for the April 2023 West Yorkshire Pension Fund payment. An opposing liability was also recognised; however, it was noted that the payment was made in April 2023 resulting in an overstated prepayments and liabilities balance for 2022/23 which has been corrected by management.

[2] We identified that as a result of the Goodwin ruling the actuary has carried out some approximate analysis across our LGPS clients to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits. The approximate impact of this for a typical Fund is (c0.1-0.2% of obligations). This would equate to between £98k and £196k for Dorset & Wiltshire Fire and Rescue Authority. Similar to prior year, management have not recorded the impact of this, given the level of additional work and fees that would be involved for the Authority.

Dr Income statement 98k-196k

Cr Liability 98-196k

Our other responsibilities explained

Fraud responsibilities and representations



Responsibilities:

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.



Required representations:

We have asked the Authority to confirm in writing that you have disclosed to us the results of your own assessment of the risk that the financial statements may be materially misstated as a result of fraud and that you are not aware of any fraud or suspected fraud that affects the Authority.

We have also asked the Authority to confirm in writing their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.



Audit work performed:

In our planning we identified capitalisation of expenditure and management override of controls as key audit risks for your organisation.

During the course of our audit, we have had discussions with management, those charged with governance and internal audit and have not identified any further risks relating to fraud.

We will explain in our audit report how we considered the audit capable of detecting irregularities, including fraud. In doing so, we will describe the procedures we performed in understanding the legal and regulatory framework and assessing compliance with relevant laws and regulations

Concerns:

No concerns identified during our work.

Independence and fees

As part of our obligations under International Standards on Auditing (UK), we are required to report to you on the matters listed below:

Independence confirmation	We confirm the audit engagement team, and others in the firm as appropriate, Deloitte LLP and where applicable, all Deloitte network firms are independent of the Authority and our objectivity is not compromised.
Fees	<p>The audit fee for 2022/23, in line with the fee scale rate provided by Public Section Audit Appointments (PSAA), is £36,452. The audit fee is in the process of being reviewed in line with PSAA guidance and assessing the impact of the following enhanced requirements:</p> <ul style="list-style-type: none">- Value for Money (dependent on whether a significant weakness is identified that requires additional review)- ISA315- ISA240 <p>Any change to the audit fee will be agreed with management and will need to be approved by PSAA.</p> <p>No non-audit fees have been charged by Deloitte in the period.</p>
Non-audit services	In our opinion there are no inconsistencies between FRC Ethical Standards for Auditors and the Authority's policy for the supply of non-audit services or any apparent breach of that policy. 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.
Relationships	<p>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 (Deloitte Touche Tohmatsu Limited) 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.</p> <p>We are not aware of any relationships which are required to be disclosed.</p>

Independence and fees

The professional fees expected to be charged by Deloitte LLP in the period from 1 April 2022 to 31 March 2023 are as follows:

	Current year £ (excluding VAT)	Prior year £ (excluding VAT)
Authority Financial Statements		
Financial statement audit including Whole of Government Accounts and procedures in respect of Value for Money assessment	36,452	34,650
Additional work on Value for Money Requirements	6,000	6,000
ISA540	2,000	2,000
ISA315 and ISA240 revised	TBC	-
Total fees	44,452	42,650



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