



West Yorkshire Fire and Rescue

Auditor's Annual Report 2021/22

4 July 2024

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Key Messages

Audit opinion on the financial statements

We issued an unmodified opinion on the Authority's financial statements on 4 July 2024.

The Authority's arrangements to secure Value for Money

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services

As at 31 March 2022, the Authority has net liabilities of £1,474m (2020/21: £1,483m) which is driven by the pension scheme liability of £1,567m (2020/21: £1,563m) as a result of the Firefighter's Pension Scheme being an unfunded scheme. Excluding the pension balance the Authority, therefore has net assets of £93m (2020/21: £80m).

The Authority when setting its budget has considered a range of financial scenarios to enable the Authority to achieve a balanced budget against a number of possible financial scenarios.

Governance

How the body ensures that it makes informed decisions and properly manages its risks

The Authority has a series of policies in place to ensure that it makes properly informed decisions, which are reviewed and approved by the Full Authority.

The Authority has an established risk management process in place.

The Authority utilises an internal audit function which undertakes a risk based programme of internal audit work in accordance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards.

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services

The Authority assesses its performance regularly throughout the year. The information produced is used to identify areas of deviation from budget and this output is RAG rated with deviations from budget requiring explanation to the Chief Finance and Procurement Officer.

Purpose of this report

Our Auditor's Annual Report sets out the key findings arising from the work we have carried out at West Yorkshire Fire and Rescue ("the Authority") for the year ended 31 March 2022.

This report is intended to bring together the results of our work over the year at the Authority, including commentary on the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources ("Value for Money", "VfM"). This report fulfils the requirements of the Accounts and Audit Regulations for an Annual Audit Letter.

In preparing this report, we have followed the National Audit Office's ("NAO") Code of Audit Practice and its Auditor Guidance Note ("AGN") 03, Value for Money, and AGN 07, Auditor Reporting. These are available from the NAO website.

A key element of this report is our commentary on the Authority's arrangements to secure economy, efficiency and effectiveness in the use of resources ("Value for Money", "VfM"). Our work considering these arrangements is based on our assessment of the adequacy of the arrangements the Authority has put in place, based on our risk assessment. The commentary does not consider the adequacy of every arrangement the Authority has in place, nor does it provide positive assurance that the Authority is delivering or represents value for money.

We have not identified any significant weaknesses in the Authority's VfM arrangements, and so have not reported any recommendations in respect of significant weaknesses.

Assurance sources for the Authority

The diagram below illustrates how the assurances provided by external audit around finance, quality, controls and systems and the future of the Authority (in the green rows) fits with some of the other assurances available over the Authority's position and performance.



* The scope of external audit in this area is "negative assurance" of reporting by exception of issues identified.

Opinion on the financial statements

We provide an independent opinion whether the Authority's financial statements:

- Give a true and fair view of the financial position of the Authority 31 March 2022 and of the Authority's income and expenditure for the year then ended;
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom in 2021/22.

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

We conduct our audit in accordance with the NAO's Code of Audit Practice, International Standards on Auditing (UK) ("ISAs (UK)") and applicable law.

We are independent of the Authority in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Audit opinion on the financial statements:

We issued an unmodified opinion on the Authority's financial statements on 4 July 2024. We did not identify any matters where, in our opinion, proper practices had not been observed in the compilation of the financial statements.

Narrative Report:

We reported that the information given in the Narrative Report for the year ended 31 March 2022 is consistent with the financial statements.

Annual Governance Statement:

We did not identify any matters where, in our opinion, the Annual Governance Statement did not meet the disclosure requirements set out in the Code of Practice on Local Authority Accounting, was misleading, or was inconsistent with information of which we are aware from our audit.

Reports in the public interest and duties as public auditor:

We did not exercise any of our additional reporting powers in respect of the year ended 31 March 2022.

We did not receive any queries or objections from local electors this year.

Audit Certificate:

We certified completion of the audit on 4 July 2024, following completion of our responsibilities in respect of the audit for the year ended 31 March 2022.

Our financial statement audit approach

An overview of the scope of the audit

Our audit was scoped by obtaining an understanding of the Authority and the environment it operates in, including internal control, and assessing the risks of material misstatement to the financial statements. Our risk assessment procedures include considering the size, composition and qualitative factors relating to account balances, classes of transactions and disclosures. This enables us to determine the scope of further audit procedures to address identified risks of material misstatement.

Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team, led by the audit associate partner, Paul Hewitson. The audit team included integrated Deloitte specialists bringing specific skills and experience in property valuations and pensions.

Materiality

Our work is planned and performed to detect material misstatements. We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the Authority to be £2.1m, on the basis of 2% of gross expenditure.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £105k as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

Procedures for auditing the financial statements

Our audit of the Authority's financial statements included:

- developing an understanding of the Authority, including its systems, processes, risks, challenges and opportunities and then using this understanding to focus audit procedures on areas where we consider there to be a higher risk of misstatement in the financial statements;
 - performing sample tests on balances in the financial statements to supporting documentary evidence, as well as other analytical procedures, to test the validity, accuracy and completeness of those balances; and
 - data analytic techniques were used as part of audit testing, in particular to support profiling of populations to identify items of audit interest and in journal testing, using our Spotlight data analytics platform.
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Approach to audit risks

We focused our work on areas where we considered there to be a higher risk of misstatement. We refer to these areas as significant audit risks.

We provided a detailed audit plan to the Authority's Audit Committee setting out what we considered to be the significant audit risks for the Authority, together with our planned approach to addressing those risks. We have provided a summary of each of the significant audit risks on the following pages.

We have made recommendations in our Audit Committee reporting for improvement in the Authority's policies, procedures and internal controls based on observations from our work. However, we do not consider these recommendations to reflect significant weaknesses in the Authority's Value for Money arrangements.

Financial statement audit significant risks

Property Valuation

Risk identified	<p>The Authority held £76.9m of property assets (land and buildings) at 31 March 2021 which has increased to £77.8m as at 31 March 2022.</p> <p>The Code requires that where assets are subject to revaluation, their year-end carrying value should reflect the appropriate fair value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings physically inspected over a five year cycle. In keeping with the approach adopted by management in the previous year, 20% of the assets will be fully revalued and the remaining 80% subject to a desktop exercise.</p> <p>As a result of the control findings reported in the prior year and the inherent complexities of the valuation, we consider this to be a significant risk.</p>
Deloitte response and challenge	<p>We have completed the following procedures:</p> <ul style="list-style-type: none">• Examined the terms of engagement of the valuer, the instructions issue and the management controls within the Authority concerning the receipt, review and acceptance of the report;• Tested the design and implementation of key controls in place around the valuations process;• Tested a sample of floor areas used in the valuation;• Used our valuation specialists, Deloitte Real Assets Advisory, to support our review and challenge of the appropriateness of the assumptions used in the year-end valuation of the Authority's Land and Buildings; and• Tested a sample of revalued assets and reperformed the calculation assessing whether the movement has been recorded through the correct line of the accounts.
Conclusion	<p>We reported to those charged with governance control insights in respect of communication with and provision of information to the valuer and componentisation of assets. We also reported one error which remain uncorrected in the financial statements in relation to the application of componentisation.</p>

Financial statement audit significant risks (continued)

Completeness of expenditure

Risk identified Under UK auditing standards, there is a presumed risk of incorrect revenue recognition due to fraud. In line with previous years, we have rebutted this risk, and instead believe that the fraud risk lies within the completeness of expenditure as controlling expenditure to manage the impact on budgetary outturn is judged to be more readily under management's direct control.

In the prior period we identified that the control changed, however, we identified control weaknesses and also errors associated with this process, as such we have continued to identify a fraud risk in respect of the under recording of expenditure.

There is a risk that the Authority may materially misstate expenditure through manipulation of the accruals balance, including year-end transactions, in an attempt to move expenditure between years to report a more favourable year-end position. The Authority does not have material provisions balances and based upon discussions we do not consider the completeness of provisions to fall within the scope of this risk.

Deloitte response and challenge

We have completed the following procedures:

- Obtained an understanding of the design and implementation of the key controls in place in relation to recording of accruals including year-end creditor transactions;
- Performed focussed testing in relation to the completeness of expenditure by examining the application of cut off primarily through the focussed testing of accruals balance; and
- Reviewed and challenged the assumptions made in relation to year-end estimates and judgements to assess completeness of recorded expenditure.

Conclusion

We reported to those charged with governance control insights in relation to the review of creditors, review of receipts in advance and the grossing up of the balance through recording of assets and liabilities. We also reported two errors which remain uncorrected in the financial statements connected to this risk.

Financial statement audit significant risks (continued)

Management override of controls

Risk identified	<p>In accordance with ISA 240 (UK) management override is a presumed significant risk for all audit engagements. This risk area includes the potential for management to use their judgement to influence the financial statements as well as the potential to override the Authority's controls for specific transactions.</p> <p>The key judgements in the financial statements are those which we have selected to be the significant audit risks; completeness of expenditure and valuation of the Authority's estate. These are inherently the areas in which management has the potential to use their judgement to influence the financial statements. Whilst not noted as a significant risk, the valuation of pensions is also a key judgement.</p>
Deloitte response and challenge	<p>We have performed the following audit procedures that directly address the risk:</p> <ul style="list-style-type: none">• Tested the design and implementation of key controls in place around journal entries and management judgements;• Risk assessed journals and selected items for detailed testing. The journal entries were selected using computer assisted profiling based on areas which we considered to be of increased interest;• Tested the appropriateness of journal entries recorded in the general ledger, and other adjustments made in the preparation of financial reporting;• Reviewed accounting judgements for biases that could result in material misstatements due to fraud; and• Obtained an understanding of the business rationale of significant transactions that were outside of the normal course of business for the Authority, or that otherwise appear to be unusual, given our understanding of the entity and its environment. There were no such transactions in the current period.
Conclusion	<p>As part of our design and implementation over the journal review control, we reported to those charged with governance that junior team members are able to approve senior team members' journals. We also reported control insights in relation to the timeliness of the monthly journal reconciliation review. Our work did not identify any inappropriate management override of controls.</p>

Auditor's work on Value for Money (VfM) arrangements

The Accounting Officer and the Authority are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money.

The Accounting Officer reports on the Authority's arrangements, and the effectiveness with which the arrangements are operating as part of their Annual Governance Statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied that proper arrangements have been made to secure economy, efficiency and effectiveness in the use of resources. Under the National Audit Office's Auditor Guidance Note 3, we are required to assess arrangements under three areas:

Financial Sustainability	<i>How the body plans and manages its resources to ensure it can continue to deliver its services</i>
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Governance	<i>How the body ensures that it makes informed decisions and properly manages its risks</i>
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Improving economy, efficiency and effectiveness	<i>How the body uses information about its costs and performance to improve the way it manages and delivers its services</i>
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In this report, we set out the findings from the work we have undertaken. Where we have found significant weaknesses in arrangements, we are required to make recommendations so that the Authority can consider them and set out how it plans to make improvements. We have not identified any significant weaknesses in arrangements.

In planning and performing our work, we consider the arrangements that we expect bodies to have in place, and potential indicators of risks of significant weaknesses in those arrangements. As a result of the Covid-19 pandemic, there have been changes in nationally led processes, changes in expectations around Authority's arrangements, and events occurring outside of the Authority's control, which affect the relevance of some of these indicators. We have still considered whether these indicators are present, but have considered them in the context of the circumstances of 2021/22 in assessing whether they are indicative of a risk of significant weakness.

In addition to our financial statement audit, we performed a range of procedures to inform our VfM commentary, including:



Interviews with key stakeholders across the organisation including the Chief Finance and Procurement Officer and the Executive Team.



Review of Authority and committee report and attendance at committee meetings.



Reviewing reports from third parties including internal audit.



Considering the findings from our audit work on the financial statements.



Review of the Authority's Annual Governance Statement and Narrative Report.

VfM arrangements: Financial Sustainability

Approach and considerations

We have considered how the Authority plans and manages its resources to ensure it can continue to deliver its services, including:

- How the Authority ensures it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Authority plans to bridge its funding gaps and identifies achievable savings;
- How the Authority plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Authority ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning; and
- How the Authority identifies and manages risks to financial resilience, including challenge of the assumptions underlying its plans.

Commentary

As at 31 March 2022, the Authority has net liabilities of £1,474m (2020/21: £1,483m) which is driven by the pension scheme liability of £1,567m (2020/21: £1,563m) as a result of the Firefighter's Pension Scheme being an unfunded scheme. Excluding the pension balance the Authority, therefore has net assets of £93m (2020/21: £80m).

The Authority continues to be in a strong balance sheet position, after adjusting for the pensions balance, with a cash and cash equivalents balance at the end of 2021/22 of £32.2m and short term investments of £15m (2020/21 £16.5m and £20m respectively).

The Authority has a total of £43.1m (2020/21 £37.4m) in usable reserves at the year-end, suggesting prudent historic financial planning, which is supported by an approved reserves strategy. The Authority reported a deficit on the provision of services of £7.7m for the year ended 31 March 2022 (2020/21: £11.1m). The Authority has a reserves strategy, which is approved annually, and sets out the planned usage of the earmarked reserves, primarily to support the revenue budget and predominantly for the redevelopment of the Fire Station Headquarters.

The Authority communicates its budget to the general public and stakeholders via its website, however, there appears to be limited proactive identification of and engagement with stakeholders over budget priorities and investment decisions.

We understand that the workforce plan and district plans drive the budgets, however, the full plans are not presented to members as part of the scrutiny of the budget. In response to our recommendation in the 2020/21 Annual Auditors Report that additional reports should be provided to members to ensure greater scrutiny of the budget, management have included additional commentary and appendices within the budget report to provide greater context to members.

VfM arrangements: Financial Sustainability (continued)

Commentary

The Authority has an established annual financial planning process with key events scheduled throughout the year to facilitate this. The budgeting process is led by the Chief Finance and Procurement Officer. The annual planning cycle identification is based on presentations of director approved capital and revenue bids at Star Chamber. These reports include information on capital / revenue bids / growth / savings / budget and pay awards. There is a process that requires approval of capital bids at appropriate levels within the Authority at either Management Board or Finance and Resources Committee. We reported in the Auditors Annual Report relating to the year ended 31 March 2021, that there was scope to enhance the reporting in respect of the capital bids and we note that this has been enhanced in the current period.

In preparing the 2021/22 budget, the Authority has considered a range of financial scenarios to enable the Authority to achieve a balanced budget against a number of possible financial scenarios. This includes: Standstill budget, a 5% and 10% reduction in funding. This detail is also included in the budget report presented to Full Authority in February annually as part of the approval of the budget. As part of this report, there is also a review of options to examine scenarios where pension and Collection Fund deficits are funded by the Government and where they are not.

To identify and manage risk relating to financial resilience the Authority operates a foreseeable risk register across multiple areas and considers the financial impact of those. The Authority is part of the West Yorkshire Local Resilience Forum (WYLRF) which considers the UK National Risk Register produced by the Cabinet Office. The WYLRF develop a local risk register which reflects how the risks could manifest in West Yorkshire. The Authority also participates in the Community Risk Management Plan which sets out how local resources will be managed and how the impact of these risks will be mitigated.

VfM arrangements: Governance

Approach and considerations

We have considered how the Authority ensures that it makes informed decisions and properly manages its risks, including:

- How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- How the body approaches and carries out its annual budget setting process;
- How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed;
- How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer behaviour.

Commentary

The Authority has an established risk management process in place, overseen by the Risk Management Strategy Group, and this includes a Risk Management Strategy and associated Risk Registers. The Authority's risk management matrix is reviewed quarterly at the Risk Management Strategy Group meetings. The Authority has a scoring methodology for risk ratings for both likelihood and severity which was approved by the Authority in March 2011. We reported in our Auditor's Annual Report in 2020/21 that given the ratings were approved ten years ago, that there would be merit in the Authority:

- reviewing the severity ratings used within the risk register to ensure that they remain appropriate; and
- reviewing the likelihood ratings as the current bandings may result in risks congregating within the probable range.

We consider that this recommendation remains open in the current period.

The Authority has a series of policies covering internal controls, including a whistleblowing and anti-money laundering policy. These policies are available on the Authority's website. The Audit Committee is responsible for approving the annual Internal Audit plan and receives updates at Committee meetings throughout the year.

The Authority has a Service Level Agreement (SLA) with Kirklees Council in relation to areas such as Internal Audit and Treasury management. This arrangement has been in place for a number of years and is subject to annual review and scrutiny by the Chief Finance and Procurement Officer alongside quarterly meetings to review contract performance. The SLA that the Authority operated under for 2021/22 was agreed prior to the issuance of the 2020/21 Auditor's Annual Report and therefore it was not possible to implement our recommendation and so we consider this to remain open in the current period.

VfM arrangements: Governance (continued)

Commentary

The Authority uses an Internal Audit function to provide independent, objective assurance and designed to add value to improve operations. The Internal Audit opinion for the year was that the systems and procedures provide effective systems of management control enabling the Authority to provide an efficient, effective and economic service to the public of West Yorkshire.

The annual budget setting is conducted as part of the annual planning exercise performed by the Authority with key activities scheduled throughout the year including the Organisation Planning Day, Departmental / Directorate meetings and Star Chamber meetings. Once approved, performance against the budget is controlled through the monthly review process. This process includes the production of a Budget Monitoring Report each month which is issued to budget holders, and this report is RAG rated, and for movements not meeting the metrics set by the Authority an explanation is required to be provided by the budget holder to the Chief Finance and Procurement Officer. To support the Monthly Budget Monitoring Report, meetings are also held with budget holders to review at an account code level reasons for variances and to also facilitate discussion surrounding increasing / decreasing budgets. We have previously observed that the Authority has a relatively small finance function, which results in reliance on a few key members within the team. The Authority has during 2022/23 looked to recruit Apprenticeship posts to assist with strengthening the team. We recommend that the Authority continues to consider on an annual basis whether the finance function has appropriate knowledge and resilience within the team.

The Authority has a number of staff policies in place including a code of conduct, which is set out within the Constitution which is accessible via the Authority's website. Declarations of interest are required to be made, and kept up to date, by senior members of staff and decision making officers. Engagement with the staff is facilitated through the "Let's Talk" staff briefings which are chaired by DCFO Dave Walton with the rest of the Management Board in attendance. Employees are able to send in questions either anonymously or with their name attached to facilitate discussion and challenge from employees where appropriate.

VfM arrangements: Improving economy, efficiency and effectiveness

Approach and considerations

We have considered how the body uses information about its costs and performance to improve the way it manages and delivers its services, including:

- How financial and performance information has been used to assess performance to identify areas for improvement;
 - How the Authority evaluates the services it provides to assess performance and identify areas for improvement;
 - How the Authority ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve; and
 - Where the Authority commissions or procures services, how the Authority ensures that this is done in accordance with relevant legislation, professional standards and internal policies, and how the Authority assesses whether it is realising the expected benefits.
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Commentary

The Authority assesses its performance through Budget Monitoring reports which are RAG rated and primarily consider budget against actual outturn. These reports are presented to Finance and Resource Committee and Full Authority.

The Authority has an established approach to Lean Working which was established out of the 2019-2022 Integrated Risk Management Plan (IRMP) to identify efficiencies primarily in four areas. As part of the lean working programme, reviews are conducted of external reports and interviews with stakeholders in order to identify areas of interest that could be improved, with focus being placed on areas of interest highlighted by Internal Audit / His Majesty's Inspectorate of Constabulary and Fire & Rescue. There is scope for there to be a greater level of structure to the areas being challenged and a greater level of reporting to ensure this workstream has the maximum impact.

The Authority uses surveys in order to gain feedback on the services provided and these surveys are sent to people affected at domestic and non-domestic incidents attended by the Authority, with the results reviewed and reported within the Authority and tracked against previous years outturn. The Authority also participated in the Customer Service Excellence assessment and for financial year 2021/22 the overall conclusion was that "This is a long-standing CSE compliant service and managers and staff, with enthusiasm, keep it this way. This Service is fully compliant with the CSE Standard."

VfM arrangements: Improving economy, efficiency and effectiveness (continued)

Commentary

The Authority has a number of partnership working arrangements with other blue light services, health bodies and also other Local Authorities. These arrangements are governed by concordats which detail the roles and responsibilities of each party and also sets out the framework for an action plan and also a monitoring programme. The Authority also operates a number of District Plans which include key priorities and are monitored at the Community Safety Committee. The Authority also is active within the Local Resilience Forum and also Co-Chairs the Strategic Local Resilience Forum, alongside Chairing three of the tactical sub-groups.

The Authority has a procurement function which is headed by a fully qualified Procurement Specialist. The work of the procurement function is reported to the Finance and Resources Committee with an annual report provided each February, summarising the work of the procurement function.

Purpose of our report and responsibility statement

What we report

Our report fulfils our obligations under the Code of Audit Practice to issue an Auditor's Annual Report that brings together all of our work over the year, including our commentary on arrangements to secure value for money, and recommendations in respect of identified significant weaknesses in the Authority's arrangements.

The scope of our work

Our observations are developed in the context of our audit of the financial statements.

We described the scope of our work in our audit plan.

Use of this report

This report has been prepared for the Authority, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose.

What we don't report

Our audit was not designed to identify all matters that may be relevant to the Audit Committee.

Also, there will be further information you need to discharge your governance responsibilities, such as matters reported on by management or by other specialist advisers.

Finally, our views on internal controls and business risk assessment should not be taken as comprehensive or as an opinion on effectiveness since they have been based solely on the audit procedures performed in the audit of the financial statements and work under the Code of Audit Practice in respect of Value for Money arrangements.

Deloitte LLP

Newcastle upon Tyne | July 2024

Appendix 1: Authority's responsibilities

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Finance and Procurement Officer, as Section 151 Officer of the Authority, is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting.

In preparing the Statement of Accounts the Chief Finance and Procurement Officer is required to select suitable accounting policies and make judgements and estimates that are reasonable and prudent. The Chief Finance and Procurement Officer is required to confirm that the Statement of Accounts, taken as a whole, is fair, balanced, and understandable, and provides the information necessary for Council Tax payers, regulators and stakeholders to assess the Authority's performance, business model and strategy.

The Chief Finance and Procurement Officer is required to comply with the CIPFA Code of Practice and prepare the financial statements on a going concern basis, unless the Authority is informed of the intention for dissolution without transfer of services or function to another entity. In applying the going concern basis of accounting, the Chief Finance and Procurement Officer has applied the 'continuing provision of services' approach set out in the CIPFA code of practice as it is anticipated that the services the Authority provides will continue into the future.

The Chief Finance and Procurement Officer and Authority are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of the Authority's resources, for ensuring that the use of public funds complies with the relevant legislation, delegated authorities and guidance, for safeguarding the assets of the Authority, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Appendix 2: Auditor's responsibilities

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Auditor's responsibilities relating to the Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under the Code of Audit Practice and the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our work in accordance with the Code of Audit Practice, having regard to the guidance, published by the Comptroller & Auditor General in December 2021, as to whether the Authority has proper arrangements for securing economy, efficiency and effectiveness in the use of resources against the specified criteria of financial sustainability, governance, and improving economy, efficiency and effectiveness.

The Comptroller & Auditor General has determined that under the Code of Audit Practice, we discharge this responsibility by reporting by exception if we have reported to the Authority a significant weakness in arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022. Other findings from our work, including our commentary on the Authority's arrangements, are reported in our Auditor's Annual Report.

Auditor's other responsibilities

We are also required to report to you if we exercise any of our additional reporting powers under the Local Audit and Accountability Act 2014 to:

- make a written recommendation to the Authority, copied to the Secretary of State;
- make a referral to the Secretary of State if we believe that the Authority or an officer of the Authority is:
 - about to make, or has made, a decision which involves or would involve the Authority incurring unlawful expenditure; or
 - about to take, or has begun to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency; and
- consider whether to issue a report in the public interest.



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