

22 November 2024

Dorset and Wiltshire Fire Authority

Dear Finance and Audit Committee,

Statutory audit of the financial statements of Dorset and Wiltshire Fire and Rescue Authority for the year ended 31 March 2023

At the Finance and Audit Committee on 6 December 2023, we presented our report on the 2022/23 audit and discussed with you the findings from our audit and your responses. International Standards on Auditing (UK) require us to communicate in writing to those charged with governance the significant findings from our audit. Since that meeting, we have concluded the outstanding items that were noted in that report except for the pension testing relating to FY23.

Since the 6 December 2023 the Accounts and Audit (Amendment) Regulations 2024 (“the Regulations”) have been enacted and require the Authority to publish its statement of accounts, together with an accompanying auditor’s report for the year ended 31 March 2023 by 13 December 2024.

Due to the regulations set out above the Wiltshire Pension Fund audit has not been completed by this date. As a result, the pension fund auditors have not been able to respond to our ISA19 letter requesting assurance on several areas.

Due to this the audit opinion has been qualified as no assurance has been gained on several areas relating to the Local Government Pension Scheme, these include:

- Accuracy and completeness of membership data;
- Accuracy and completeness of contributions made to the pension fund;
- Accuracy and completeness of benefits payable to from the pension fund; and
- Valuation and completeness of pension assets relating to the pension fund.

As a result of finalising the audit testing additional misstatements have been noted which have been detailed in Appendix 1. Management have concluded these are immaterial to the financial statements and have conclude not to correct the financial statements for these items.

In addition, an additional control finding has been identified since the report presented on the 6th December 2023 as noted in Appendix 2.

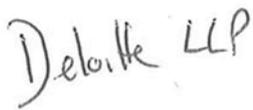
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This report, together with the report presented to the Committee in December 23, sets out those audit matters of governance interest which came to our attention during the audit. Our audit was not designed to identify all matters that may be relevant to the board and this report is not necessarily a comprehensive statement of all deficiencies which may exist in internal control or of all improvements which may be made.

This letter has been prepared for the Finance and Audit Committee, 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 letter has not been prepared, and is not intended, for any other purpose. It should not be made available to any other parties without our prior written consent.

Yours faithfully

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, slightly slanted style.

Deloitte LLP

Appendix 1 – Uncorrected misstatements

Audit adjustments

Unadjusted misstatements

The following uncorrected 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						
Capital additions	[1]	(0.1)	0.1	-	-	
Total		-	-	-	-	
Misstatements identified in prior years						
Goodwin ruling	[2]	-	(0.2)	0.2	-	
Total		(0.1)	(0.1)	0.2		

[1] During our PPE Additions testing and Repairs and Maintenance testing multiple samples were selected relating to refurbishment work completed at multiple locations throughout the financial period.

The refurbishment work within these samples had been split between CAPEX and Income Expenditure, however, per discussion with management although the specification of works is reasonably detailed each specification is not analysed on a line by line basis to allocate costs between revenue and capital. As such, it is unclear which amounts should be capitalized and which amounts should be expensed. We requested DWFRS to conduct an analysis on the projects to determine the correct split between Capital and Revenue expenditure. As a result it was noted that it is expected that CAPEX is understated by £144k.

[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

Appendix 2 – Additional control findings

Observation	Priority	Recommendation	Management Response
<p>We have reviewed the fixed asset register and note there are equipment and vehicles with Gross Book Values of £1,302,394 and £5,938 respectively that have been fully depreciated but are still in use. We have therefore raised a finding to recommend that management reassess the useful lives given to vehicles and equipment such that they more accurately reflect the period over which management intends to utilise them.</p>	Low	<p>It is recommended that assets which have nil NBVs be removed from the fixed asset register if they are no longer in use. If the assets remain in use management should consider adjusting their depreciation policies going forward for similar assets.</p>	<p>Where assets have a nil NBV and are not in use they will be removed from the asset register. The depreciation period for all new assets is considered at the time of purchase and is reviewed on an annual basis and updated where further information is provided that evidences that an asset will last longer than previously anticipated. In some cases we find that when an asset reaches the end of its original / amended useful life we continue to use it either whilst awaiting a replacement or if it is a good state of repair. This supports the Authority in demonstrating value for money by ensuring asset lives are maximised wherever possible. We will continue to assess each asset's useful life annually and challenge asset owners about their estimates of asset lives to ensure it is accurate as possible.</p>

Appendix 3 – Final audit fee

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*	8,000	-
Additional pension procedures*	9,500	-
Total fees	61,952	42,650

*with PSAA for approval