Grant Thornton

The Audit Findings for Devon and Somerset Fire and Rescue Authority

Year ended 31 March 2022

February 2023

Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

Name : Barrie Morris
For Grant Thornton UK LLP
Date : 23 February 2023

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Devon and Somerset Fire and Rescue Authority ('the Authority') and the preparation of the group and Authority's financial statements for the year ended 31 March 2022 for those charged with governance.

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the group and Authority's financial statements give a true and fair view of the financial position of the group and Authority and the group and Authority's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), and Narrative Report, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed on remotely during July 2022 and January 2023. Our findings are summarised on pages 6 to 20. Our Audit work has identified a number of adjustments to the financial statements that have resulted in a £0.043m adjustment to the Groups' Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

The audit was due to commence substantively on the 4 July 2022. Prior to commencing the audit the Authority indicated that there were imbalances in the Movement in Reserves Statement and pensions notes, and that the Cash Flow Statement and Group Accounts were still to be finalised. It was therefore agreed with management that we would commence the audit work in areas where balances had been agreed, whilst we awaited the complete draft financial statements.

The full version of the draft financial statements were received on 12 July 2022. Our initial review identified a number of inconsistencies with items in the Comprehensive Income and Expenditure Statement not agreeing to supporting notes and a number of other more general inconsistencies. As we were unsure of the values included in the financial statements this meant that we were unable to commence our work in the following areas:

- Fees and charges;
- Cash and cash equivalents;
- Cashflow statement;
- Movement in Reserves; and
- Fire Fighters Pensions.

In addition, and in responses to the significant risk set out in our audit plan, that this was the first year that the Authority have completed group accounts, we commissioned a review of these accounts by our Financial Reporting team. This review highlighted a number of inconsistencies and imbalances as well as additional disclosure points for consideration.

In agreement with management it was agreed to pause the audit on 7 September 2022 to allow the Authority time to address the issues raised and all audit work stopped on 16 September 2022. It was agreed that the audit team would return after the accounts had been updated, but that this would not be until after the 30 November deadline, and that that this would be subject to additional fee. The additional fee was agreed at £10,000 reflecting a proportion of the additional costs incurred due to inefficiencies in the initial visit and the 3 week return visit.

The Authority re submitted the draft financial statements on 7 October 2022 and we re-commenced our audit in line with the agreed timescale.

1. Headlines (continued)

Financial Statements

Our work is now complete and we have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unmodified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix G to this report. We now expect to issue our Auditor's Annual Report by 28 February 2023. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.
As part of our work, we consider whether there were are any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Within our Audit Plan (dated 21 April 2022), we reported that during our planning we had not identified a risks of significant weaknesses in arrangements. Our VFM work to date has not changed this assessment.

We further set out in our Audit Plan that we would:

- review the fire inspection review due in May 2022,
- follow up on progress against our prior year recommendations that were made in the 2020/21 Auditors Annual Report, and
- follow up progress on lack of formal governance structure and operational management of Light Support Fleet, that was set out in Internal Audits report.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audit upon the completion of our work on the Authority's VFM arrangements, which will be reported in our Annual Auditor's report in April 2023.

Significant Matters

We have set out on the previous pages of this report the challenges that we have faced during the audit to date. The finance and audit team have, and continue to, work closely together to overcome these challenges.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Group's business and is risk based, and in particular included:

- An evaluation of the Group's internal controls environment, including its IT systems and controls;
- An evaluation of the component of the group based on a measure of materiality considering each as a percentage of the Group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that an audit of Red One Limited was required. The company have appointed Albert Goodman to complete a full statutory audit. Our audit approach is to rely upon the Auditors work to give us assurance over the material consolidated entries. These are revenue (which we have deemed to be a significant risk) and expenditure. The Audit of the company accounts has now been completed by Albert Goodman.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have not had to alter our audit plan, as communicated to you on 21 April 2022.

Conclusion

We anticipate issuing an unqualified audit opinion following the clearance of outstanding items reported to the Audit and Governance Committee meeting on 18 January 2023, as detailed in Appendix E).

Acknowledgements

As highlighted on page 3 of this report both your finance team and our audit team faced audit challenges again this year. These have led to the audit taking longer than planned, including a pause to allow amendments to be made to the accounts.

As a firm we have absorbed the additional costs attributable to the challenges we, as an audit team, have faced but have also agreed an additional fee with the Authority's management for the delays and additional work arising from the errors and inconsistencies within the accounts and the delays to the timely resolution of issues identified through the audit. This additional fee is £10,000 and is included in the fee section of this report.

Despite the challenges both teams have continued to work together to overcome them and we would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

We have revised materiality, performance materiality and our level of triviality due to the actual gross expenditure being higher than the level that we expected and used at the planning stage.

Our determination of group materiality has been held at the same level of the Authority's. Whilst the group values are marginally higher we felt it prudent to apply the lower materiality to both.

We detail in the table opposite our determination of materiality for Devon and Somerset Fire and Rescue Authority and group.

	Group Amount (£)	Authority Amount (£)
Materiality for the financial statements	2,100,000	2,100,000
Performance materiality	1,575,000	1,575,000
Trivial matters	105,000	105,000
Materiality for Senior Officer Remuneration	20,000	20,000

2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
Management override of controls Under ISA 240 (UK) there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	As part of our work we: • evaluated the design effectiveness of management controls over journals; • analysed the journals listing and determine the criteria for selecting high risk unusual journals; • gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions; and • tested high value and unusual journals processed during the year and at the accounts production stage for appropriateness and corroboration. Our work has not identified any issues in respect of management override of controls. In our 2020/21 Audit Findings Report we identified the following control weaknesses that we recommended the Authority should take action on: • There is no formal approval process for posting journals, therefore the finance team members who have access to post journals are effectively approving their own journal transactions. To mitigate the risk that this creates, the Head of Finance and Senior Accountant undertake a review of a sample of journal entries posted, twice a year. However, as this control is undertaken retrospectively and on a sample basis, it is not a preventative control and may not identify any inappropriate transactions not selected in their sample. As such, there remains a residual risk that inappropriate journals may be processed. Our risk based audit work on journals has not identified any instances where inappropriate journals have been processed. • There is no authorisation limit on posting journals, therefore journal users are not restricted by the value of transactions that they post. We therefore recommend that a process which incorporates specific authorisation limits for those individuals that process journals should be implemented. We have noted in our 2021/22 work that these control weaknesses have not yet been addressed. A further update can be seen within appendix B of this report.

2. Financial Statements - Key messages

Key messages arising from our financial statements work

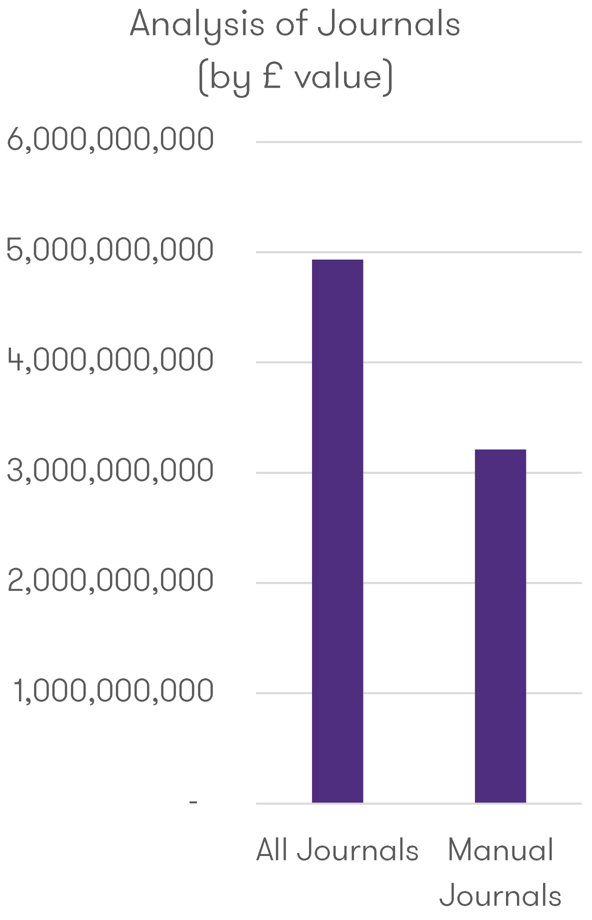
We have identified control weaknesses with regard to the posting of journals to the ledger and the approvals process. It is important to note that, as a result of our testing, we did not identify any inappropriate journals. However, we need to report areas where controls could be strengthened or efficiencies introduced to the process and have made a recommendation in regard to journals - see Appendix A.

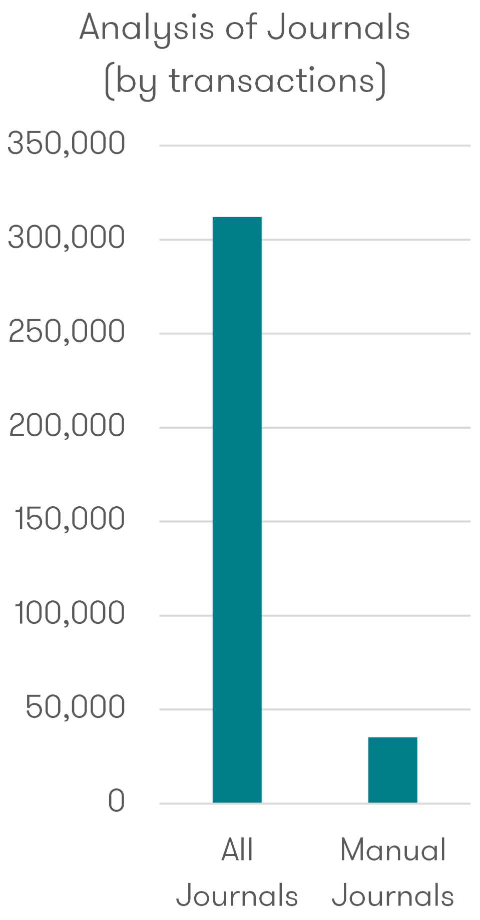
In summary, we identified the following weaknesses:

- The authority posted around 312,147 transaction lines with a value of over £4,9bn in the financial period is evidence of their regular use, compared to gross expenditure on services of around £107m. Manual journals can be created either by manually inputting debit and credit entries in the Integra 2 financial system, or by using a standardised excel template with macros embedded, namely Journal E-Form. In this template, finance assistant uses excel formulae to indicate whether the lines are debits or credits. There is no formal approval process for posting journals, or authorisation limit on posting journals. Although we recognise that a sequential check on journal numbers is in place to identify any missing journal templates or backing information; and a sample review is performed twice a year to check the nature of journals posted but it is done retrospectively rather than being a preventative control, and it has only been performed on fewer than ten journals each time;

- During the year, the authority posted a total of 9,491 credit lines and 25,750 debit lines as 'manual' type (identified by document type starting with 'JV'). The total value of these transactions was £3.2bn of the total £4.9bn posted and equates to 65%. With only about twenty journals reviewed across the whole year, the unreviewed journals amounts to a great value.

We therefore recommend that the authority should enhance the retrospective review performed on journals posted and seek to implement procedures that allow journals to be authorised before being posted to the ledger.





2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Improper revenue recognition (Group) Under ISA 240 (UK) there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. The presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue and expenditure recognition. For Devon and Somerset Fire and Rescue Authority, we have concluded that the greatest risk of material misstatement relates to Group Revenue. We have therefore identified the occurrence and accuracy of Red One Ltd trading income as a significant risk of material misstatement, and a key audit matter. We have rebutted this presumed risk for the revenue streams of the Authority because: • other income streams are primarily derived from grants or formula based income from Central Government and tax payers; and • opportunities to manipulate revenue recognition are very limited.	In our audit plan we set out that having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities, including Devon and Somerset Fire and Rescue Authority mean that all forms of fraud are seen as unacceptable. We re-considered this assessment on receipt of the draft financial statement and have not identified any reasons to change this assessment. In our Audit Plan we further set out that for Devon and Somerset Fire and Rescue Authority, the greatest risk of material misstatement relates to Group Revenue. We therefore identified the occurrence and accuracy of Red One Ltd trading income as a significant risk of material misstatement, and a key audit matter. Albert Goodman have completed their audit of the subsidiary company and have identified no issues regarding revenue recognition. We have reviewed their work and we are satisfied that their findings are reflective of the work completed. We are therefore able to conclude that there are no issues to report in relation to revenue recognition.
Preparation of Group financial statements and related disclosures The 2021/22 is the first year that the Authority will prepare group accounts. Group accounts, when prepared, are pervasive to the whole of the financial statements. There are also a number of disclosure requirements that are required by the code and the consolidation process can be often complex. We have therefore concluded that there is a risk of material misstatement.	Within our audit plan we set out that we would complete the following procedures in relation to the group: • review the process of consolidations and understand what work has been undertaken to align reporting requirements and time scales; • ensure group disclosures are in line with code requirements; • liaise with the subsidiary company's auditor to gain assurance over significant balances; and • rest any adjustments made on consolidation. As this was the first year that the Authority were completing group accounts we engaged our Financial Reporting team to undertake a technical review of this area. This review identified a number of internal consistency issues and disclosure omissions. The finance team have provided a response to each of the queries raised and revised the financial statements accordingly. We are currently working with our Financial Reporting team to complete this review. We have completed our detailed group procedures including the consolidation of the subsidiary and have no issues to report in this regard. The more significant audit adjustments identified as part of our initial review of the group financial statements are set out in appendix C of this report.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	**Commentary**
Valuation of Land and Buildings The Authority revalues its land and buildings on an annual basis to ensure that the carrying value is not materially different from the current value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£110m) and the sensitivity of this estimate to changes in key assumptions. Management have engaged the services of a valuer to estimate the current value as at 31 March 2022. The valuation of land and buildings is a key accounting estimate which is sensitive to changes in assumptions and market conditions. We therefore identified valuation of land and buildings as a significant risk, in particular any large or unusual assets or where there have been movements in valuations outside our expectations, as well as testing a sample of those within our expectations. This is one of the most significant assessed risks of material misstatement, and a key audit matter.	As part of our work we have: • evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation expert; • written to the valuer to confirm the basis on which the valuation was carried out; • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding, the Authority's valuer's report and the assumptions that underpin the valuation; and • tested revaluations made during the year to see if they had been input correctly into the Authority's asset register. • evaluated the assumptions made by the valuer for those assets revalued at 31 March 2022. For the assets not formally revalued in year we have assessed how management has satisfied themselves that these assets are not materially different to current value at year end. Our work on the amount the Authority have charged for depreciation has identified that this amount is overstated. This is due to the Authority using the incorrect useful economic life (UEL). In each case this was due to the Authority using the UEL's applicable for the 2022/23 financial year, i.e 1 year too little. The impact of using a smaller UEL is an overstatement of the depreciation charge for the year and hence understate the Authority's asset base. The total extent of the error is £0.727m This same approach was taken in 2020/21 and as such the prior year depreciation figures would have been overstated. This has however, been corrected in the 21/22 financial year as all buildings assets are revalued yearly. Accumulated depreciation is written out on revaluation. The value in the prior period was not material and therefore a prior period adjustment is not required. No further issues were noted.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of pension fund net liability The Local Government Pension Scheme (LGPS) pension net liability as reflected in the balance sheet, and asset and liability information disclosed in the notes to the accounts, represent a significant estimate in the financial statements. The Firefighters Pension scheme's pension fund liability as reflected in the balance sheet and notes to the accounts also represents a significant estimate in the financial statements. These estimates by their nature are subject to significant estimation uncertainty being sensitive to small adjustments in the key assumptions used. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 2.2% effect on the liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Authority's pension fund net liability as a significant risk.	As part of our procedures to date we have: • updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as the auditor's expert) and performing any additional procedures suggested within the report. At the time of writing our report we were awaiting a response from the authority and the actuary as to why the assumptions on mortality used sit outside of PWC's expected range. This has now been received and we are satisfied that the assumptions used are reasonable. There have been a number of minor amendments to the draft financial statements that impact on the pensions notes and overall liability. These are set out in appendix C. No further issues were noted.

2. Financial Statements – Key findings arising from the group audit

Component	Component auditor	Findings	Group audit impact
Red One Limited	Albert Goodman LLP	On receipt of the draft financial statements we engaged our financial reporting team to undertake a high level review of the group financial statements and related disclosures. This was in response to the risk that this is the first time that the Authority have produced group financial statements. This initial review identified a number of imbalances, inconsistencies and omitted disclosures. The Authority have reviewed these findings and have adjusted and resubmitted the group financial statements. The key adjustments are set out in appendix C. Red One Limited's Auditors have concluded their audit and have reported no adjustments were required, and no significant other issues noted. We have reviewed Red One Limited's auditors work and have concluded that the findings are in line with the work completed and sufficient assurance was gained. We have completed our detailed group procedures including the consolidation of the subsidiary and have no issues to report in this regard.	Our work on the group is complete. The adjustments identified as part of our review are set out in appendix C of this report.

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £110m	Other land and buildings comprises £110m assets, that are revalued at either depreciated replacement cost (DRC) at year end, (reflecting the cost of a modern equivalent asset necessary to deliver the same service provision) or at existing use value (EUV) at year end. Other non Land and Building assets totalling £17.7m are valued at historic cost in line with the Code. The Authority has engaged Norfolk Property Services to complete the valuation of properties as at 31 March 2022. All assets were revalued in 2021/22. The total year end valuation of land and buildings was £110.045m, a net increase of £11.4m from 2020/21 (£98.560m).	Our work on this estimate is complete. We have carried out the following work in relation to this estimate: • assessed management's expert to ensure suitably qualified and independent, • assessed the completeness and accuracy of the underlying information used to determine the estimate, • confirmed there were no changes to valuation method, • assessed the consistency of the estimate against near neighbours and using the Gerald Eve report, and • assessed the adequacy of disclosure of the estimate in the financial statements. We have concluded the estimate is reasonable.	Light purple

Assessment

- ● Dark Purple We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- ● Blue We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- ● Grey We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- ● Light Purple We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Net pension liability – £922m	The Authority's total net pension liability at 31 March 2022 is £922mm (PY £833m), which includes both the Devon Pension Fund Local Government funded defined benefit scheme and the Firefighters unfunded defined benefit pension scheme obligations. The Authority uses Barnett Waddingham to provide actuarial valuations of the Authority's assets and liabilities derived from these schemes. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2019. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £21m net actuarial loss during 2021/22.	At the time of writing this report our work in this area remains in progress. We have however carried out the following work in relation to this estimate: • Assessed management's expert to ensure suitably qualified and independent, • Assessed the actuary's roll forward approach taken, • We have used PwC as auditors expert to assess actuary and assumptions made by actuary. The table below summarises where Devon and Somerset Fire and Rescue Authority fall in the acceptable ranges set by PwC. This work has highlighted that for mortality assumptions the Authority are outside of the acceptable range. We are following up each of these differences with the Authority's Actuary.	Light purple

Local Government Pension Scheme

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2.6%	2.55% - 2.60%	✓
Pension increase rate	3.2%	3.05% - 3.45%	✓
Salary growth	4.2%	1% above CPI of 3.20%	✓
Life expectancy – Males currently aged 45 / 65	Current 22.7 Future 24.0	Current 20.5 – 23.1 Future 21.9 – 24.4	✓
Life expectancy – Females currently aged 45 / 65	Current 24.0 Future 25.4	Current 23.4 – 25.0 Future 24.9 – 26.4	✓

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
		Fire Fighters Pension Scheme	Light purple

Assumption	Actuary Value	PwC range	Assessment
Discount rate	2.6%	2.55% - 2.60%	✓
Pension increase rate	3.3%	3.05% - 3.45%	✓
Salary growth	4.3%	0.5%-2.5% above CPI of 3.20%	✓
Life expectancy – Males currently aged 45 / 65	Current 25.1 Future 26.1	Current 20.5 – 21.1 Future 21.8 – 22.4	✓
Life expectancy – Females currently aged 45 / 65	Current 27.6 Future 28.7	Current 22.8 – 23.4 Future 24.3 – 24.9	✓

We have:

- gained assurance over the completeness and accuracy of the underlying information used to determine the estimate,
- gained assurance over the reasonableness of the Authority's share of LGPS pension assets, and
- reviewed the adequacy of disclosure of the estimate in the financial statements.

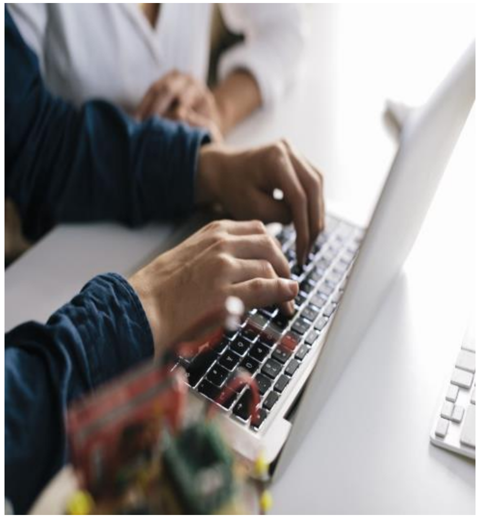
We have concluded the estimate is reasonable.

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Governance Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Authority, which is included in the Audit and Governance Committee papers, and appendix F of this report.

2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send balance confirmation requests in relation to the Authority's bank and investment balances. This permission was granted and the requests were sent, these were returned with positive confirmations.
Accounting practices	We have evaluated the appropriateness of the Authority's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.
Audit evidence and explanations/ significant difficulties	With the exception of the difficulties set out at the beginning of this report, all information and explanations requested from management, has been provided.

2. Financial Statements - other communication requirements

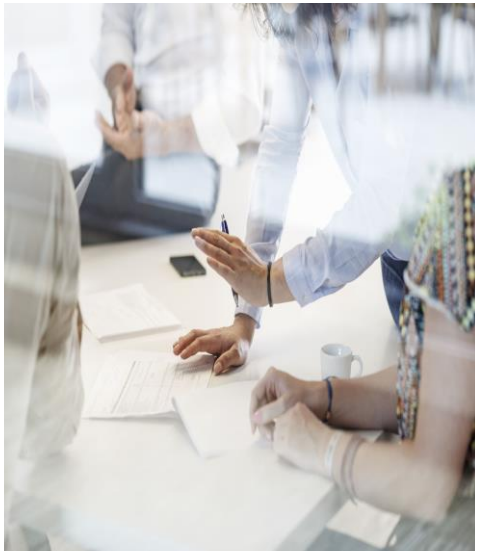
Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Authority and the environment in which it operates • the Authority's financial reporting framework • the Authority's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Our work in this area is complete and no inconsistencies have been identified. A number of minor amendments have been made to these statements following our review. We plan to issue an unmodified opinion in this respect – refer to appendix E.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. We have nothing to report on these matters.



2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. However, as the Authority does not exceed the threshold, we are not required to complete this work. We are still required to issue and assurance statement to the NAO.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2021/22 audit of Devon and Somerset Fire and Rescue Authority in the audit report, due to our work on VFM being incomplete.

3. Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body’s arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:

Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.

Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as ‘key recommendations’.

Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body’s arrangements

3. VFM - our procedures and conclusions

We have not yet completed all of our VFM work and so are not in a position to issue our Auditor's Annual Report. An audit letter explaining the reasons for the delay is attached in the Appendix G to this report. We expect to issue our Auditor's Annual Report no later than 28th February 2023. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we consider whether there were are any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Within our Audit Plan (dated 21 April 2022), we reported that during our planning we had not identified a risks of significant weaknesses in arrangements. Our VFM work to date has not changed this assessment.

We further set out in our Audit Plan that we would:

- review the fire inspection review due in May 2022,
- follow up on progress against our prior year recommendations that were made in the 2020/21 Auditors Annual Report, and
- follow up progress on lack of formal governance structure and operational management of Light Support Fleet, that was set out in Internal Audits report.

We have reviewed the latest HMI report published on 27 July 2022. This concluded overall that Devon and Somerset Fire and Rescue Authority are:

- Good at effectively keeping people safe and secure from fire and other risks,
- Good at efficiently keeping people safe and secure from fire and other risks, and
- Requires improvement in relation in how it looks after its people.

In the previous inspection report a 'cause for concern' was raised in relation to the fitness testing of fire fighters. This latest report closed this concern, 'We are pleased that enough progress has been made for this cause of concern to be discharged'. The report also identified other areas of good practice.

However, a new cause for concern was issued in the 2022 report in relation to some staff behaviours and staff not feeling respected and valued. The Authority were required to submit and action plan to address this by 31 August 2022. This deadline was achieved and an agreed action plan is now in place. Whilst there is an active cause for concern in place we are satisfied that the Authority have responded appropriately and that the arrangements in place are sufficient to ensure that a detailed action plan could be drawn up and submitted by the deadline.
We have carried out no further work in this area as part of our 2021/22 VFM review, however, this will remain an where we maintain a watching brief to ensure progress continues.

A follow up of the prior year improvement recommendations raised in our 2021/22 Auditors Annual Report is included on pages 23 to 25 of this report.

The latest Internal Audit report concludes that progress has been made in terms of light fleet support. This is indicative of the Authority's arrangement being sufficiently robust to respond to areas of concern.

We will set out our more detailed findings across the 3 key areas of Financial Sustainability, Governance and the 3 E's within our Auditors Annual Report.

3. VFM - Follow up of prior year recommendations

We identified the following 6 recommendations for improvement as part our 2020/21 VFM work. We have followed up these recommendations as part of the 2021/22 review and are pleased to report that whilst some remain work in progress, due to the longer term nature of the recommendation, progress has been made on each.

Assessment	Recommendation	Management comment 2020/21	Update at October 2022
In progress	The Authority should progress work at pace to identify schemes to address the future budget gap to prevent the unnecessary use of reserves.	Agreed: The Authority and Executive Board have agreed that in early 22/23 a multi-year efficiency programme will be developed to achieve long term sustainability. This will include estate and workforce rationalisation underpinned by the creation of a, 'cost conscience culture.' The scale of efficiencies needed will remain under review via annual updates to the Medium-Term Financial Plan.	The multi-year efficiency programme is currently under development and is being managed by the Programme Office. The workforce has been engaged on saving/ efficiency proposals and are currently going through a detailed review for adoption. The Executive Board have separately agreed, in principle, to the implementation of a new Target Operating Model (TOM) which is expected to bring about efficiencies to support service and non-operational estate.
In progress	Progress against individual saving schemes identified should be separately monitored and reported against. In addition the Authority should clearly show the link between the MTFP budget gap and the schemes identified to address this through the Safer Together programme. This to increase the transparency of reporting and ensure accountability and ownership of schemes.	Agreed: The Executive Board have agreed and the 22/23 efficiency programme (referenced in 1 above) will be managed within the Portfolio Office with designated Project Manager support. Delivery against each saving scheme will be monitored and reported on monthly.	As per the response above. This project management approach has been agreed and once saving proposals have been fully adopted they will be monitored as proposed.

Assessment

✓ Action completed

X Not yet addressed

3. VFM - Follow up of prior year recommendations (continued)

Assessment	Recommendation	Management comment 2020/21	Update at October 2022
In progress	We recommend that the Authority consider implementing an overall integrated performance report. This could be completed at a high level using pre-existing sub committee reports and a dashboard style of reporting.	Agreed: The development and implementation of In-Phase will enable the ability to link all of the Authority's performance metrics and the interdependencies. This will drive greater visibility of how one performance measure enhances or impacts on other key performance areas and will support the development of an integrated performance report.	The Service has continued to develop its In-Phase capability. The high-level Service objectives have now been input into In-Phase and an agreed method of uploading KPI data from Service databases into In-Phase via the cloud has been established. The next element of this will be to train the Data Analysts on how to facilitate this. The data analysts have also worked alongside key internal stakeholders to develop KPIs for all of the Service priorities, including priorities 3 and 4. The outstanding element of work is the aforementioned uplift of the KPI data into In-Phase. The target is to have a fully integrated planning and KPI system in place using In-Phase by the start of the 2023/24 financial year.
✓	We recommend that the Authority consider adding Red One Limited to the risk register.	Agreed: The Authority recognises the increasing importance of Red1 to the Group (e.g. the growing size of the organisation is material for consolidation; Red 1's contribution to the Services' capital expenditure etc.) and, as such, will be monitored on the Corporate Risk Register.	Red One has now been added to the risk register.
In progress	We recommend that the Authority implement a formal partnership register	Agreed: The Authority has in place a partnership framework and we will review the extent to which the framework is being effectively applied.	The 2010 IDeA report is being reviewed and in addition to populating a Partnership Register, existing partnerships will assessed against the Framework requirements with completion by the end of the financial year.

Assessment

✓ Action completed

X Not yet addressed

3. VFM - Follow up of prior year recommendations (continued)

Assessment	Recommendation	Management comment 2020/21	Update at October 2022
In progress	We recommend that the Authority consider the scope of benchmarking and learning from other organisations within its overall performance management.	Agreed: The introduction of Power-Bi will enable the service to review other services' data as well as draw information from HMICFRS inspections of other services and the annual State of Fire report which will highlight best practice across the sector. Using the Authority's new performance systems as well as data from Chartered Institute of Public Finance and Accountancy (CIPFA) will enable the ability to drive performance and maintain a view on national performance for best practice and learning.	Whilst the Service receives currently benchmarking data from CITFA and the HMI (the latter using Power-BI), the Authority have not optimised its use. This is being addressed by the development of a data strategy which will include benchmarking. The first draft of that strategy is due to be completed by the end of the current calendar year.

Assessment

✓ Action completed

X Not yet addressed

5. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Details of fees charged are detailed in Appendix D.

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. No non-audit services were identified which were charged from the beginning of the financial year to the date of signing the audit opinion and we are not aware of any that are planned.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Transparency report 2020 (grantthornton.co.uk)

Appendices

A. Action plan – Audit of Financial Statements

We have identified 3 recommendations for the Authority as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2021/22 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
🟦	We note that the Authority has made no assessment of the impact of the implementation of IFRS16. This is a significant change that will impact on how the Authority recognises its leases. There are a number of steps to be completed as part of the assessment that can be time consuming.	We recommend that the Authority commence its assessment of the impact of IFRS16 implantation. **Management response** Management are aware of the requirement to implement the standard and will be ready for the date of introduction.
🟦	Our testing of accruals identified three items that were not accrued for using correct treatment at year end.	These amounts were trivial however, we recommend that the Authority review its accruals process as part of the 2022/23 closedown. **Management response** Cut off procedures will be reviewed as part of 2022/23 closedown process.
🟪	There are a number IT related policies that are past their review date for update. A number are pre-covid. IT has changed significantly due to the pandemic with remote working etc which exposes the Authority to greater risk.	We recommend that all IT policies past their update date are reviewed and amended as a matter of urgency. **Management response** We will review the IT policies and update them in accordance with our update process.

Key

- 🟣 High – Significant effect on financial statements or on the overall control environment
- 🔵 Medium – Limited Effect on financial statements or the control environment
- ⚪ Low – Best practice

B. Follow up of prior year recommendations

We identified the following issues in the audit of Devon and Somerset Fire and Rescue Authority's 2020/21 financial statements, which resulted in 4 recommendations being reported in our 2020/21 Audit Findings report. We have followed up on the implementation of our recommendations and note three are still to be fully addressed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	Our work on journals identified that there is no formal approval process for posting journals, therefore the finance team members who have access to post journals are effectively approving their own entry. The Head of Finance and Senior Accountant complete a review of a sample of journal entries posted twice a year, however this is done retrospectively and is not a preventative control. We recommended that the Authority introduce preventative controls for the approval of journals.	The Authority continue to accept the risk in this area as with the size of team introducing preventative controls would be unworkable.
X	Our work on journals work noted that there is no authorisation limit on posting journals, therefore journal users are not restricted by the value they post. We recommended implementing a structure/policy on authorisation limits.	The Authority continue to accept the risk in this area as with the size of team introducing preventative controls would be unworkable.
✓	Our work on journals noted that there were a number of journals that appear to have been posted by the Head of Finance. On following this up it was ascertained that this was not the case and was due to a systems bug. We recommended that Integra be updated to remove this bug.	This has been addressed.
X	The code requires that where areas of estimation uncertainty are disclosed the note should set out the impact of changes to the key assumptions on the values within the financial statements. We recommended that the Authority enhance the note 4 disclosure, to meet the requirements of the code.	The Authority have increased the disclosure in this area, however, it could be further enhanced by inserting % changes and what monetary impact this would have. This better allows the reader to assess the level of uncertainty.

Assessment

✓ Action completed

X Not yet addressed

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Summary of adjustments made by the Authority from the July 2022 version of the financial statements to the October 2022 version.

All adjusted misstatements are set out in detail below along with the impact on the key statements/notes and the reported net expenditure for the year ending 31 March 2022.

Statement/ Note	July 2022 draft £000's	October 2022 draft £000's	Adjustment £000's	Narrative
Group Comprehensive Income and Expenditure (cost of services)	110,261	110,245	16	These two items create the overall £43k adjustment to the CIES set on page 3 of this report
Actuarial (gains) or losses on Pension assets and liabilities	20,812	20,785	27	
Group Balance Sheet – Pension Liability	(921,129)	(921,661)	(532)	Corresponding adjustment to Pensions Reserves
Group MIRS	784,204	785,045	841	Overall movement through MIRS as a result of other adjustments and change of the Authority's share of the subsidiary's usable reserves.
Authority Comprehensive Income and Expenditure (cost of services)	106,851	106,836	16	
Authority Balance Sheet – Pension Liability	(921,129)	(921,542)	413	Corresponding adjustment to Pensions Reserves
Cashflow - Net deficit on provision of services	25,217	25,630	413	
Authority MIRS - Employers pension contributions and direct payments to pensioners	(14,610)	(14,196)	413	Also impacts on the Surplus or (deficit) on provision of services with the MIRS
Note 1.3 –				
Contributions (to) from reserves	4,497	(3,338)	(7,835)	
Spending from Earmarked Reserves	13,232	13,281	49	
Employers Contributions to Pensions	(14,610)	(14,196)	413	

C. Audit Adjustments

Summary of adjustments made by the Authority from the July 2022 version of the financial statements to the October 2022 version (continued)

Statement/ Note	July 2022 draft £000's	October 2022 draft £000's	Adjustment £000's	Narrative
Note 20.2 – Pensions Reserve	921,128	921,542	414	Corresponding adjustments
Note 20.2 – Employer's pensions contributions and direct payments to pensioners payable in the year	-14,610	-14,196	414	
Note 24 –				
Procurement income from frameworks	-76	-73	3	
Secondment income	-247	-241	6	
Other income and donations	-387	-460	-73	
Ambulance Covid support	-397	-289	108	
Note 25 - Net receipts from Red One Ltd of training income & reimbursements, minus any payments made	-118	-557	-439	
Note 30.2 - Contributions by scheme participants	5,098	5,102	4	
Note 30.2 - Benefits Paid	-29,296	-28,886	410	
Note 12.1 – Amortised cost	25,567	24,757	810	
Note 13.2 – increase in short term deposits	(5,500)	(2,475)	2,824	

C. Audit Adjustments

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Our work agreeing the Authority's pensions disclosures to the IAS19 disclosures identified a number of areas that did not agree. This differences and the overall impact to the pension liability are below triviality, however as the Authority has decided to adjust we are reporting here for completeness. The overall impact is £66k.	-	(66)	-
Overall impact	-	(£66)	-

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Adjusted?
Our review of the financial instruments note 12 identified a number of errors: • Cash & Cash Equivalent: Fair Value through Profit or Loss in Note 12 is zero, however, it should have been £1,751 as per Capital Valuation summary report; • Borrowing: Amortised Costs in Note 12 is £24,570k, however it should have been £25,567k per borrowing under non-current liabilities in the balance sheet; • Financial Assets: Money Market Loans < 1 Year in Note 12 is zero, however it should have been £1,751k as per Capital valuation summary report • Fair Value hierarchy- Financial Assets held at amortized cost in Note 12 is zero, however it should have been £34,251k as per Capital valuation summary; • Borrowing cost (current liabilities): Amortised cost in note 12 is £188k. however, it is noted that finance cost of 98k has been wrongly included, this value should be 90k.	✓
Our review of the financial instruments note 32 identified a number of errors: • Value of debt classified as two to three months should have been £135k and not £320k and in over three months should have been £786k and not £602k as per debt aging report. • The amounts within the maturity analysis section of the note were also incorrect:: a) Less than one year – including trade and other creditors should have been £11,495k in current year not £11,095k. b) Between two and five years – PWLB loan repayments should have been £3,144k in current year and not 1,044k. c) More than five years – PWLB loan repayments should have been £20,626k not £23,219k.	✓
Note 25 related parties - narratives below note updated to: As at 31st March 2022 the Authority had a closing balance of £869k, which is an increase from last year where we reported a closing balance of £750k. This was to accurately reflect the group consolidation adjustments made.	✓

C. Audit Adjustments

Misclassification and disclosure changes (continued)

Disclosure omission	Adjusted?
Audit fee – the disclosure note has been updated to show the full fee payable for the year rather than the amounts physically paid in the year. The note has been updated to read 'Additional fees for group accounting and remote working of £6k plus a further £10k for audit overrun will be invoiced once approved by the PSAA - making a total of £57k'.	✓
Note 4 - 1. has been updated to quantify the uncertainty for each of the key areas of uncertainty. This is required by the Code. This helps the reader of the accounts to understand the impact of changes to the underlying assumptions.	✓
Note 10 has been split out to show RSG top up grant as a separate line, changed from single line of 'Non domestic rates' of £13,858k, to 'Non domestic rates' of £3,303k and 'Tariff top up grant' of '£10,555k. This is to aide transparency.	✓
Note 18 has been updated to remove the defined pension schemes from long-term creditors as this is covered with the pensions related notes.	✓
With the narrative report the 'Capital Expenditure and Financing 2021/22' figures did not agree to the values with the financial statement. These have now been updated.	✓
During the course of the audit a number of small disclosure amendments were made to the financial statements, Annual Governance Statement and Narrative Report. A number of minor changes were noted as part of the group audit review. These have not been reported separately due to their insignificant nature.	✓

C. Audit Adjustments

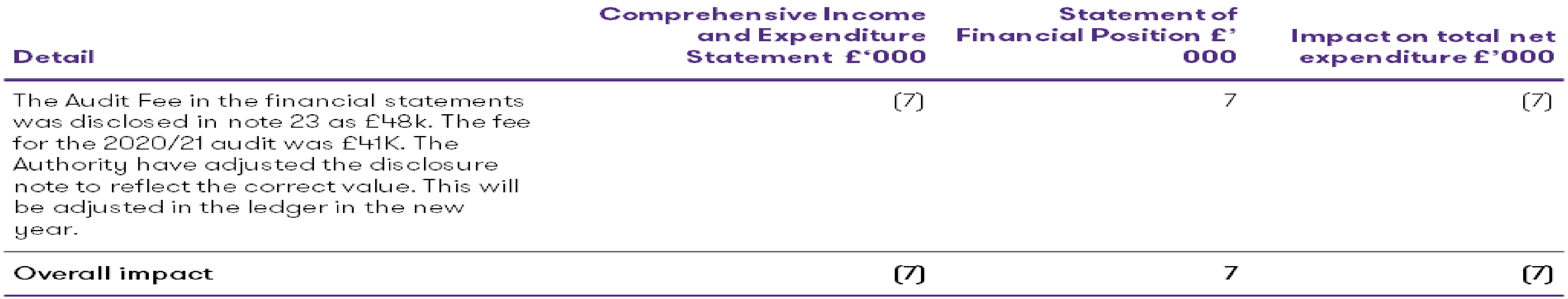
Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2021/22 audit which have not been made within the final set of financial statements. The Audit and Governance Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Our work on depreciation identified that the Authority had been using the incorrect useful economic life when calculating depreciation to be charged on building assets. We have assessed the overall impact of across the asset base to be an overstatement of depreciation of £727k. This is therefore an understatement of the Authority's asset on the balance sheet. This will be corrected on revaluation in the current year	(727)	727	(727)	Not material and will be corrected in the 2022/23 financial year as part of the normal revaluation process
Our work identified that for 3 senior officers the remuneration disclosed did not include car allowances. The total differences are £14k.	-	-	-	Not material
Overall impact	(£727)	£727	(£727)	

Impact of prior year unadjusted misstatements

We reported one unadjusted misstatement in the prior year. This was in relation to the audit fee where the Authority over accrued this expenditure by £7k. This has been corrected in the course of normal business during the 2021/22 financial year.



Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
The Audit Fee in the financial statements was disclosed in note 23 as £48k. The fee for the 2020/21 audit was £41K. The Authority have adjusted the disclosure note to reflect the correct value. This will be adjusted in the ledger in the new year.	(7)	7	(7)
Overall impact	**(7)**	**7**	**(7)**

D. Fees

We confirm below our proposed final fees to be charged for the audit, including additional fees. We confirm that there were no fees for the provision of non audit services.

Audit fees	Proposed fee	Final fee
Authority Audit	47,280	47,280
Additional Audit Fee for additional time *	-	**10,000**
Total audit fees (excluding VAT)	£47,280	£57,280

The fees set out above reconcile to the financial statements as set out below.

Fees per financial statements	£41,291
Group Audit fee set out in the audit plan	£3,000 **
Remote working fee set out in the audit plan	£3,000 **
Total fees per above	**£47,291 (trivial difference to the fee set out above)**
Additional fee	£10,000
Total fees including additional fees	**£57,291 (trivial difference to the fee set out above)**

* As set out in the headlines section of this report the audit has not been able to progress in an efficient manner. This is due to inconsistencies within the financial statements and some delays receiving requested information. It was agreed with management that the audit would be paused until these imbalances were rectified. The Authority have now provided a revised draft set of accounts and the audit is due to recommence at the end of November.

This has led to considerable additional costs. Whilst the issues above have contributed to the additional costs, we do recognise that there were some areas where we could have progressed work more efficiently.

On this basis we have agreed with management an additional fee of £10,000. This does not include the costs that we have attributed to our delivery.

** The Authority had not included the additional fees totalling £6,000 in the audit fee note as these amounts were communicated after the year end close down.

E. Audit opinion

Our audit opinion is included below. We anticipate we will provide the group with an unmodified audit report

Independent auditor's report to the members of Devon and Somerset Fire and Rescue Authority

Report on the Audit of the Financial Statements

Opinion on financial statements

We have audited the financial statements of Devon and Somerset Fire and Rescue Authority (the 'Authority') and its subsidiary (the 'group') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Movement in Reserves, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Cash Flow Statement, the Group Statement of Movement in Reserves and notes to the financial statements, including a summary of significant accounting policies, and include the firefighters' pension fund financial statements comprising the Fire Fighters Pension Fund, the Net Assets Statement and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2022 and of the group's expenditure and income and the Authority's expenditure and income 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 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2020) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Treasurer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority or group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority or the group to cease to continue as a going concern.

In our evaluation of the Treasurer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 that the Authority and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

E. Audit opinion

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the Treasurer with respect to going concern are described in the 'Responsibilities of the Authority, the Treasurer and Those Charged with Governance for the financial statements' section of this report.

Other information

The Treasurer is responsible for the other information. The other information comprises the information included in the Statement of Accounts and the Annual Statement of Assurance other than the financial statements, and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in April 2020 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Statement of Assurance does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Statement of Assurance addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

E. Audit opinion

Responsibilities of the Authority, the Treasurer and Those Charged with Governance for the financial statements

As explained in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Treasurer. The Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority and the group will no longer be provided.

The Audit and Governance Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant ,which are directly relevant to specific assertions in the financial statements, are those related to the reporting frameworks (international accounting standards as interpreted and adapted by the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22 The Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Local Government Act 2003 and the Fire and Rescue Act 2004.We also identified the following additional regulatory frameworks in respect of the firefighters pension fund: The Public Service Pensions Act 2013, the Firefighters' Pension Scheme (England) Regulations 2014 and the Firefighters' Pension Scheme (England) Order 2006.

We enquired of senior officers and the Audit and Governance Committee, concerning the group and Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

We enquired of senior officers, internal audit and the Audit and Governance committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating officers' incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to journals, accounting estimates and critical judgements made by management.

E. Audit opinion

Our audit procedures involved:

- evaluation of the design effectiveness of controls that the Treasurer has in place to prevent and detect fraud;
- journal entry testing, with a focus on unusual transactions;
- challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, and defined benefit pensions liability valuations;
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

The team communications in respect of potential non-compliance with relevant laws and regulations, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to land and buildings, and defined benefit pensions liability valuations.

Our assessment of the appropriateness of the collective competence and capabilities of the group and Authority's engagement team included consideration of the engagement team's and component auditor's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector
- understanding of the legal and regulatory requirements specific to the Authority and group including:
- the provisions of the applicable legislation
- guidance issued by CIPFA, LASAAC and SOLACE
- the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority and group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority and group's control environment, including the policies and procedures implemented by the Authority and group to ensure compliance with the requirements of the financial reporting framework.

For components at which audit procedures were performed, we requested component auditor to report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the group financial statements. No such matters were identified by the component auditor.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

Our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources is not yet complete. The outcome of our work will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report. If we identify any significant weaknesses in these arrangements, these will be reported by exception in a further auditor's report. We are satisfied that this work does not have a material effect on our opinion on the financial statements for the year ended 31 March 2022.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

E. Audit opinion

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied 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 review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of ‘proper arrangements’. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor’s Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Devon and Somerset Fire and Rescue Authority for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed:

- our work on the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources and issued our Auditor’s Annual Report,
- the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the Authority for the year ended 31 March 2022.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2022.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority’s members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Barrie Morris, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

Date:

F. Management Letter of Representation

Grant Thornton UK LLP

2 Glass Wharf

Temple Quay

Bristol

BS2 0EL

18th January 2023

Dear Sirs

Devon and Somerset Fire and Rescue Authority Financial Statements for the year ended 31 March 2022.

This representation letter is provided in connection with the audit of the financial statements of Devon and Somerset Fire and Rescue Authority and its subsidiary undertaking, Red One Limited for the year ended 31 March 2022 for the purpose of expressing an opinion as to whether the group and Authority financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

We have fulfilled our responsibilities for the preparation of the group and Authority's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

We have complied with the requirements of all statutory directions affecting the group and Authority and these matters have been appropriately reflected and disclosed in the financial statements.

The Authority has complied with all aspects of contractual agreements that could have a material effect on the group and Authority financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

Except as disclosed in the group and Authority financial statements:

a. there are no unrecorded liabilities, actual or contingent

b. none of the assets of the group and Authority have been assigned, pledged or mortgaged

c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

F. Management Letter of Representation

We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The group and Authority financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

The financial statements are free of material misstatements, including omissions.

Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

We have updated our going concern assessment. We continue to believe that the group and Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :

a. the nature of the group and Authority means that, notwithstanding any intention to cease the group and Authority operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the group and Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the group and Authority 's ability to continue as a going concern need to be made in the financial statements

The group and Authority has complied with all aspects of ring-fenced grants that could have a material effect on the group and Authority's financial statements in the event of non-compliance.

Information Provided

We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the group and Authority's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. access to persons within the Authority via remote arrangements, from whom you determined it necessary to obtain audit evidence.

We have communicated to you all deficiencies in internal control of which management is aware.

All transactions have been recorded in the accounting records and are reflected in the financial statements.

We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Authority, and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

We have disclosed to you the identity of the group and Authority's related parties and all the related party relationships and transactions of which we are aware.

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

F. Management Letter of Representation

Annual Governance Statement

We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

The disclosures within the Narrative Report fairly reflect our understanding of the group and Authority 's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Authority’s Audit and Governance Committee at its meeting on 18th January 2023.

Yours faithfully

Name…………………………..

Position…………………………

Date……………………………

Name…………………………..

Position…………………………

Date……………………………

Signed on behalf of the Authority

G. Audit letter in respect of delayed VFM work

16 September 2022

Dear Chair of the Audit and Governance Committee

The original expectation under the approach to VFM arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, due to the on-going challenges impacting on the local audit market, including the need to meet regulatory and other professional requirements, we have been unable to complete our work as quickly as would normally be expected. The National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation.

As a result, we have therefore not yet issued our Auditor's Annual Report, including our commentary on arrangements to secure value for money. We now expect to publish our report no later than 28 February 2023.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Barrie Morris

Director

grantthornton.co.uk