

The Audit Findings (ISA260) Report for Shropshire and Wrekin Fire and Rescue Authority

Year ended 31 March 2024



Shropshire and Wrekin Fire and Rescue Authority

Brigade Headquarters
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11 December 2024

Dear Councillor Pardy

**Private and
Confidential**

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Interim Audit Findings for Shropshire and Wrekin Fire and Rescue Authority for the 31 March 2024

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 and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with the Standards, Audit and Performance Committee

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), 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.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2023.pdf \[grantthornton.co.uk\]](#).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Richard J J Anderson

Director and Key Audit Partner
For Grant Thornton UK LLP

Contents



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This Audit Findings Report (AFR) 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 and will be discussed with the Standards, Audit and Performance Committee on 11 December 2024.

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 Authority 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.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of Shropshire and Wrekin Fire Authority ('the Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2024 for the attention of 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 Authority's financial statements give a true and fair view of the financial position of the Authority and its 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 consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work was completed remotely during October-December 2024. Our findings are summarised in this report. We have identified 2 adjustments (out of which 1 was identified by management in the draft accounts prior to us commencing our audit) to the financial statements that have resulted in a £457K adjustment to the Authority's Comprehensive Income and Expenditure Statement. The audit adjustments have an impact of decreasing the level of the Authority's useable reserves by £127K .

We also identified 1 adjustment which is classification on balance sheet and 1 adjustment which is classification of income in CIES. These adjustments have no impact on the Authority's useable reserves. One unadjusted misstatements has been noted, the impact of which is immaterial. Audit adjustments are detailed at Appendix C.

We have also raised 3 recommendations for management as a result of our audit work. These are set out at Appendix B. Our work is still in progress and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters:

- Receipt of Management's assessment of the obsolescence assumption adopted in valuation of buildings in both the current and prior years
- Receipt of queries for starters/leavers samples
- Responses to queries on related parties.
- Receipt of cash flow forecast till January 2026
- Finalisation of Manager and Engagement Lead quality control reviews
- Receipt of management representation letter {shared separately}
- Review of the final set of financial statements

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 financial statements audit report opinion will be unmodified. We will issue our financial statements audit opinion, on completion of our value for money work (see next page).

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 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

Our work on the Authority's value for money (VFM) arrangements will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report (AAR).

Whilst we have completed the majority of our VFM work, we are still considering the Authority's recently published HMICFRS inspection report and associated cause for concern. We are also awaiting further evidence from Management in relation to our work on the Authority's response to investigations into Senior Officers conduct and the overall culture and tone from the top from the Authority's leadership during 2023/24. Until this information is provided, we cannot conclude our VFM work.

We will share our Auditor's Annual Report and confirm whether we have identified significant weaknesses in arrangement, once this evidence has been provided.

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 have completed the majority of work under the Code. At this stage, the National Audit Office have not articulated their requirements in relation to 2023/24 WGA accounts and as a result we cannot certify the completion of the audit.

Significant matters

As part of our work on the completeness of Provisions and the Contingent Liabilities disclosure we have considered claims and potential claims which might be brought against the Authority. A Contingent Liability has been disclosed in relation to these claims and potential claims in Note 13. We are satisfied that this is the correct accounting treatment, as there is a possible obligation depending on whether some uncertain future event occurs. We are satisfied that the recognition conditions for a provision, as outlined in IAS 37, have not been met.

The Annual Governance Statement has been updated to refer to investigation into allegations which were made against the Fire Authority and members of its leadership in April 2024. Reference has been made to the impact on governance and leadership arrangements and the improvements identified following conclusion of the investigations. We have considered this matter further as part of our Value for Money work. We are satisfied there is no further impact on the 2023/24 financial statements.

1. Headlines

National context – audit backlog

Government proposals around the backstop

On 30 July 2024, the Minister of State for Local Government and English Devolution, Jim McMahon, provided the following written statement to Parliament [Written statements - Written questions, answers and statements - UK Parliament](#) This confirm the government's intention to introduce a backstop date for English local authority audits up to 2022/23 of 13 December 2024. We concluded your 2022/23 audit in January 2024, more than 12 months in advance of the backstop date. The backstop date for 2023/24 audits is 28 February 2025. Our audit work is substantially complete and on track to be finalised in advance of this date.

New National Audit Office Code

As part of ongoing reforms to local audit, the National Audit Office has also laid a new Code before Parliament. One of the objectives of the new Code is to ensure more timely reporting of audit work, including Value for Money. The Code requires that from 2025, auditors will issue their Annual Auditor's Report by November each year. We have already put resource plans in place to ensure we achieve this deadline across all audited bodies.

National context – level of borrowing

All Authorities continue to operate in an increasingly challenging financial context. With inflationary pressures placing increasing demands on Authority budgets, there are concerns as Authorities look to alternative ways to generate income. We have seen an increasing number of Authorities look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by Authorities' existing resources, we have also seen some Authorities take excessive risks by borrowing sums in excess of their revenue budgets to finance these investment schemes. Additionally, we have also seen some authorities lending money to their subsidiary companies, which may not be in a position to repay those loans.

The impact of these huge debts on Authorities, the risk of potential bad debt write offs and the implications of the poor governance behind some of these decisions are all issues which now have to be considered by auditors across local authority audits.

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 will be discussed with management and the Standards, Audit and Performance Committee.

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 Authority's business and is risk based, and in particular included:

- An evaluation of the Authority's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion. These outstanding items include:

- Receipt of Management's assessment of the obsolescence assumption adopted in valuation of buildings in both the current and prior years
- Receipt of queries for starters/leavers samples
- Responses to queries on related parties.
- Cash flow forecast till January 2026
- Finalisation of Manager and Engagement Lead quality control reviews
- Receipt of management representation letter {shared separately}
- Review of the final set of financial statements

Acknowledgements

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.

Materiality levels remain the same as reported in our audit plan.

We set out in this table our determination of materiality for Shropshire and Wrekin Fire Authority.

	Authority Amount (£)	Qualitative factors considered
Materiality for the financial statements	£620,000	We determined that total expenditure in year was the most appropriate benchmark. Our risk assessment led us to set materiality at approximately 2% of prior year expenditure. We did not identify a requirement to change this upon receipt of draft financial statements.
Performance materiality	£465,000	Based on the internal control environment at the Authority we determined that 75% of headline materiality would be an appropriate benchmark.
Trivial matters	£31,000	We decided that matters below 5% of materiality were trivial.
Materiality for Senior Officer Remuneration	£53,527	We deem Senior Officer Remuneration to be a particularly sensitive area for the users of the accounts and we will therefore apply a lower materiality threshold. Materiality is calculated at 2% of the total Senior Officers Emoluments figure included in the Officers Remuneration Note of the financial statements. Performance Materiality will be 75% of this. We consider the measurement percentages used to determine the financial statement materiality, together with the rationale, to be appropriate and reasonable for the specific lower threshold.



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
<p>Management override of controls</p> <p>Under ISA (UK) 240, there is a non-rebuttable presumed risk that 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.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement</p>	<p>We have:</p> <ul style="list-style-type: none">• evaluated the design and implementation of management controls over journals• analysed the journals listing and determined the criteria for selecting high risk unusual journals• identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration• gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness <p>Our work in this area is complete. We have not identified any indication of management override of control. In Appendix B we have raised 2 recommendations relating to the Authority's journal entry controls.</p>
<p>Closing Valuation of land and buildings</p> <p>Assets are subject to a full valuation in 2023/24.</p> <p>This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumption.</p> <p>We therefor identified valuation of land and building as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter</p>	<p>We have:</p> <ul style="list-style-type: none">• 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 to ensure that the requirements of the CIPFA code are met;• Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding;• Tested revaluations made during the year to see if they had been input correctly into the Authority's balance sheet <p>Work is ongoing, with most of the testing now completed. We have not noted any issues but are awaiting receipt of Management's assessment of the obsolescence assumption adopted in valuation of buildings in both the current and prior years..</p>
<p>The revenue cycle includes fraudulent transactions (rebutted)</p> <p>Under ISA (UK) 240, there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>As external auditors in the public sector, we are also required to give regard to Practise Note 10, which interprets the ISA in a public sector context and directs us to consider whether the assumption also applies to expenditure.</p>	<p>Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Authority, we determined that the risk of fraud arising from revenue and expenditure recognition could be rebutted, because:</p> <ul style="list-style-type: none">- there is little incentive to manipulate revenue and expenditure recognition- opportunities to manipulate revenue and expenditure recognition are very limited; and- the culture and ethical frameworks of local authorities, including Shropshire & Wrekin Fire Rescue Authority, mean that all forms of fraud are seen as unacceptable. <p>Therefore we did not consider this to be a significant risk for Shropshire & Wrekin Fire & Rescue Authority.</p>

2. Financial Statements: Significant risks

Risks identified in our Audit Plan

Valuation of pension fund net liability

The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£182.3m in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions. In the draft accounts, the Local Government Pension fund has a surplus of £0.33m and the Fire Fighters Pension schemes has a liability of £182.5m

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. However, for the first time since IFRS have been adopted the Authority has had to consider the potential impact of IFRIC 14 - IAS 19 -the limit on a defined benefit asset. Because of this we have assessed the recognition and valuation of the pension asset as a significant risk.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

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 £0.796m effect on the liability/surplus. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to these assumptions. With regard to these assumptions, we have therefore identified valuation of the Authority's pension fund net liability as a significant risk.

Commentary

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;
- Undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- Obtained assurances from the auditor of Shropshire Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data sent to the actuary by the LGPS pension fund and the fund assets valuation in the pension fund financial statements. This relates to the local government pension fund liability only.
- For the firefighters' pension fund, we undertook additional substantive procedures, including analytics to test the accuracy and completeness of membership data, contributions paid, benefits paid and the lump sum and commutations paid.

From the procedures carried out, including the review and consideration of the IAS19 assurances from the auditor of the Shropshire Pension Fund, we are satisfied that the valuation of the pension fund liability is free from material misstatement.

The Pension Fund auditor of the LGPS, identified a total unadjusted misstatement of £12.698m when comparing the asset listing to confirmations. The Authority's calculated share of assets is 0.87% and apportioning the unadjusted misstatement results in the Authority's £22m assets being understated by £0.11m

The Authority has a net pension asset of £0.33m relating to the Local Government Pension Scheme, which was incorrectly netted in the Balance Sheet with the Firefighters' pensions deficit and has been adjusted. Further, following our considerations of IFRIC 14, the Authority has revised the financial statements, as the IFRIC 14 application confirms that the surplus should be restricted to nil, since there is no economic benefit available to the Authority.

We have no other issues to report in respect of this significant risk.

2. Financial Statements: key judgements and estimates

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

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £27.6m	<p>Other land and buildings comprises £27.6m of specialised assets such as fire stations and fire towers, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. There are no non-specialised assets. The Authority has engaged Capital valuers to complete the valuation of properties as at 31 March 24 on a five yearly cyclical basis. 100% of total assets were revalued during 2023/24.</p> <p>The total year end valuation of land and buildings was £27.61m, a net increase of £0.04m from 2022/23 (£27.57m).</p>	<p>We have:</p> <ul style="list-style-type: none"> • 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 to ensure that the requirements of the CIPFA code are met; • Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • Tested revaluations made during the year to see if they had been input correctly into the Authority's balance sheet <p>Testing on land and buildings revaluations is still ongoing and any findings will be reported when completed.</p>	To be finalised when testing is completed

Assessment

- **[Red]** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **{Amber}** 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
- **[Green]** 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																								
<p>Net Pension asset – £0.3m (Shropshire County Pension fund, Local Government Pension Scheme (LGPS).)</p>	<p>The Authority's net pension liability at 31 March 2024 is £182.2m (PY £185.1m). The Authority is a member employer of the Shropshire County Pension fund, part of Local Government Pension Scheme (LGPS). The Authority uses Mercer to provide actuarial valuations of the Authority's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2023. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £7.7m net actuarial gain during 2023/24, £2.2m of which relates to the LGPS.</p>	<p>We have:</p> <ul style="list-style-type: none"> Undertaken an Assessment of management's expert Reviewed and assessed the actuary's approach to confirm reasonable. Used PwC as auditor's expert to assess actuary and assumptions made by actuary – summarised below <table border="1" data-bbox="1034 644 1771 1050"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>4.9%</td> <td>4.9%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.7%</td> <td>2.7% to 2.8%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>3.85%</td> <td>3.85% to 4.1%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45/65</td> <td>23.1 years</td> <td>22 – 23.5</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45/65</td> <td>26.0 years</td> <td>25 – 26.2</td> <td>●</td> </tr> </tbody> </table> <ul style="list-style-type: none"> Determined the completeness and accuracy of the underlying information used to determine the estimate <p>The Authority has a net defined benefit asset of £0.33m relating to the LGPS at 31 March 2024. The IFRIC 14 application confirms that this surplus should be restricted to nil, since there is no economic benefit available to the Authority.</p>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	4.9%	4.9%	●	Pension increase rate	2.7%	2.7% to 2.8%	●	Salary growth	3.85%	3.85% to 4.1%	●	Life expectancy – Males currently aged 45/65	23.1 years	22 – 23.5	●	Life expectancy – Females currently aged 45/65	26.0 years	25 – 26.2	●	<p>Green</p> <p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>
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Assessment

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- {Amber} 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
- [Green] 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 – £182.5m (Firefighters' Pensions)	<p>The Authority has 3 unfunded defined benefit schemes for Firefighters' Pensions. The Schemes are regulated by the Home Office, with contributions made by the Fire Authority and employees being paid into a separate Pensions Fund Account.</p> <p>The Authority uses Mercer to provide actuarial valuations of the Authority's liabilities derived from the schemes. A full actuarial valuation is required every four years.</p> <p>The latest full actuarial valuation was completed in 2023. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £7.7m net actuarial gain during 2023/24, £5.5m of which relates to the firefighters' pensions schemes.</p>	<p>We have:</p> <ul style="list-style-type: none"> Undertaken an Assessment of management's expert Reviewed and assessed the actuary's approach to confirm reasonable. Used PwC as auditor's expert to assess actuary and assumptions made by actuary – summarised below 	<p style="text-align: center;">Green</p> <p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>																							
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Discount rate	4.9%	4.9%	●																							
Pension increase rate	2.8%	2.7% to 2.8%	●																							
Salary growth – 2015 Scheme Salary growth – Other Schemes	3.95% 4.2%	3.95% to 4.2%	●																							
Life expectancy – Males currently aged 45/65	22.4 years	22.4 – 23	●																							
Life expectancy – Females currently aged 45/65	22.4 years	22.4 – 25.2	●																							

Assessment





- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] 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
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: Information Technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas. We have raised a control recommendation to management in relation to cyber security controls– refer appendix B. We are satisfied that the issues identified have had no impact on the 2023/24 financial statements.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating		
			Security management	Technology acquisition, development and maintenance	Technology infrastructure
Agresso	ITGC assessment (design and implementation effectiveness only)				

Assessment

-  Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  Not in scope for testing

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 Standards, Audit and Performance 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 Standards, Audit and Performance Committee papers.
Confirmation requests from third parties	We requested from management permission to send 4 confirmation request(s) to Authority's banking counterparts. This permission was granted and the requests were sent. We have received all the responses.
Accounting practices	We have evaluated the appropriateness of the Authority's accounting policies, accounting estimates and financial statement disclosures. Some minor changes were made to improve compliance with accounting standards and the code. Please refer appendix C for the changes made to the draft accounts.
Audit evidence and explanations/ significant difficulties	All information and explanations requested from management was 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	<p>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 Authority 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.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none">• 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. <p>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:</p> <ul style="list-style-type: none">• 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. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none">• 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	<p>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.</p> <p>The Annual Governance Statement has been updated to refer to investigation into allegations which were made against the Fire Authority and members of its leadership in April 2024. Reference has been made to the impact on governance and leadership arrangements and the improvements identified following conclusion of the investigations.</p> <p>The Annual Governance Statement has also been updated to reflect the findings from His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) December 2024 inspection report.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none">• 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. <p>We have nothing to report on these matters</p>
Specified procedures for Whole of Government Accounts	<p>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.</p> <p>At this stage, the NAO has not articulated its requirements in relation to 2023/24 and as a result we cannot certify the completion of the audit</p>
Certification of the closure of the audit	<p>We intend to certify the closure of the 2023/24 audit of Shropshire and Wrekin Fire Authority when guidance is issued by the NAO.</p>



3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2023/24

The National Audit Office issued its guidance for auditors in April 2020. The Code requires 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

Our work on the Authority's value for money (VFM) arrangements will be reported in our commentary on the Authority's arrangements in our Auditor's Annual Report (AAR).

Whilst we have completed the majority of our VFM work, we are still considering:

- the Authority's recently published HMICFRS inspection report and associated cause for concern;
- the Authority's response to investigations into Senior Officers conduct; and
- the overall culture and tone from the top from the Authority's leadership

We will share our Auditor's Annual Report and confirm whether we have identified significant weaknesses in arrangements on completion of this work.

5. Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers).

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Authority'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.

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.

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 current date, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

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 [Grant Thornton International Transparency report 2023](#).

5. Independence and ethics

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Company that may reasonably be thought to bear on our integrity, independence and objectivity
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Group or investments in the Group held by individuals
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Group
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Group's board, senior management or staff [that would exceed the threshold set in the Ethical Standard]

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 and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person [and network firms] have complied with the Financial Reporting Authority's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statement.

Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – Audit of Financial Statements
- C. Audit Adjustments
- D. Fees and non-audit services
- E. Auditing developments

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), 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.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. 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, as the audit is still ongoing other matters may be identified. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2024/25 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
Medium – Limited Effect on financial statements	<p>Review of cybersecurity controls</p> <p>We have noted the following control deficiencies in our cybersecurity workplan:</p> <ol style="list-style-type: none"> 1. There is a lack of a specialised IT team (internal or outsourced) to focus on cybersecurity and as such no periodic reviews or monitoring is undertaken regards cyber risks and threats. 2. The Authority relies solely on penetration testing to address the threat of cyber risk. 3. Baseline security configuration documents do not exist for all key computers or platforms. This increases the potential risk that cyber risks are managed inconsistently across teams / divisions / groups. 	<p>There is need for management to ensure that there is periodic monitoring of cyber risks and threats as this can affect the continuity of operations if any adverse event is to occur. Additionally, there is need for management to ensure that baseline security configuration policies are in place.</p> <p>Management response</p> <p>For points 1 and 2, we are currently in the process of reviewing a third party service organisation which will provide security monitoring, response and vulnerability management.</p> <p>For point 3, we have baseline configurations and compliance policies, however we don't have documentation on those specific policies. these would need to be drawn up.</p>
Best practice	<p>During our walkthrough of journals, we have noted that the journal entries or other adjustments posted via batch are not being reviewed before being sent to the service organization for processing which increases the risk for error.</p>	<p>We recommend that management should have measures in place to review batch journals and this be evidenced before information is sent to the service organisation.</p> <p>Management response</p> <p>TBC</p>
Best practice	<p>When performing our walkthrough in February 2024 we have noted that some journals were back posted to April 2023 period for reversing pensions related accruals, although no evidence of back posting in any other period was identified during the period under review. Management has stated that as the financial year is rolled forward from the preceding one to the current one following audit, opening balances are created in period 0. There are a number of accounts that require these opening balances to be reversed, for example those relating to the Authority's Pensions Account. In order to correct these, we would instruct Telford & Wrekin Council to post back into period 0</p>	<p>We recommended that management to have controls in system which restrict back dated posting up to a certain time period at year end and these reversals should be processed and reviewed in the first month of rolling forward and not to be processed later on the year.</p> <p>Management response</p> <p>TBC</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

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 2024.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000
Dr. Cost of services Cr. Short term creditors Being adjustment for accrual of expenditure post submission of draft accounts prior to the start of the fieldwork audit. The revision results in a number of changes across the accounts such as the Balance Sheet and CIES, updates have also been made to the MiRS, Cashflow Statement and Note 3b.	127	(127)	127	127
Dr. Short Term Creditors Cr. Grants received in advance Being grants received in advance shown separately from creditors. In addition, there has been update made for this adjustment in 22/23 as well for £834k and 21/22 for £880k. A Prior Period Adjustment disclosure note will be added, in line with IAS 8 to disclose the nature of the prior period error and the amount of the correction.	-	931 (931)	-	-
Dr. Precepts and Non-Domestic Rates Cr. Government Grants Being adjustment done to reflect correct position for classification of grant income. This is a classification issue and has no impact on overall taxation and non-specific grant income.	3,233 (3,233)	-	-	-
Dr. Remeasurement of the net defined benefit liability Cr. Pensions Liability Being IAS 19 surplus restricted to nil since there is no economic benefit available to authority, in line with the requirements of IFRIC 14.	330	- (330)	-	-
Overall impact	£457	£(457)	£127	£127

C. Audit Adjustments

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/issue/Omission	Auditor recommendations	Adjusted?
<p>Note 1 Accounting standards that have been issued but have not yet been adopted</p> <p>We have noted that management has not disclosed particulars for IFRS 16 as required per CIPFA. We have recommended the management to disclose the same in the accounts.</p>	<p>We have recommended the management to update the disclosure in the accounts</p> <p>Management response Agreed by management</p>	✓
<p>Note 8 – Officers Remuneration</p> <p>We have noted the following errors:</p> <ol style="list-style-type: none">1) We noted that the banding for £60,000 - £64,999 should have 18 people and not 14 and banding for £65,000 - £69,999 should have 8 people instead of 7.2) We noted that the salary for Group Manager - Prevention has been wrongly inputted as £64,662 instead of £73,057.	<p>We have recommended the management to update the disclosure in the accounts.</p> <p>Management response Agreed by management</p>	✓
<p>Note 16 – Financial instrument</p> <p>We have noted the following errors:</p> <ol style="list-style-type: none">1) Debtors and creditors numbers for current year should have been £988k and £1,209k in place of £16k and £15k respectively. In the draft accounts, not all financial assets and financial liabilities were included in the disclosure.2) Maturity analysis for financial liabilities is incorrect for current year and previous year. <p>A prior period adjustment has also been made in the accounts to correct the previous year disclosure. Debtors and creditors numbers for previous year should have been £1,201k and £719k in place of £87k and £1k as disclosed in the draft accounts respectively.</p> <p>The financial instruments note has been updated to ensure headings in the note are consistent with the requirements of IFRS 9.</p>	<p>We have recommended the management to update the disclosure in the accounts.</p> <p>Management response Agreed by management</p>	✓

C. Audit Adjustments

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/issue/Omission3	Auditor recommendations	Adjusted?
<p>Note 9 Audit fees</p> <p>1) VFM fees should not be separately shown and presented under the fees paid to auditor – there is no change in overall fees.</p> <p>2) Additional fees for 22/23 for £15k was not inputted to ledger last year but shown in accounts note 9, so no need to be presented in note 9 in the current year</p>	<p>We have recommended the management to update the same in accounts.</p> <p>Management response Agreed by management</p>	✓
<p>Changes to Annual Governance Statement and Contingent liabilities</p> <p>As part of our work on the completeness of Provisions and the Contingent Liabilities disclosure we have considered claims and potential claims which might be brought against the Authority. A Contingent Liability has been disclosed in relation to these claim and potential claims in Note 13. We are satisfied that this is the correct accounting treatment, as there is a possible obligation depending on whether some uncertain future event occurs. We are satisfied that the recognition conditions for a provision, as outlined in IAS 37, have not been met.</p> <p>The Annual Governance Statement has been updated to refer to investigation into allegations which were made against the Fire Authority and members of its leadership in April 2024. Reference has been made to the impact on governance and leadership arrangements and the improvements identified following conclusion of the investigations. Reference has also been added to the findings from the Authority’s recently published HMICFRS inspection report and associated cause for concern.</p>	<p>We have recommended the management to update the same in accounts.</p> <p>Management response Agreed by management</p>	✓
<p>Various Disclosure Misstatements</p> <p>We noted a small number of referencing and presentational improvements identified through our review of the accounts.</p>	<p>Management have adjusted these items</p> <p>Management response Agreed by management</p>	✓

C. Audit Adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2023/24 audit which have not been adjusted within the final set of the financial statements. The Standards, Audit and Performance Committee is required to approve management's proposed treatment of all items recorded within the table below..

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on general fund £000	Reason for not adjusting
Dr. Pensions Asset		110	-	-	Not material quantitatively or qualitatively.
Cr. Remeasurement of the net defined benefit liability	(110)				
<p>Being differences identified between the value of pension fund investment and the valuation statements received from the third party investment managers. This would have no impact on the balance sheet, as the Authority's LGPS Pension Asset is capped at nil due to the application of IFRIC 14.</p>					
Overall impact	£0	£0	£-	£-	

D. Fees and non-audit services

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Audit fees	Proposed fee	Final fee
Scale fee	£87,624	£87,624
ISA 315	£5,020	£7,058
Total audit fees (excluding VAT)	£92,644	TBC

Additional fees in relation to ISA 315 is still subject to approval by PSAA . The additional work required by this auditing standard was not accounted for in the scale fee. The impact on our work was greater than estimated at planning. Our final audit fee will be determined on completion of our financial statements and value for money work.

E. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: <ul style="list-style-type: none">• the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures• the identification and extent of work effort needed for indirect and direct controls in the system of internal control• the controls for which design and implementation needs to be assess and how that impacts sampling• the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none">• increased emphasis on the exercise of professional judgement and professional scepticism• an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence• increased guidance on management and auditor bias• additional focus on the authenticity of information used as audit evidence• a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. <ul style="list-style-type: none">• Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none">• clarification of the requirements relating to understanding fraud risk factors• additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.

