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Item 24/07 Appendix B



Dorset & Wiltshire Fire and Rescue Authority

Auditor's Annual Report 2022/23

March 2024

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Key Messages

Audit opinion on the financial statements

We have not yet issued an opinion on the Authority's financial statements.

The Authority's arrangements to secure Value for Money

Commentary on the Authority's arrangements

Financial Sustainability

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 £18.3m (2022: £12.4m). The deficit on the provision of services is driven by an increase in costs (£4.2m increase since 2021/22) and a reduction in other income (£1.3m decrease since 2021/22).
- Key drivers of the movement include payroll costs which have increased by £1.5m (£59.5m in 2022 versus £61.0m in 2023), premises costs which have increased by £1.1m (£3.2m in 2022 versus £4.2m in 2023), and capital financing and leasing costs which have increased by £1m (£3.0m in 2022 versus £4.0m in 2023).
- At 31 March 2023, the Authority had net liabilities of £389.2m (31 March 2022: £624.5m), and cash of £6.2m (31 March 2022: £5.4m). The net liability position is driven by the pensions liability which is calculated by the actuary and therefore is not considered a risk in relation to VFM and the Authority's ability to deliver the Medium-Term Finance Plan. Useable reserves have decreased from £23.3m to £19.7m which is mainly due to a business rates relief grant being expensed and the cost-of-living crisis.
- The Authority has a thorough annual financial planning and forecasting process and has set out a Medium-Term
 Financial Strategy from 2023/24 to 2027/28. The Authority is budgeting a breakeven position for 2023/24 and
 2024/25, however, a deficit is forecasted from 2026 to 2028. It may be difficult for the Authority to achieve a
 sustainable budget and medium-term financial plan against a backdrop of significant cost increases. See page 12 for
 more detail.
- 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 makes informed decisions and properly manages risk through a series of policies governing its work and by adhering to a detailed risk management process.
- A Strategic Assessment of Risk (SAR) is updated on a bi-annual basis to ensure that decision making and planning remain current and reflect the landscape in which the Authority operates. The framework identifies potential issues and corresponding mitigations that link to the strategic priorities of the Authority.
- The Authority maintains a risk register, which is reviewed on a quarterly basis.
- 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 five key priorities.
- · Priorities one to three are reviewed quarterly by the Authority's Local Performance & Scrutiny Committees.
- Priorities four and five are reviewed quarterly by the Finance and Audit Committee, which include performance against key lines of enguiry, key performance indicators and service demand.
- His Majesty's Inspector of Constabulary and Fire and Rescue Service (HMICFRS) carried out an inspection in 21/22 with the report being subsequently published in January 2023.
- 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 2023.

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 identify recommendations, we indicate whether these are:

- Recommendations in respect of significant weaknesses in the Authority's VfM arrangements, which we are required to make in accordance with paragraph 54 of AGN 03 where we identify a significant weakness, or
- Other recommendations, which we have indicate as "Deloitte Insights".

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?

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?

Business processes and Authority oversight

Has the Authority delivered on its financial plans?

Is the Authority generating sufficient surplus for reinvestment?

Are KPIs and other priorities selected appropriate for the Authority?

Is the Authority meeting its legal and regulatory obligations, and are appropriate plans in place to maintain compliance?

Are KPIs and other operational priorities reported to committees?

Is there a generally sound system of internal control on key financial and management processes?

Does the Authority have efficient systems and processes?

Are risks around legacy systems etc appropriately mitigated?

Are appropriate actions in place to deliver the Authority's plans?

What are the risks to achievement of the Authority's plans and are appropriate mitigations in place?

Internal audit assurance

External Audit assurance

on reported performance

Has the Authority suffered losses due to fraud?

Do the financial statements give a true and fair view?

Have the financial statements been properly prepared?

Is the Narrative Report consistent with the financial statements? *

Does the Authority have appropriate arrangements in place to mitigate fraud risks?

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?

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 2023 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 2020/21.

The full opinion is included in the Authority's Statement of Accounts, which can 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.

We have not yet issued an opinion on the Authority's financial statements, however we envisage an unqualified opinion being provided. We have not yet identified any matters where, in our opinion, proper practices have not been observed in the compilation of the financial statements.
We reported that the information given in the Narrative Report for the year ended 31 March 2023 is consistent with the financial statements.
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.
We did not exercise any of our additional reporting powers in respect of the year ended 31 March 2023.
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 £1.6m, 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 £78.0k 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 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.

The Authority's capital expenditure in 2022/23 was £3.4m (2021/22 £10.1m).

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.

Deloitte response

Our work in this area included:

- · 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

• 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 in the 2022/23 ISA260 for more information.

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 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.

Deloitte response

In considering the risk of management override, we plan to perform the following audit procedures that directly address this risk:

Journals

- 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.

Significant transactions

• We identified any significant transactions outside the normal course of business or any transactions where the business rationale was not clear.

Accounting estimates

- 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

We haven't identified any evidence of management override of control in 2022/23 through our design and implementation of controls testing and journal entry testing.

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 2022/23 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 the Director of People Services and Head of Financial Services and Treasurer.



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

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.

Commentary

- The Authority recognised a deficit on the provision of services for the year of £18.3m (2022: £12.4m). The deficit on the provision of services is driven by an increase in costs (£4.2m increase since 2021/22) and a reduction in other income (£1.3m decrease since 2021/22).
- Key drivers of the movement include payroll costs which have increased by £1.5m (£59.5m in 2022 versus £61.0m in 2023), premises costs which have increased by £1.1m (£3.2m in 2022 versus £4.2m in 2023), and capital financing and leasing costs which have increased by £1m (£3.0m in 2022 versus £4.0m in 2023).
- At 31 March 2023, the Authority had net liabilities of £389.2m (31 March 2022: £624.5m), and cash of £6.2m (31 March 2022: £5.4m). The net liability position is driven by the pensions liability which is calculated by the actuary and therefore is not considered a risk in relation to VFM and the Authority's ability to deliver the Medium-Term Finance Plan. Useable reserves have decreased from £23.3m to £19.7m.
- The Authority has a thorough annual financial planning and forecasting process and has set out a Medium-Term Financial Strategy to 2027/28. The Authority is budgeting a breakeven position for 2023/24 and 2024/25, however in the February 2024 Fire and Rescue Authority meeting, the following budget requirement was disclosed:

	2025/26	2026/27	2027/28
Funding (£)	74.0	75.5	77.1
Estimated expenditure (£)	76.0	78.0	80.2
Deficit (£)	-2.0	-2.5	-3.1

However, a more sustainable medium-term financial position is obtained by increasing the fire precept by £5 in 2025-26. The increase in the fire precept is dependent on the referendum principles published by the Department for Levelling Up, Housing & Communities as part of the Local Government Finance Settlement. A £5 increase would be in line with the flexibility allowed in 2023-24.

	2025/26	2026/27	2027/28
Funding (£)	75.9	77.5	79.1
Estimated expenditure (£)	76.0	78.0	80.2
Deficit (£)	-0.1	-0.5	-1.1

VfM arrangements: Financial Sustainability (continued)

Approach and considerations

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.

Commentary

- The Authority reports the financial position on a quarterly basis which includes an analysis of the actual expenditure incurred compared to budget.
- In preparing the 2023/24 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 2023/24 budget is linked to the corporate objectives and has been prepared to ensure the Authority has sufficient resources to deliver services.
- The Authority reports the corporate performance on a regular basis through various Committees, 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. In addition, the Committees with delegated authority review the performance against the key strategic priorities on a quarterly basis.
- The Authority's Medium-Term Finance Plan includes its Reserves Strategy, which details all of its earmarked reserves, as well as a risk assessment of the requirement for general balances.
- The Reserves Strategy complies with the requirements of the Fire and Rescue Services National Framework.

VfM arrangements: Governance

Approach and considerations

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.

Commentary

- 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'. The risks identified are allocated to an owner to implement the mitigating actions.
- A Strategic Assessment of Risk (SAR) is updated on a bi-annual basis to ensure that decision making and
 planning remain current and reflect the landscape in which the Authority operates. The framework
 identifies potential issues and corresponding mitigations that link to the strategic priorities of the
 Authority.
- The Treasurer is responsible for ensuring that a budget and a 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 has a series of financial, operational and staff policies that are readily available for all staff
 to review on the Authority's website. Examples include a code of conduct, whistleblowing and antifraud policy.
- Declarations of interest are maintained for all senior members of staff and decision-making officers.
- The Authority is responsible for all significant decisions, such as approving the annual budget and council
 tax precept, approving the Community Safety Plan, and approving high-level policies. These are set out
 in the Terms of Reference document. A number of Authority functions are delegated to the various
 committees, which have their own terms of reference, and to senior officers through a Scheme of
 Delegation.

VfM arrangements: Governance (continued)

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.

- Nine internal audits were conducted by SWAP in 2022/23, of which;
 - · Eight received a 'substantial assurance' rating
 - One received an 'adequate assurance' rating
- An independent review was conducted into the workplace culture of the Authority between March and September 2023. The review was commissioned by the Chief Fire Officer to ensure appropriate governance arrangements were in place. The findings and recommendations have been acknowledged and a detailed action plan has been prepared and was presented to the December Fire Authority. This action plan brings together:
 - the recommendations from the independent review commissioned by the Chief Fire Officer in 2023
 - 2. the Service's own cultural review following the report into London Fire Brigade in November 2022
 - 3. commitments to the Culture Action Plan for UK Fire and Rescue Services.
 - 4. existing initiatives and actions by the Service
- We therefore do not believe this will give rise to a risk of significant weakness.

VfM arrangements: Improving economy, efficiency and effectiveness

Approach and considerations

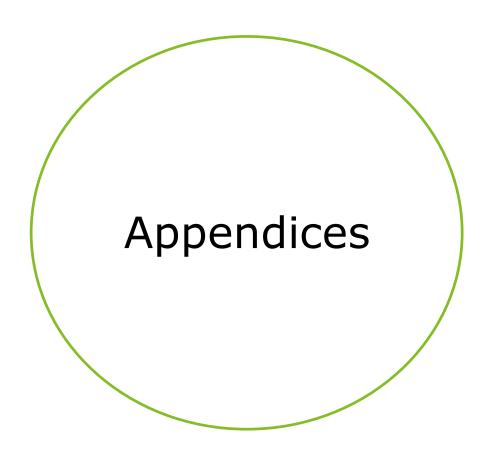
Commentary

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, Kent FRS and Hampshire 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.
- The NFSP has its own governance arrangements in place, agreed by the four Chief Fire Officers. This
 consists of a Strategic Board which sets the direction and objectives of the partnership, monitors
 achievement of objectives, considers recommendations from the Partnership Management Board and
 approves the partnership budget. The Partnership Management Board monitors progress against each
 project that the partnership is engaged in.

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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, 21 February 2024

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 2023. 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.

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