The Audit Findings (ISA260) Report for West Yorkshire Fire and Rescue Service

Year ended 31 March 2024

26 February 2025

For Audit Committee

Grant Thornton

Private and Confidential

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Audit Findings (ISA260) Report for West Yorkshire Fire & Rescue Service for the Year Ended 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 have been discussed with management.

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.

Gareth

Gareth Mills, Engagement Lead & Key Audit Partner for West Yorkshire Fire & Rescue Service
For Grant Thornton UK LLP

Contents

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Fire & Rescue 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.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of West Yorkshire Fire & Rescue Service ('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 Fire & Rescue Authority's financial statements give a true and fair view of the financial position of the Fire & Rescue 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.

We received the Authority's draft 2023-24 accounts on 31 May 2024. This puts the Fire & Rescue Authority within the 41% of local government bodies that produced their accounts by the statutory deadline of 31 May 2024 which represents a good achievement.

Our audit work was completed using a hybrid of on-site and remote work between October 2024 and February 2025. Our findings are summarised in Section Two of this report.

We have not identified any adjustments impacting on the Authority's usable reserves. One misstatement has been identified that impacted the year-end valuation of the Authority's operational buildings portfolio. The impact of this misstatement is a decrease of £2.1m to the valuation of buildings at 31 March 2024. As a material change, this has been adjusted for by management. Due to the existence of the local authority accounting statutory overrides, the impact of this has been absorbed by the capital adjustment account and revaluation reserves which both form part of unusable reserves.

In addition, an adjusted misstatement of £5.6m was identified to cap the LGPS net pension surplus at £nil following the Actuary performing an IFRIC 14 net pension surplus – asset ceiling restriction calculation. This does not impact on useable reserves.

Two presentational adjustments were also identified from our audit procedures. The first of which relates to accounting for grant income in year. The pensions grant was initially accounted for under the heading of taxation and non-specific grant income, however, following discussion management identified that this grant is specific in nature, as its purpose is to fund the Authority's employer contribution to the pension fund account. It has been adjusted by management to be presented as a grant specific in nature and therefore credited to services (above net cost of services in the CIES).

The other classification adjustment identified relates to capital expenditure on the Authority's new operations control software. In the draft accounts, this was presented as capital spend on property, plant and equipment. Due to the proportion of internal development and modifications to the software to satisfy the Authority's development brief, it was challenged that an element of capital additions may be intangible in nature. Following a detailed review, management identified £1.5m of capital additions that should be accounted for as intangible assets, and this has been adjusted for in the final accounts, reclassifying this amount from property, plant and equipment to intangible assets. These adjustments are detailed further at Appendix C.

Our work also identified several presentational and disclosure amendments which are detailed at Appendix C. We have also raised seven recommendations for management as a result of our audit work. These are set out in our Action Plan at Appendix B.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited. Some presentational and narrative amendments have been made as detailed at Appendix C and these have been updated by management in the final documents for publication.

Our work is nearing completion and there are no matters of which we are aware that would require further modification of our audit opinion detailed at Appendix G or material changes to the financial statements, subject to the following outstanding matters:

- completion of our internal quality review processes, including final reviews of the file by both the Engagement Manager and Engagement Lead, specifically in respect of significant audit risks of land and buildings valuation, pension fund net balance valuation and journal entry testing
- finalising our audit work in respect of the statement of cash flows and officers' remuneration disclosures
- reviewing the final version of the accounts, Narrative Report and Annual Governance Statement to check agreed amendments have been processed
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, up to the date of signing the opinion.

Our anticipated financial statements audit report opinion will be modified with a qualification in respect of the comparatives and opening balances stated on the Authority's balance sheet. This is a result of the disclaimed 'backstopped' audit opinion from our predecessors in December 2024. We anticipate signing your accounts shortly after Audit Committee on 27 February by the MHCLG local authority accounts backstop date of 28 February 2025.

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 Fire & Rescue 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 Fire & Rescue 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
- Governance.

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

We have been able to satisfy ourselves that the Authority has made proper arrangements in securing economy, efficiency and effectiveness in its use of resources. No statutory or key recommendations were identified from our work and a total of four improvement recommendations were reported, which management accepted and the agreed management actions are recorded in the AAR.

The findings and overall outcome from our VFM work is summarised on page 29 & 30, and our detailed commentary is set out in the separate AAR, which was presented to Members at the Audit Committee meeting on 7 February 2025.

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
- to certify the closure of the audit.

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

We expect to complete the work required from us under the Code in order to be able to certify the completion of the audit shortly after we give our audit opinion.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit, other than the variances encountered in the gross internal areas of certain fire stations which led to a full review of the measurements of these assets by the Fire & Rescue Authority and its valuer. This resulted in the audit adjustment detailed in the previous page.

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 for each of the following financial years up to the 2028 year. As a consequence of this, there is a requirement for the audit opinion on the Authority's accounts for this year (2023-24) to be issued by 28 February 2025. This follows the 2022-23 financial statement audit which was backstopped and a disclaimer of opinion issued by your predecessor auditor on 13 December 2024. As noted on page 4, we are pleased to confirm that we expect to be able to conclude your audit by the backstop date set at 28 February 2025.

We have included a table below setting out future accounts backstop dates for your reference.

Financial year	Backstop date (audit opinion and Auditor's Annual Report (VfM) must be issued by this date)
2023-24	28 February 2025
2024-25	27 February 2026
2025-26	31 January 2027
2026-27	30 November 2027
2027-28	30 November 2028

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 is 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.

Acknowledgements

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

The accounts backstop date set at 28 February 2025 for the 2023-24 accounts year end has set a hard deadline for the audit opinion and closure of local government accounts that has not existed for recent financial years.

We note that your finance team has been subject to a number of competing demands this year with the 2022-23 backstop arrangements to contend with in December 2024, along with dealing with our requests as we have worked to perform a full scope audit in 2023-24, with an extended list of deliverables from the Authority given this it is a first year audit for the Grant Thornton audit team.

Having been able to perform the 'full scope' level of audit work reflected in this report represents a good outcome for the Authority. This has been achieved by the high level of engagement demonstrated by the Authority's finance officers throughout the audit process and the tone from the top, by appropriately resourcing the finance function and communicating the importance of concluding the audit and VfM work in a timely manner. We would like to place on record our thanks for this level of joint working and cooperation.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings (ISA260) Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code').

Its contents have been discussed with the Director of Finance and Procurement prior to it being presented to Audit Committee on 27 February 2025. We expect to publish an updated version of this Audit Findings (ISA260) Report at the time of issuing the audit opinion.

Our work on the Authority's value for money (VFM) arrangements is now complete. The outcome of our VFM work has been reported in our commentary on the Authority's arrangements in our Auditor's Annual Report (AAR), which was presented to the Audit Committee on 7 February 2025. A total of four improvement recommendations are reported in the AAR. Our findings are set out in further detail on page 29 & 30 of this report.

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

We have not amended our planned audit approach set out in our Audit Plan, dated 18 April 2024 and presented to the Audit Committee on 26 April 2024.

Conclusion

Our work is nearing completion and there are no matters of which we are aware that would require further modification of our audit opinion detailed at Appendix G or material changes to the financial statements subject to the following outstanding matters being resolved:

- completion of our internal quality review processes, including final reviews of the file by both the Engagement Manager and Engagement Lead, specifically in respect of significant audit risks of land and buildings valuation, pension fund net balance valuation and journal entry testing
- finalising our audit work in respect of the statement of cash flows and officers remuneration disclosures
- finalising our audit work in respect of the statement of cash flows and officers remuneration disclosures
- reviewing the final version of the accounts, Narrative Report and Annual Governance Statement to check agreed amendments have been processed
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, up to the date of signing the opinion.

As a result of our predecessor's disclaimed backstopped 2022-23 opinion in December, our anticipated financial statements audit report opinion will be modified with a qualification in respect of the comparatives and opening balances stated on the Authority's balance sheet.

We anticipate signing off your accounts shortly after Audit Committee on 27 February 2025 by the MHCLG local authority accounts backstop date of 28 February 2025.

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 have reduced from the levels reported in our audit plan that was presented to Audit Committee at the meeting on 26 April 2024.

This reduction in materiality from £2.18m to £0.9m is a result of selecting the Net Cost of Services line in the CIES as opposed to the Net (Surplus) / Deficit on the Provision of Services. The (Surplus) / Deficit line includes over £50m attributable to defined benefit pension scheme interest costs, which is not considered directly linked with the operational delivery of services. As such, the Gross Expenditure on Net Cost of Services line totalling £56.4m in the 2023-24 draft accounts is considered most relevant to financial statement users.

In addition, the measurement percent reduced from the 1.8% in our audit plan to the 1.6% detailed opposite. This was due to the confirmation from your predecessor auditor that the 2022-23 audit would be backstopped and a disclaimer opinion issued. This reduction in materiality was to allow for any adverse impact a backstopped prior year opinion may have on the 2023-24 draft accounts.

We detail in the table to the right our determination of materiality for the Authority.

Materiality area	Updated Amount (£)	Qualitative factors considered
Materiality for the financial statements	900,000	This equates to 1.6% of the Fire and Rescue Authority's Gross Expenditure on Net Cost of Services presented in the 2023-24 draft financial statements. We note that Net Cost of Services has reduced by £20m from 2022-23 in the draft accounts. This is due to a decrease in the current service cost of the defined benefit pension schemes following a significant actuarial improvement in 2022-23 (reduction in gross liabilities).
Performance materiality	630,000	This has been set at 70% of headline materiality. This reflects the fact that the Authority has a stable financial reporting team and no indicators of the existence of significant issues in the accounts production process and arrangements for reporting financial information.
Trivial matters	45,000	This equates to 5% of headline materiality and represents our threshold for reporting corrected and uncorrected misstatements to the Audit Committee.
Materiality for the senior officer remuneration disclosure	20,000	The senior officer remuneration disclosure in the financial statements have been identified as an area requiring a specific materiality due to its sensitive nature.

2. Financial Statements: Significant risks

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

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

Risks identified in our Audit Plan	Commentary

Management override of controls
 	
Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.
 	
The Fire & Rescue Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how it reports performance.
 	
We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.
	Our work focussed on key estimates and judgements made by management. No entity-specific fraud risks were identified and communicated in our Audit Plan dated 18 April 2024 and none have subsequently been identified from the audit fieldwork procedures performed.
	
	In response to this risk, we have conducted testing on journal entries where there has been the potential to manually input adjustments to the general ledger, with a focus placed on closing journal entries in the final accounting period and during the preparation of the financial statements as instructed by relevant auditing standards.
	
	We have also conducted a review of key accounting judgements and accounting estimates. No estimates or judgements have been identified as a fraud risk, and due statutory accounting overrides prescribed by the Code, we have not identified any incentives for management to fraudulently misstate relevant transactions and balances. No indictors of management bias have been identified from our work on judgements and accounting estimates.
	
	As part of our work, we have:
	• evaluated the design effectiveness of management controls over journal entries
	• understood the ledger integration with relevant sources and sub-systems to identify how management may be able to intervene in the journals posting process and post fraudulent entries
	• analysed the journals listing and determined the criteria to be applied in identifying high risk unusual journals
	• challenged management's key judgements and estimates and considered whether these judgements and estimates are individually or cumulatively indicative of management bias
	• identified and tested journals displaying the following characteristics for appropriateness and corroboration:
	    ○ unusual material journals made during the year, focussing on those posted at year end and during the accounts production stage
	    ○ journals late in the financial year that were crediting (reducing) non-pay expenditure
	    ○ journals posted by senior management personnel
	    ○ material additions to property, plant and equipment made at the end of the accounting period.
	• gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness
	• evaluated the rationale including the existence of underlying incentives for any changes in accounting policies, estimates or significant unusual transactions.
	
	Key findings
	Our audit work has not identified any issues in respect of management override of controls

2. Financial Statements: Significant risks

Risks identified in our Audit Plan

Valuation of pension fund net surplus (Local Government Pension Scheme) and pension fund liability (Firefighters Pension Scheme)

The Firefighters Pension Fund (FPS) liability, as reflected in its balance sheet as an overall defined benefit pension liability, represents a significant estimate in the financial statements. This is an unfunded scheme and therefore there are no pension assets. As a result, the FPS scheme will always represent a liability on the balance sheet.

The Firefighters Pension Fund liability is considered a significant estimate due to the size of the numbers involved (£1.14bn in the Authority's balance sheet) and the sensitivity of the estimate to changes in key assumptions.

The Authority also has a share in the West Yorkshire Pension Fund Local Government Pension Scheme (LGPS). Whilst a significant improvement in the Local Government Pension Scheme IAS19 position was observed during the prior period (2023), the improvement (£30.5m reduction in net liability) did not give rise to an overall net asset position. This position further improved in 2023-24 with a net surplus position reported for the first time in the IAS19 report from management's expert.

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 LGPS scheme net pension surplus as a significant risk.

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.

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 IAS19 defined benefit pension balance. In particular the discount and inflation rates, and life expectancy. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Authority's pension fund defined benefit net pension balance as a significant risk (in respect of both LGPS and FPS).

Commentary

<u>Firefighters Pension Scheme – pension fund net liability - £1.14bn</u>

Auditor commentary

We have observed an increase in the gross FPS liability year on year of £27m, increasing from £1.11bn at 31 March 2023. The slight worsening in the position has arisen from as a result of CPI pension increase and salary increases which were higher than the closing assumption in 2023. The impact of the salary increase assumption is lower since it only impacts liabilities for working-age members and is backed by increased cash contributions, however, a pension increase that is ahead of expectations has a greater impact since all existing liabilities are increased as a result. There has been a small increase (0.1%) in the discount rate assumption, would has the effect of reducing liabilities, but the effect of this is smaller in magnitude when compared with the in-year experience from CPI inflation and active members' salary increases being greater than the actuary's estimate.

As part of our work, we have:

- documented our understanding of the processes and controls put in place by management to ensure that the Firefighters Pension Scheme liability is not materially misstated and evaluated 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 (GAD) who carried out the FPS pension fund valuation
- assessed the accuracy and completeness of the information provided to the actuary to estimate the liability
- tested the consistency of the pension fund liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary
- performed procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and we have performed any additional procedures suggested within the report
- obtained records showing the detailed movements in membership data since the data collection took place for the 2020 full quadrennial valuation, and tested the accuracy and validity of movements, where material changes were identified. Detailed testing was performed based on the 2023-24 position, which has been compared against the 2020 data to verify the accuracy of movements since that date, in order to gain appropriate assurance over the material accuracy of membership data.

Key findings

Our work has not identified any issues in respect of the recognition and valuation of FPS defined benefit pension liabilities. There are no matters to report.

2. Financial Statements: Significant risks

Commentary (continued)

Local Government Pension Scheme – pension fund net surplus - £5.6m

Auditor commentary

We have observed an improvement in the IAS 19 balance sheet position from a net liability of £1.2m in the prior year to a net surplus position of £5m in the current year. The improved position has arisen from a small increase in the discount rate alongside a small decrease in the CPI inflation assumption and salary increase assumption. Allowing for recent mortality experience in future actuarial projections reduced liabilities by 1.5% at the year end. One further contributing factor behind the creation of a net pension surplus is the actual return of assets being just under 8% compared with the baseline assumption of 4.7%, which has the effect of increasing pension assets relative to liabilities.

As part of our work, we have:

- documented our understanding of the processes and controls put in place by management to ensure that the Authority's LGPS net surplus is not materially misstated and evaluated 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
- performed procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and we have performed any additional procedures suggested within the report
- obtained assurances from the auditor of the West Yorkshire 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 pension fund and the fund assets valuation in the pension fund financial statements.
- reviewed the basis of recognition for the £5m net pension surplus presented in the draft accounts including considering whether the Authority's future pension funding assumptions would give rise to an economic benefit that would support the recognition of an asset on its balance sheet. Auditor challenge led to an IFRIC 14 net asset ceiling being calculated by the actuary that determined that no net surplus position could be recognised on the Fire & Rescue Authority's balance sheet.
- considered whether asset valuations were based on a 31 March 2024 valuation date.

Additional commentary and work undertaken in respect of pension fund surplus position

UK economic and market conditions have given rise to circumstances for an LGPS IAS19 pension fund surplus to exist for the first time since International Financial Reporting Standards have been adopted in the public sector. These circumstances have arisen from a year-on-year increase in the discount rate on high-quality corporate bonds (assumption stipulated by IAS19 accounting standard) and crucially this increase has been greater than the increase in the inflation and salary increase assumptions. For reference, the inflation and salary increases assumption has an opposite effect by increasing gross liabilities. This is in addition to the comments above in respect of recent mortality experience and pension fund asset returns.

IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the balance sheet and whether any additional liabilities are required in respect of onerous funding commitments. IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Subsequent to the draft accounts, management obtained an IFRIC 14 calculation from its actuarial expert that satisfies the requirements of the accounting standard. This calculation indicates that the asset ceiling is negative (i.e. less that £0) and per IFRIC14 principles, the asset ceiling has been capped at £nil in the revised financial statements. This audit adjustment has been reported on page 40. Due to the nature of IAS19 accounting as prescribed by the code of practice on local authority accounting, this adjustment does not impact on the Authority's useable reserves.

2. Financial Statements: Significant risks

Commentary (continued)

Additional commentary and work undertaken in respect of pension fund surplus position (continued)

Our audit work indicated that:

- management accounted for this £5m asset in the draft 2023-24 financial statements presented for audit by offsetting this surplus against the Firefighters Pension Scheme liability (unfunded). This accounting treatment led to a reduction in the FPS unfunded defined benefit pension liability recorded as a long-term liability on the balance sheet. IAS1 states that an entity shall present its assets and liabilities gross and not offset and this is further clarified in IAS32 which permits offsetting when there exists a legally enforceable right to offset or a clear intention to settle of a net basis. We have not been furnished with evidence to indicate that either scenario is relevant to offsetting the LGPS surplus against the FPS liability and therefore, management has agreed to adjust the financial statements and present the LGPS pension asset/surplus in the top half of the balance sheet as an asset.
- there is an unfunded defined benefit liability of £0.27m that should be recognised under IAS19 in the 23-24 accounts. These relate to termination benefits made on a discretionary basis upon early retirement in respect of some members of the pension scheme. Previously this balance had been included within the overall pension fund liability amount. With the move to a pension fund asset position this amount should have been accounted for separately as a liability on the Fire & Rescue Authority's balance sheet, and disclosed in a separate column in the tables at Note 38. This amount should have been recognised separately on the Fire & Rescue Authority's balance sheet irrespective of the pension fund asset position. Management has subsequently split this out from the LGPS net pension surplus at the same time as posting the IFRIC 14 pension asset ceiling adjustment, and has continued to account for the unfunded pension liability within pension liabilities at Note 38. We consider this accounting to be appropriate.

The IFRIC 14 (limit on a defined benefit asset) calculation obtained was based on the following assumptions put forward by the actuary, with which are materially satisfied. In addition. these assumptions are consistent with the principles set out in the CIPFA Bulletin 15 guidance note dated November 2023:

- a minimum funding requirement exists in respect of the Local Government Pension Scheme, that is to say that even if a scheme is in a surplus position, the employer body will be required to continue to made contributions to the pension scheme.
- the period over which the net asset ceiling calculation has been performed is assumed to be uncapped based on the principles that the LGPS remains open to new entrants. An annuity in perpetuity approach has been applied to reflect the assumption that LGPS will exist indefinitely.
- Economic benefit arising from negative secondary (past service) contributions has been allowed for calculation. Secondary contributions per the rates and adjustments schedule are (0.4%) in 2024-25 thereby reducing overall contributions in that year but become 0% in 2025-26 and beyond. Therefore the benefit of lower contributions will only be experienced for one year and as a result the economic benefit is insignificant in value, and this is a reason why the IFRIC 14 asset ceiling calculated is lower than the initial IAS 19 net pension surplus.
- Contributions beyond the end of the three-year rates and adjustments schedule have been assumed to continue in perpetuity at the same level as that determined for 2025-26.

Key findings

The IFRIC 14 net pension asset ceiling has been capped at £nil based on the principle that the future cash contributions to be made to the scheme by the Authority are greater than the projected service cost to the Authority from its participation in the pension scheme. This calculation outcome is signalling that the Authority is not expected to obtain any economic benefit from its share in West Yorkshire's LGPS pension fund being in surplus. It should be noted that this purely reflects the IAS 19 accounting position, and that that the assumptions applied for the purposes of determining the future funding requirements differ from those applied in the IAS19 valuation. There is the potential for the Authority to obtain some cash benefit following the next triennial valuation in 2025, which may involve reduced future contributions for example, but this cannot be identified with any certainty at this time. We would also highlight that cash contributions are the only element of the defined benefit pension fund accounting that impacts on the Authority's general fund reserves position, due to the statutory overrides applied by the CIPFA Code of Accounting. The audit adjustment that has arisen from capping the net pension surplus – asset ceiling at £nil is shown on page 40 of this report.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of land and buildings The Authority re-values its land and buildings on a rolling five-yearly basis in line with the Code requirements. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (some £75m for land & buildings) and the sensitivity of this estimate to changes in key assumptions. Additionally, management will need to ensure the carrying value in the Authority's financial statements is not materially different from the current value or the fair value at the financial statements date, where a rolling programme is used. We therefore identified the closing valuation of land and buildings as a significant risk, which was one of the most significant assessed risks of material misstatement.	The audited body engaged an external management expert from Avison Young to value its land & buildings estate, as in prior years. A total of £26.7m of land & buildings (or 35%) has been subject to a full revaluation and physical inspection by the valuer during 2023-24. The remaining 65% has been valued on a 'desktop' basis during 2023-24 with the management's valuer uprating the valuation for changes in build costs and significant changes to a buildings size and/or function e.g. extensions, refurbishments etc. Following early engagement with external audit in quarter 1 of 2024, the Authority opted to increase the number of buildings to be fully valued in year from 8 to 13 with a corresponding increase in the valuation coverage across the population from £11m to £26.7m. This revision to the full valuations was made on the basis that this is our first year of audit and we note this exceeds the minimum Code requirement to have land & buildings fully revalued at least once in five years. The overall carrying value of other land & buildings has remained in line with the prior year's valuation at £70m in total, and this is considered to be materially in line with the movement in the BCIS tender price index, relevant to specialised buildings, which showed annual growth of just under 3% at a headline level (considered to represent a small degree of cost inflation). All of the Authority's operational buildings have been valued as specialised assets on the depreciated replacement cost (DRC) valuation basis. We assessed the appropriateness of this valuation basis and concluded it was reasonable on the basis that over 90% of buildings are fire stations (total 40). Non-fire station assets include the Service Delivery Centre at Bramley (control centre), Oakroyd Hall (clerical use) and surrounding buildings includes the Supplies and Transport building and Headquarters Training Centre. The land portfolio has been valued on the existing use basis with reference to open market comparables, which is considered appropriate. We also note that the portfolio of buildings within the delivery support function in currently undergoing transformation with the construction of the new headquarters site at Birkenshaw and also plans to dispose of the Service Delivery Centre at Bramley and Cleckheaton Fire Station in 2025-26 following relocation of both to the new headquarters facility at Birkenshaw. Throughout this transition period, it is important that timely disclosures are made to the external valuer so the valuation basis is appropriate and it will be a matter for the financial accountant to ensure these land & buildings are appropriately classified at each year end, for example, a building being actively marketed at year end may require reclassification as an asset held for sale and require a valuation at fair value rather than current value. We note these comments relate to forward looking matters with no direct impact on the 2023-24 year end accounts identified. We have raised a forward looking recommendation for management to consider on page 34 in this regard. **Key findings** Our valuation testing of floor areas to property records & AutoCAD drawings identified discrepancies in source data provided to the valuer, with a large range of percentage variances identified which were not deemed sufficiently reasonable for an extrapolation to be reliably estimated to determine the impact on their valuation. It was agreed with management that all fire station gross internal areas would be remeasured and the updated data provided to management's expert valuer to assess any monetary impact on the closing valuation of buildings. Management's valuer determined that the reviewed gross internal areas would lead to a decrease of £3.1m in the closing valuation of buildings. This has been adjusted for by management since material. This adjustment is set out on page 41 of this report. Management has presented this £2.1m adjustment as being fully attributable to changes that have occurred in 2023-24. Part of this adjustment may relate to preceding financial years, however, due to the 2023-24 accounts being 'backstopped' and disclaimed, we have been unable to assess the appropriateness of this management judgement. Our proposed audit opinion highlights that assurance over the opening balances position has not been obtained given the previous disclaimer of opinion, and this assurance gap also includes a number of in-year transactions, which are reliant on the accuracy of opening balances. Attributing any part of this audit adjustment to a preceding financial year is therefore considered impracticable. We have nothing further to report in this regard.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
ISA240 revenue risk – risk of fraud in revenue recognition (rebutted) Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition. Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Authority, as communicated in our Audit Plan dated 18 April 2024, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of public services bodies, including the Fire and Rescue Authority, mean that all forms of fraud are seen as unacceptable.	Auditor commentary No changes to our assessment reported in the audit plan subsequently identified. Although we have rebutted the risk, we have undertaken standard audit procedures consistent with ISA (UK) for material streams of transactions, which include the following: **Accounting policies:** • Evaluated the Fire & Rescue Authority's accounting policies for recognition of income for its material income streams and compliance of recognition principles with the CIPFA Code. Grant Income • For grant income, we sample tested items for supporting evidence and checked the appropriateness of the accounting treatment in line with the CIPFA Code, including the treatment of credited to services and recognition as non-ringfenced other grant income. Regard to principal/agent considerations has also been given as part of our detailed testing. • For income raised from council tax and non-domestic rates, we have agreed the amounts recorded through to the precept letters published by the Fire & Rescue Authority and the precept notifications and schedule of payments received from each of the local authorities responsible for the collection of council tax and non-domestic rates from ratepayers. Customer and Client Receipts • Tested, on a sample basis, income transactions to supporting documentation and cash receipts to evidence the occurrence of these transactions. • Reviewed the customer and client receipts population for identify any high-value, unusual transactions outside of our expectations. Based on the nature of the Fire & Rescue Service's activities, we expect this population to comprise a high volume of low value transactions e.g. false alarm call out charges. We have performed detailed testing on those high value transactions in addition to random sampling of the whole population. • Designed and carried out appropriate audit procedures to ascertain that recognition of income is in the correct accounting period, for example, using cut off testing, focusing either side of the reporting date of 31 March 2024. Key findings Our work has not identified any issues in respect of the risk of fraud in revenue recognition. There is one adjustment relating to the accounting for the Pensions Grant that was initially accounted for non-specific and credited to taxation. Following auditor challenge, management identified that this grant is specific in nature, as its purpose is to fund the Authority's employer contribution to the pension fund account. It has been adjusted by management to be presented as a grant specific in nature and therefore credited to services (above net cost of services in the CIES). This adjustment is detailed on page 39.

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Risk of fraud related to expenditure recognition PAF Practice Note 10 (rebutted) In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period). Having considered the risk factors set out in PAF PN10 and the nature of the revenue streams at the Authority, as communicated in our Audit Plan dated 18 April 2024, we have determined that the risk of fraud arising from expenditure recognition can be rebutted, because: • there is little incentive to manipulate expenditure for the Authority where services are provided to the public through taxpayers' funds • there are plans in place for the Authority to deliver cashable savings, indicating a culture of officers dealing with the challenges faced by the Authority head on, which is considered incompatible with the deliberate suppression of expenditure • the Authority requires cash to meet its payroll and third-party payment obligations and therefore any manipulation of expenditure between accounting periods does not generate any clear financial benefits • the Authority has a number of contracted key suppliers with whom frequent recurrent transactions are made, which are followed by timely payments, usually within 30 days of receipt of goods. As such, regular bank payments are required to suppliers, which reduces any opportunity to exclude expenditure transactions from being reported in the general ledger. • the Authority has clear and transparent reporting of its financial plans and financial position, including regular reporting of budget variance analysis to its Finance and Resources Committee and its Audit Committee.	**Auditor commentary** No changes to our assessment reported in the audit plan subsequently identified. Although we have rebutted the risk, we have undertaken standard audit procedures consistent with ISA (UK) for material streams of transactions, which include the following: **Accounting policies:** • Evaluated the Authority's accounting policies for recognition of expenditure for its material expenditure streams and compliance of recognition principles with the CIPFA Code. • Updated our understanding of the Authority's business processes associated with accruing for relevant expenditure at the end of the accounting period. **Expenditure** • Agreed, on a sample basis, non-pay expenditure to supporting evidence to demonstrate occurrence and accuracy of expenditure recorded. • Obtained an understanding of the Goods Receipt Invoice Receipt (goods received not invoiced) and creditors closedown processes implemented to ensure that expenditure is accounted in the period to which it relates. • Undertook a detailed substantive analytical procedure on pay expenditure, including checking that changes in gross pay year on year were supported by underlying data including enacted pay awards and movements in workforce numbers. • Designed and carried out appropriate audit procedures to ascertain that recognition of expenditure is in the correct accounting period, for example, using cut off testing, focusing either side of the reporting date of 31 March 2024. • Disaggregated the non-pay expenditure transaction stream, identifying significant and recurrent expenditure sub-streams. Examples include non-domestic rates levied on the Authority's properties, the secure communication network annual licensing fees, annual maintenance, cleaning and IT contracts. An understanding as to the nature of the items of expenditure has been obtained as well as the principles applied in recognising and accounting for this expenditure. Substantive procedures were also performed on these sub-streams of expenditure transactions to test the occurrence and accuracy of the expenditure recognised. • Inspected a sample of accruals made at year end for expenditure but not yet invoiced to assess whether the value of the accrual was consistent with the value invoiced after the year end. **Key findings** Our work has not identified any issues in respect of the risk of fraud in expenditure recognition. There are no matters to report in respect of the expenditure recognition.

2. Financial Statements: new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan and a summary of any significant deficiencies identified during the year.

Issue	Commentary	Auditor view
IFRS 16 implementation Following consultation and agreement by FRAB, the Code will provide for authorities to opt to apply IFRS 16 in advance of the revised implementation date of 1 April 2024. In advance of this standard coming into effect, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases, along with the estimated impact of IFRS 16 on the accounts.	In the draft accounts, the activities that the Authority will need to undertake in adopting the standard at 1 April 2024 have been described, however, no estimate of the financial impact that may arise on adoption of the standard has been disclosed. We understand from management that the assets likely to fall within the scope of IFRS16 are generally known – around 245 vehicle leases. However, work is ongoing to collate information in respect of: • identifying any leases that fall within the public sector definition of a peppercorn lease and determine the appropriate accounting treatment under IFRS 16 • agreeing the information held on the register of vehicle leases back to the lease contracts for accuracy including term, annual rentals, the interest rate if stated and any purchase options or termination penalties • undertaking the calculations and drafting IFRS 16 compliant accounting entries for the leases identified • reviewing the contracts register to identify existing contracts which may contain a lease that were not required to be accounted as such under the preceding accounting standard, IAS 17.	There exists a Code requirement for local authorities to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. In addition, the IAS 8 accounting standard requires the disclosure of a reasonable estimate of the possible impact on the entity's financial statements that will arise on initial application of IFRS 16. The Authority's disclosures do not address all points required by the standard and we have raised this challenge with management during the course of our audit work. Having discussed this matter with management, we acknowledge that: • the existing disclosure at Note 36, Leases quantify the total minimum lease payments for the vehicle lease contracts, where the Authority is the lessee. From these disclosures, management asserts that a financial statement user is able to understand the scope and quantum of the operating leases held by the Authority, and that the balance sheet impact of IFRS 16 adoption could be reasonably deduced from this Note. Management has communicated that it does not expect to identify any material operating leases that are additional to those already disclosed at Note 36. Therefore, as per management's assessment, and to a material extent, the narrative disclosures presented in the draft financial statements have been considered to be compliant with Code requirements. Our work has been concluded in this area for the 2023-24 accounts opinion and work will re-commence following the Fire & Rescue Authority's initial application of the IFRS 16 standard in 2024-25. We have raised a recommendation on page 35 to reinforce the need for appropriate arrangements to be in place to support with the initial adoption of the IFRS 16 standard in 2024-25.

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 Buildings – valuation of other land & buildings £75m	Other land and buildings comprises £75m of specialised assets such as fire stations, 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 as existing buildings. The Authority's buildings portfolio includes 40 fire stations and a number of other assets including the the Service Delivery Centre at Bramley (control centre), the Oakroyd Hall headquarters site (clerical use) and surrounding buildings includes the Supplies and Transport building and Headquarters Training Centre. All of these buildings have been considered to be specialised in nature by management and their external valuation expert, and therefore have been valued using the depreciated replacement cost approach. The land portfolio, comprising the land on which the fire stations and other buildings are sited, has been valued on the existing use basis with reference to open market comparables from the West Yorkshire area. The Authority has engaged Avison Young to complete the valuation of properties as at 31 March 2024 on a five yearly cyclical basis. In the draft accounts all land & buildings were revalued during 2023-24 as disclosed in the revaluations table shown at Note 14. The valuation reference date is 31 March 2024 which is coterminous with the accounting year end. A total of 13 buildings (£26.7m) have been physically inspected and valued in year. The remainder of the buildings have been valued on a desktop basis. It is noted that the Authority opted to increase the number of buildings to be fully valued in year from 8 to 13 with a corresponding increase in the valuation coverage across the population from £11m to £26.7m. This revision to the full valuations was made on the basis that this is our first year of audit and we note this exceeds the minimum Code requirement to have land & buildings fully revalued at least once in five years.	We have: • evaluated the design effectiveness of controls in place around the valuation • evaluated management's processes and assumptions for the estimate, the instructions issued to the valuation experts and the scope of their work • evaluated the competence, capabilities and objectivity of management's valuation expert (external RICS-registered valuers), concluding that they are competent, capable and objective • evaluated the challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding & written to the valuer to confirm the basis on which the valuation was carried out • tested revaluations made during the year to see if they had been input correctly into the Fire & Rescue Authority's asset register • reviewed the assumptions used by the expert in the calculations, including the accuracy of internal floor areas. We agreed, on a sample basis, the internal floor areas to electronic floorplan records held by the estates surveyor • for land valued on the existing use value (EUV) basis, obtained local market comparables to assess the appropriateness of land values selected by management's expert and used in the valuation calculations • reviewed the completeness and accuracy of the underlying information used to determine the valuation estimate • considered the valuation basis and method used to revalue assets, and ensured that the method is suitable for the type of land or building Our valuation testing of floor areas to property records & AutoCAD drawings identified discrepancies in source data provided to the valuer, with a large range of percentage variances identified which were not deemed sufficiently reasonable for an extrapolation to be reliably estimated to determine the valuation impact. It was agreed with management that all gross internal areas would be remeasured and the updated data provided to management's expert value to assess any monetary impact on the closing valuation of buildings. Management's valuer determined that the reviewed gross internal areas would lead to a decrease of £3.1m in the closing valuation of buildings. This has been adjusted for by management since material. This adjustment is set out on page 41 of this report.	● Green (following audit adjustments) 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
LGPS Net pension surplus £5.6m (draft A/cs) **£nil (final A/cs)** (Prior year: net pension liability £1.5m)	The Authority's Local Government Pension Scheme net pension surplus at 31 March 2024 is £5.6m (PY £1.5m deficit) comprising the West Yorkshire Pension Fund Local Government Pension Scheme obligations. The Authority continues to engage Aon to provide actuarial valuations of the assets and liabilities derived from this scheme. A full actuarial valuation is required every three years which was undertaken as at 31 March 2022 for LGPS. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return. Given the significant value of the net pension balance, small changes in assumptions can result in significant valuation movements. This improved position is largely a result of an increase in the discount rate with a decrease in the CPI inflation/pension increase assumption, and pension asset returns in year greater than the baseline assumption.	We have: • Assessed the competence, capability and objectivity of management's expert, Aon (LGPS) • Assessed the actuary's approach taken and deemed it reasonable • Used PwC as an auditor's expert to assess the actuary and the assumptions applied – please see the table below for our PwC's assessment of actuarial assumptions. The PwC report has also indicated that they are comfortable with Aon's methodologies used to establish assumptions and they will produce reasonable assumptions as at 31 March 2024 for all employers. We also corroborated the £3.2m actuarial gain to PwC's commentary. • Confirmed the completeness and accuracy of the underlying information used to determine the estimate including performing additional tests in relation to the accuracy of contribution figures, benefits paid, and investment returns to gain assurance over the roll forward calculation carried out by the actuary • Confirmed the adequacy of the disclosure of the estimate in the financial statements and confirmed the consistency of the pension fund assets and liability disclosures in the notes to the financial statements with the IAS19 report from the actuary. • Obtained assurances from the auditor of the West Yorkshire Pension Fund as at the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. • Confirmed that asset valuations were based on a 31 March 2024 valuation date.	● Green (following audit adjustments) We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Assumption	LPGS Actuary Value (Aon)	PwC comments	Assessment
Discount rate	4.80%	Assumption appears reasonable.	● Green
Pension increase rate	2.60%	Assumption appears reasonable.	● Green
Salary growth	3.85%	Assumption appears reasonable.	● Green
Life expectancy – Males currently aged 45 / 65	22.3/21.0	Assumption appears reasonable.	● Green
Life expectancy – Females currently aged 45 / 65	25.2/24.2	Assumption appears reasonable.	● Green

Our work has not identified any evidence to conclude that key assumptions are not appropriate, in line with the table shown above. Our work identified that under IAS1 accounting principles, it is not appropriate to offset the LGPS net pension asset against the FPS unfunded pension liability. This has now been adjusted for by management. Detailed audit procedures and challenge of management resulted in an IFRIC 14 pension asset ceiling calculation being undertaken with calculation identifying a negative asset ceiling. Management has adjusted for this in the accounts, capping the pension asset ceiling at £nil in line with IFRIC 14 accounting principles. This accounting entry to adjust the original LGPS pension asset of £5.6m to £nil has been accounted for as Other Comprehensive Income in the CIES. Consistent with local government accounting principles, this entry has also been accounted within the pension reserve, which is held as an unusable reserve. There are no further matters to note arising from our LGPS work. The asset ceiling restriction adjustment is detailed on page 40.

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Firefighters pension scheme liability £1.14bn (Prior year: pension liability £1.11bn)	The Fire & Rescue Authority's Firefighters Pension Scheme liability at 31 March 2024 is £1.14bn (PY £1.11bn). The Fire & Rescue Authority operates three pension schemes for firefighters, these are the 1992, 2006 and 2015 Firefighters Pension Schemes. The Fire & Rescue Authority engages Government Actuary's Department to provide actuarial valuations of their Firefighters Pension Scheme liabilities. A full actuarial valuation is required every four years. Whist the last full actuarial valuation was completed in 2020 this was only reported in December 2023 and so experience observed has been reflected in the estimate as at March 2024. The estimate of the pension liability at 31 March 2024 is based on a roll forward of this 2020 valuation. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been an £18m net actuarial loss during 2023-24. This is due to the CPI inflation and salary increase experience observed, with actual inflation and salary increases being actuals greater than assumed at the prior year end. This has been partially offset by an increase in the discount rate.	We have: • Assessed the competence, capability and objectivity of management's expert, Government Actuary's Department (FPS) • Assessed the actuary's approach taken and deemed it reasonable • Used PwC as an auditor's expert (consulting actuary) to assess the actuary and assumptions made by actuary (see table below) • Confirmed the completeness and accuracy of the underlying information used to determine the estimate • Assessed the reasonableness of the increase in the liability estimate • Reviewed the adequacy of the disclosure of the estimate in the financial statements • Obtained records showing the detailed movements in membership data since the data collection took place for the 2020 full quadrennial valuation, and tested the accuracy and validity of movements, where material changes were identified. Detailed testing was performed based on the 2023-24 position, which has been compared against the 2020 data to verify the accuracy of movements since that date, in order to gain appropriate assurance over the material accuracy of membership data.	● Green We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Assumption	FPS Actuary Value (GAD)	* PwC comments	Assessment
Discount rate	4.75%	See below	● Green
Pension increase rate	2.60%	See below	● Green
Salary growth	3.85%	See below	● Green
Life expectancy – Males currently aged 45 / 65	22.9/21.3	See below	● Green
Life expectancy – Females currently aged 45 / 65	22.9/21.3	See below	● Green

- PwC has commented on the GAD assumptions as follows: "*We are comfortable that the methodologies used by GAD to establish assumptions will produce reasonable assumptions as at 31 March 2024 for all employers.*".

Our work has not identified any evidence to conclude that key forward-looking assumptions are not appropriate, in line with the table shown above. In addition, we have not identified any issues in respect of the recognition and valuation of FPS defined benefit pension liabilities. There are no matters to report.

2. Financial Statements: key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Grants Income Recognition and Presentation (note 33) £107m	Management has taken into account three main considerations in accounting for grants, as set out in sections 2.3 and 2.6 of the Code: 1. whether the Authority is acting as the principal or agent and particularly whether it controls the goods or services before they transfer to the service recipient. Where the Authority has determined that it is acting as an agent and it does not recognise grant income. Conversely, where the Authority is acting as the principal and it has credited the grants and contributions to the Comprehensive Income and Expenditure Statement. Management's assessment considers relevant factors such as who bears credit risk and responsibility for any overpayments, who determines the amount, who sets the criteria for entitlement, who designs the scheme and whether there are discretionary elements. 2. whether there are conditions outstanding (as distinct from restrictions) that would require the grant to be recognised as receipt in advance, otherwise grant should be recognised as income 3. whether the grant is a specific or non-specific grant. General un-ringfenced and capital grants are credited to taxation and non-specific grant income and disclosed on the face of the CIES, whereas ringfenced grants are required to be credited to service revenue accounts. There may be judgements over the accounting treatment. Different conclusions may be reached by audited bodies depending on how they have applied any discretion in administering the schemes and application of Code guidance.	The Authority receives a number of grants and contributions and is required to follow the requirements set out in the Code. The main considerations are to determine whether the Authority is acting as principal or agent, and if there are any conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income. The Authority also needs to assess whether grants are specific, and hence credited to service revenue accounts, or of a general or capital nature in which case they are credited to taxation and non-specific grant income. As part of our audit work, we have performed the following: • substantively tested a sample of grants across categories and reviewed management's assessment as to whether the Authority is acting as the principal or agent • for the samples selected, we have reviewed the completeness and accuracy of the underlying information used to determine whether there are conditions outstanding (as distinct from restrictions) that would determine whether the grant be recognised as a receipt in advance or income • assessed, for the sample of grants received, whether the grant a is specific or non specific grant (or whether it is a capital grant) – which impacts on where the grant is presented in the CIES (i.e. specific grants recognised above the line in net cost of services and non-specific grants recognised below the line in taxation and non-specific grant income) • assessed the adequacy of disclosure of grants received and judgement used by management as part of our detailed testing. As part of our auditor challenge, it was identified that the Pensions Grant, accounted for as Credited to Taxation and non-specific Grant Income in the draft accounts, has been awarded to the Fire & Rescue Authority for a specific purpose, which is to specifically to support with the funding of pensions. Management has opted to adjust for this classification in the updated financial statements. The impact of this change has been a reduction in Non-specific grant income of £4.2m and a corresponding increase in grant income Credited to services of £4.2m. This is also detailed at Appendix C on page 39.	● Green (following audit adjustments) 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
Minimum Revenue Provision - £2.5m There continues to be an increased level of scrutiny from auditors following several cases of highly publicised financial challenges at certain public services bodies with some resulting in S114 notices. Many of these high-profile cases involve MRP charges that on reflection were deemed to be inappropriate. We have opted to comment on MRP in this report since it is our first year of audit at the Authority and this page sets out our view on the appropriateness the MRP provision made in 2023-24. It is our view that members reviewing and monitoring MRP charges annually is important as a matter relevant to their oversight of the financial reporting process.	The Authority is responsible on an annual basis for determining the amount charged for the repayment of debt know as its Minimum Revenue Provision (MRP). The basis for the charge is set out in the regulations and statutory guidance. The Authority publishes an MRP policy annually as part of its annual budget setting process, which is reviewed for compliance against statutory guidance and approved if concluded to be appropriate. The annual MRP charge for 2023-24 was £2.5m which was a reduction (£0.4m) on that charged in the prior year (£2.9m). This represents a 6% charge against the opening Capital Financing Requirement compared with 7% charge against the opening Capital Financing Requirement in the prior year. In addition to the MRP charge in year, the Authority has applied £21.8m of financing in year towards its capital expenditure, with £16.3m coming from the Capital Finance Reserve (held as an earmarked reserve) and £5.5m as a direct charge against the revenue budget. The impact of this £21.8m in-year financing is that this portion of capital expenditure has been fully funded from existing financial resources and this will not lead to an increase to borrow more in the future. As such, this is not likely give rise to additional financial stresses in future years. A total of £10m of the capital expenditure is unfinanced as at the year end. This will require financing in future years from either capital grants, one-off contributions from the revenue budget or useable reserves, or charged over time as minimum revenue provision.	• The MRP policy & calculation is compliant with all relevant requirements of DLUHC, MHCLG & the Prudential Code. • We compared the MRP charge as a percentage of the Capital Financing Requirement. For the Authority, the 6% charge in 2023-24 means that unfunded capital expenditure would effectively be 'paid for' over a period of 16.4 years if a straight line approach were used. • The Authority routinely purchases a range of capital assets with varying lives: fire appliances with lives of 15 years, fire station rebuilds with lives of over 40 years and operational equipment such as ladders, hoses and firefighter PPE with a life between 5-10 years. • Noting these lives, in conjunction with the average total balance sheet life of 20 years (weighted by assets' carrying values), the charge of 6.08% (equating 16.45) would appear to satisfy the requirement to make a prudent provision for MRP. • The profiling of the MRP charges appears to be towards the middle end of the acceptable range. The Authority has applied a sinking fund approach calculating the charge over the lives of individual assets. This takes into the account the time value of money with greater charges occurring in later years, which could be interpreted as pushing higher charges into the future. Our work has indicated that the profiling of charges is not overly aggressive. • We have assessed the MRP charge in the 2023-24 accounts to be a reasonably prudent charge that is compliant with statutory guidance and Secondary Legislation. • We have raised a recommendation on page 36 and made some comments around Liability Benchmark chart.	● Green We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: Information Technology

Note the work performed here is in respect of the SAP IT system hosted and maintained by Kirklees Council. A joint piece of work was performed in respect of both the Kirklees Council and West Yorkshire Fire & Rescue audits and our comments and findings have been included below for your reference along with the management actions agreed with the IT function at Kirklees Council.

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). As part of our audit work, IT specialist auditors have assisted the core audit team in conducting an assessment of the design and implementation of relevant ITGCs.

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.

SAP was the only IT application reported as ‘in scope’ in our audit plan dated 9 April 2024 and no changes have been identified subsequent to this.

Three ‘improvement opportunity’ recommendations have been raised overleaf in respect of SAP.

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

Assessment

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

2. Financial Statements: Information Technology

Assessment	Issue and risk	Recommendations
Green	**Inappropriate access to configure and delete audit log in production** During our review, we noted that twelve (12) users had the ability to both configure and delete audit logs via SAP T-Codes SM19 and SM18, respectively. These users were understood to be IT officers from the BASIS and HD-One teams. **Risk** Access to audit log configuration (via SM19) within SAP gives users the ability to create, modify or delete audit logs owned and configured by other users. Where this ability is not appropriately restricted, audit logs may not be sufficiently maintained. Sufficient logs may not be available in the event of investigations for error or fraud detection.	Management should segregate a user's ability to configure (SM19) and delete (SM18) user security event logs within production. We also recommend the management also review the assignment of this access. Where possible, limit users with these privileges assigned to members of the System Support and related service teams. Any users that do not require these privileges in an ongoing manner to perform their job role should have this level of access removed. If for operational reasons access cannot be fully segregated, alternative options to mitigate the risk could include usage of Firefighter accounts with a set validity period based on formal approvals. **Management response:** *HD One and the Basis team require elevated access which, as part of the application, gives them access to SM18/SM19. SM19 is an integral part of this elevated access; it cannot be segregated from SM18; to do so would prevent them carrying out their jobs.* *The number of staff with this access has been reduced to the smallest number possible. All access is logged within SAP as standard, and this will be reviewed periodically with the teams concerned. It is also available for internal audit if required.* *We have reasonable and proportionate controls in place to manage this risk.*
Green	**Segregation of duties conflicts between SAP change develop and implementer access** During our audit, a segregation of duties conflict was observed for the following users: • SAPSUPPORT • BYRNEC These users were assigned SAP development key along with ABAP developer access in the development environment (via SAP T-Code SE38 or SE37 or SE80 or SE11 or SE11_OLD or SE13 or SE14) and transport access in the production environment (via T-Code STMS with S_TRANSPRT and RFC authorisations). We also observed that there was no proactive monitoring in place to verify the appropriateness of any developers also implementing their own changes. We reviewed the TPALOG reports from both development and production environments and noted that there was no transport developed and import to production environment by same users during FY22/23. **Risk** The combination of access to develop changes and the ability to implement those changes in production is a segregation of duties conflict that could lead to an increased risk of inappropriate or unauthorised changes to data and programs being made.	Management should review this access assignment to ensure developers do not also have access to transport utilities in the production environment that would allow changes to be implemented. Where management believes for operational reasons, this access cannot be fully segregated a risk assessment should be undertaken and other mitigating controls considered (i.e. periodic monitoring of changes to identify those with the same developer and implementer and verify appropriateness). **Management response:** *Please note, all development work is undertaken by a separate IT team and the BASIS team implements those changes. Transport keys are therefore essential to their roles.* *The developer key for SAPSUPPORT has been previously removed.* *The SAPSUPPORT user has been removed in production and replaced by a distinct user (SAPPRODSUP) without transport authorisations. The user will be locked and delimited unless it is required. A screenshot of this new user's role has been attached separately.*

2. Financial Statements: Information Technology

Assessment	Issue and risk	Recommendations
Green	**Improvements to privileged generic account management** During our audit, we observed 3 generic dialog accounts that had privileged access within SAP. These three accounts were used by third party support consultants. We noted that the activities performed via these generic accounts were not proactively monitored by management to ensure they were only used for approved reasons. **Risk** Activities performed via shared generic accounts may not be linked to specific individuals, eroding accountability. Unauthorised transactions performed via these accounts may not be detected.	Management should consider performing an evaluation of the appropriateness and necessity of the generic accounts identified. This should include consideration of whether: • Activity could be performed through individually named users accounts with generic accounts reduced and only used for specific pre-approved activity; and • Accounts within the SAP application could be made into 'SYSTEM' user type, to allow them to run background jobs but not be directly accessible for login. • If accounts are obsolete or not-in-use and if they could be disabled or deleted. Where these controls will be owned / operated by external organisations management should consider disabling the accounts and only enable these accounts on need. Activities performed by the third parties should be monitored. **Management response** • *These accounts are required contractually and used solely by trusted 3rd party support partners. All activity by these accounts is recorded in SM20 and available for auditing and review if required. The accounts are locked when not in use and access only granted by arrangement with the BASIS team which includes registration of the named consultant that will connect to the system.* • *As previously noted, we have reasonable controls in place to manage any risk associated with this item.*

Assessment

- Significant deficiency – ineffective control/s creating risk of significant misstatement within financial statements and / or directly impact on the planned financial audit approach.
- Deficiency – ineffective control/s creating risk of inconsequential misstatement within financial statements and not directly impacting on the planned financial audit approach.
- Improvement opportunity – improvement to control, minimal risk of misstatement within financial statements and no direct impact on the planned financial audit approach.

2. Financial Statements: other communication requirements

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

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit Committee. We have not been made aware of any significant 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 appropriately 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 will be presented to management and those charged with governance prior to giving the audit opinion.
Audit evidence and explanations	All information and explanations requested from management were provided.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Authority's banks and counterparties that hold the Authority's deposits. This permission was granted and the requests were sent. These requests were returned with positive confirmation and no issues were noted.
Accounting practices	We have evaluated the appropriateness of the Fire & Rescue Authority's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements. Some presentational changes were identified and reported to management – these are noted at Appendix C.
Audit evidence and explanations / significant difficulties	All information and explanations requested from management. We would like to thank the Authority's finance officers for their help and support during the audit process.

2. Financial Statements: other communication requirements

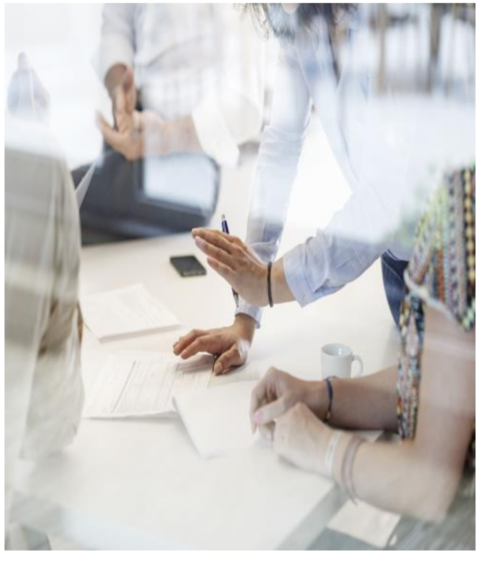
Our responsibility

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

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

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement and Narrative Report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No material inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to Appendix G.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. We have nothing to report on these matters.
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Only limited work is expected to be required on this, as the Authority does not exceed the audit threshold in 2023-24.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2023-24 audit of the Authority in the audit report, as detailed at Appendix G, until we have completed our work on the WGA consolidation exercise mentioned above. We aim to certify completion of the audit before the end of March 2025.



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 require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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

Improving economy, efficiency and effectiveness

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

Financial Sustainability

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

Governance

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

Potential types of recommendations

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

Statutory recommendation

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

Key recommendation

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

Improvement recommendation

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

3. VFM: our procedures and conclusions

We have completed our VFM work and our Auditor's Annual Report has been published. Our VFM commentary on arrangements has already been presented to members at the Audit Committee meeting on 7 February 2025.

As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Our initial planning work identified no significant VFM weaknesses in the Authority's arrangements.

Overall, we are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. No Statutory or Key Recommendations were identified from our work, however, we did raise four improvement recommendations as set out below. We will formally follow up on the progress made to implement these during our 2024-25 audit cycle.

Recommendation	Actions agreed by Management
Internal Audit reports to the Audit Committee could be enhanced by: • including a summary of the number of recommendations raised following each audit and their implementation status (e.g. the number implemented versus outstanding, the timeline for implementation, and the responsible action owner) • ensuring that reports and appendices are internally consistent • ensuring that the outcome of all reviews is reported to the Audit Committee.	The Director of Finance and Procurement will work with the Head of Internal Audit to improve the reporting of internal audit recommendations both in the quarterly internal audit report and the annual audit report.
The Authority should consider expanding the standard reporting template to include: • risk management implications • implications for the duty to collaborate.	The Authority's reporting template will be amended to reflect this.
The Authority could improve its reporting processes by: • Enhancing quarterly performance reports to include detailed information on areas of worsening or underperformance, such as underlying reasons and remedial actions being taken, and by linking performance indicators to strategic priorities in the Community Risk Management Plan • Reporting annually to members on the progress of collaboration activities implemented via the West Yorkshire Tri-Service Collaboration.	The Director of Corporate Services/Monitoring Officer and Head of Service Improvement and Assurance will ensure this is built into the work programme for Authority consideration and scrutiny.
The Authority should consider whether it is sufficiently assured that contract management activity is robust and consistently applied. This could be demonstrated by regular reporting of contract management activity to members of the Fire Authority or Finance & Resources Committee to confirm that: • regular reviews of existing contracts are taking place • monitoring of contract performance and deliverables against key performance indicators and other measures is being undertaken • action is being taken to address any areas where performance issues have been identified.	A template will be developed for contract managers to record the outcomes of contract management meetings. This template will capture KPIs and contract performance. A risk assessment will be undertaken to identify which contracts will be reported to members. A summary of contract management activity will be included in the Annual Procurement Update.

4. Independence considerations

Independence and Ethics

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, directors, senior managers & managers). There are no such matters to report.

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

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 at Appendix D.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see Grant Thornton International Transparency report 2023.

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 Fire & Rescue Authority.

No audit-related or non-audit services have been identified as being provided for the Authority since our appointment up to the date of this report.

4. Independence considerations

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 Authority 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 Authority or investments in the Authority 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 Authority 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 Authority.
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 Authority, its senior management or staff.

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 have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Appendices

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	•	•
Views about the qualitative aspects of West Yorkshire Fire & Rescue Authority's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		•
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 (ISA260) 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 a total of seven recommendations for the Fire & Rescue Authority as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of our 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
Low	**Vehicle Residual Values in the Fixed Asset Register** The Fire & Rescue Authority currently enters its fire appliances and other commercial vehicles on its CIPFA asset register with residual value at the end of their stated lives. The useful economic lives identified are often towards the prudent end of the acceptable range and often are a reflection of how long the Authority intends to operate a vehicle as opposed to its total useful economic life. There appears to be good availability of auction data to indicate the range of residual values achieved that management may wish to use to form a reasonable view on a % residual value to enter into the FAR. This is particularly relevant as improvement in vehicle design and longevity over the last 10 years, along with rising new specialist vehicle purchase prices, has lifted the auction values achieved where we understand second-hand appliances remain attractive to the export market. Adding some estimate of residual values generate a more precise depreciation estimate and whilst this would not impact on useable reserves due to the statutory override to replace depreciation with minimum revenue provision (MRP), it would smooth the impact on the face of the CIES over time by reducing the gains on disposal which occur as one-off transactions on disposal of the vehicles.	We recommend that management, with input from the Head of Fleet and Logistics, considers entering vehicle residual values in the fixed asset register, to refine the accuracy of the depreciation estimate in future accounting periods. We note that this is most relevant to the high-value vehicles such as fire appliances but may also be relevant for consideration for other vehicles. Whilst currently the car and van fleet is currently leased, following the adoption of IFRS 16 on 1 April 2024, it is expected that these assets will also come onto the Authority's balance sheet from that time. Management response: *The Head of Finance and Financial Accountant will liaise with the Head of Fleet and Logistics post audit to consider the practicalities of implementation and the prudence of recording vehicle residual values in the Fixed Asset Register for the purpose of calculating depreciation. This will be implemented if it is concluded that residual values can be reliably estimated across the vehicle fleet and if it does not adversely impact on the principle of prudence.*
Medium	**Upcoming changes to the Fire & Rescue Authority's buildings estate and ensuring this are captured timely in next year's financial statements** We understand the Authority plans to dispose of the Service Delivery Centre at Bramley and Cleckheaton Fire Station in 2025-26 following relocation of both to the new headquarters facility at Birkenshaw. There is also a degree of uncertainty around the future of Oakroyd Hall, and we understand that there is also potential for a disposal to be explored. It will be important management to ensure that land & buildings are appropriately classified and valued at each year end, and judgements around classification may have a financial impact on the balance sheet. For example, a building being actively marketed at year end may require reclassification as an asset held for sale and requires a valuation at fair value rather than current value and similarly those assets deemed to be surplus to operational requirements and classified as a surplus asset are to be valued at fair value.	We recommend timely engagement and conversations between the financial accountants, the Head of Estates and external valuation expert to identify and communicate changes in the use of the buildings estate in a timely manner. In our view, it is important that timely disclosures are made to the external valuer so the valuation basis determined for each asset is appropriate and that land & buildings are appropriately classified at the next financial year end. Management response: *Agreed. Management acknowledges ongoing and upcoming changes to specific buildings in the portfolio. Early discussions regarding classification and valuation of these buildings have commenced and work will continue over the following months to achieve appropriate presentation of surplus buildings and of those held for sale in the draft financial statements for 2024-25.*

B. Action Plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	**IFRS 16 'Leases' implementation from 1 April 2024:** IFRS 16 will need to be implemented by local authorities from 1 April 2024. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. This is a shadow year (2023-24) for the implementation of IFRS 16. IFRS 16 updates the definition of a lease to: "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration." In the public sector the definition of a lease is expanded to include arrangements with nil consideration. IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major departure from the requirements of IAS 17 in respect of operating leases. The implementation process is expected to be a time and resource consuming exercise, to identify such lease contracts and ensure they are complete and accurate. Given that the Authority is a Blue Light service and has a policy to lease its vehicle fleet, aside from fire appliances that are purchased, we would expect material lease liabilities to exist in respect of vehicle leases. There may be potentially further contracts, other than vehicles, that fall within the scope of IFRS16 standard and the Authority will need to undertake work to review its existing contacts, to ensure those are considered / identified prior to the adoption of the IFRS 16 accounting standard on 1 April 2024. The Authority has reported on this Standard at Note 2 to the accounts, Accounting Standards that have been issued but have not yet been applied. In that note, the Authority has indicated that work on the implementation of the above Code change is ongoing and the full impact on the Authority's accounts has not been fully assessed yet. On page 16 of this report, the quantum and type types of leases that may be captured by this Standard have been indicated to readers. In addition, there are other considerations when it comes to application of IFRS 16 in the public sector. This includes assets with peppercorn rents which are within the scope of IFRS 16. Also, exemptions for leases with low value assets and short-term leases. Considering this is a time and resource consuming task and potentially high number of such contracts at the Authority, the implementation of this exercise should be accelerated and the resource requirements to complete the work should be reviewed for sufficiency. We note that the 2024-25 financial statements year-end is just over one month from the date of this report. If this work is not completed satisfactorily to the accounts closedown timetable, there is a risk that the Authority does not identify and properly account for all the contracts within the scope of IFRS 16, which may give rise to the potential for misstatements in 2024-25 Statement of Accounts.	We recommend the Authority to accelerate the implementation of IFRS 16 to ensure such leased assets are completely and accurately captured before the 2024-25 accounts closedown process. Management should ensure that there are appropriate arrangements in place to support with the initial adoption of the IFRS 16 standard in 2024-25. Management response: *Agreed. Additional resources and preparations are well underway for the Fire & Rescue Authority to fully adopt the new IFRS 16 leases standard in its 2024-25 financial statements. This includes conducting a review of the contracts register to identify additional leases that meet the revised definition of a lease as per the new accounting standard.* *Work undertaken as part of the 2023-24 audit has highlighted the auditor's requirements to the finance team and further discussions will take place shortly to refine our approach to preparations.*

B. Action Plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	**Liability Benchmark Projections** As part of our work on reviewing the appropriateness of the minimum revenue charge in the financial statements, we obtained the chart from the annual budget papers that shows the Authority's liability benchmark. This chart shows the liabilities by time on one axis and amount (£) on the other. We would expect to see this chart showing the Capital Financing Requirement (CFR) being paid off over time as a result of charging of MRP annually. However, the existing version shows the CFR rising until 2045 where it flatlines. Discussions with management have indicated that the Fire & Rescue Authority is compliant with the CIPFA recommendation for the liability benchmark to cover a 10 year minimum period. However, it is our view that this should be extended to show the CFR (and other liabilities) being fully repaid over time, so that all parties can be reasonably assured that the future profiling of the Authority's MRP charges is accurate and complete.	We recommend that the Authority revises and extends its CFR projections in the Liability Benchmark chart to a period of sufficient length to be able to visually demonstrate that the CFR and other liabilities are projected to be fully repaid over time based on existing budget provision. On revision of this chart, we would also recommend that the purpose of the liability benchmark be explained to Members as part of the next interim treasury management update to ensure there is sufficient understanding as to the chart's significance. It is our view that this is important as a matter relevant to Members' oversight of the financial reporting process. Management response *Agreed. The profiling of future Minimum Revenue Provision is known and included in the current suite of capital financing working papers. The liability benchmark will be refreshed at the time of the next treasury management update to include this data, demonstrating that there is appropriate budget provision for unfinanced capital spend in future accounting periods.*
Medium	**Integrity and Completeness of Adjustments Reported in the Cash Flow Statement** Our work identified an adjustment relating to the Purchase of property, plant and equipment within Investing Activities, which had been double counted as an adjusting item. Correcting this gave rise to an unexplained variance in the cash movements that given the short remaining time until the backstop date, the audited body was unable to identify and resolve. The Cash Flow Statement is a Primary Statement and therefore requires cash flows during the year to be appropriately reported in this statement. The cash movements should fully reconcile from the opening cash position to the closing cash position, and both opening and closing positions have been agreed to a direct confirmation from the bank. This unexplained movement of £411k illustrates that cash-based transactions have occurred, but these have not been identified or reported in the statement of cash flows. We have not identified any further inaccuracies in the transaction values presented in the statement. Therefore, our view is that this unreconciled amount has likely arisen from the omission of other cash-based transactions in the statement.	We recommend that the Authority refines its process for producing the Cash Flow Statement to ensure accuracy of the accounting disclosures. The Fire & Rescue Authority has appropriate controls over cash-based transactions in-year and payments made through its bank account. This recommendation is for the Authority to fully identify the cash and non-cash movements to enable it to reconcile its revenue budget outturn as reported in the financial statements to the movement of cash balances in that year. One potential approach may be to re-work the 2023-24 Cash Flow Statement post audit to identify additional adjustments that may be required so that these can be appropriately considered when producing the 2024-25 draft financial statements. Management response *Agreed. The Head of Finance and Financial Accountant have made arrangements with CIPFA to deliver a bespoke training course based on the Authority's 2023/24 Statement of Accounts. This will include a review of the workings for the cashflow statement to identify the reasons for the unexplained movement. A rework of the 2023/24 cashflow statement will be undertaken following this review.*

B. Action Plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
Medium	**Presentation of the Expenditure and Funding Analysis Note** Our work on the Expenditure & Funding Analysis noted some disclosure omissions that prevent full compliance with the requirements of the CIPFA Code of Practice. The Code requires a reconciliation to be provided between the segmental analysis reflecting organisational structure (as shown in the outturn report) and net expenditure chargeable to the general fund. This disclosure is currently not presented in the Fire & Rescue Authority's draft financial statements. We understand that this requires some time input to prepare, and noting that the EFA is not a Primary Statement, we have opted to raise a recommendation here for management to consider and action in time for the preparation of the 2024-25 draft financial statements. This additional disclosure, to bring the accounts in line with CIPFA disclosure requirements should enable users to see a reconciliation of the financial outturn report through to the net expenditure charged to the CIES. For example, some of the adjustments between the two are expected to include un-ringfenced grants that would be included in the outturn report but are included below the net cost of services line in the CIES.	We recommend that management refresh the EFA disclosure note prior to the 2024-25 accounts closedown to check that all Code disclosure requirements are accurately captured in the draft EFA note for the next financial year end. Preparations may also be required identifying the expected adjustments between the outturn report and net cost of services in the CIES so that this note is able to be accurately produced in line with year end accounts closedown timetable. Management response ***Accepted. We will factor appropriate time and resources into the 2024-25 accounts closedown timetable, including a review of the approach taken to preparing the note by other Fire & Rescue Authorities, to ensure that a fully Code-compliant disclosure note is presented in our 2024-25 financial statements.***
Low	**Reconciliation between the Fixed Asset Register and Financial Statements** Our work identified a variance of £435k in the 2023-24 opening balance in the Vehicle, Plant & Equipment asset category due to the 2023-24 brought forward Plant, Vehicles & Equipment value of £34,323k not agreeing to the 2022-23 carried forward value of £33,888k. Management has not been able to explain this difference. Whilst this variance is below our audit materiality, it is good practice to ensure that a full reconciliation between the fixed asset register and financial statements is undertaken annually and any variances appropriately resolved and cleared.	We recommend management investigate this non-material variance between the fixed asset register and financial statements and undertake procedures to resolve the variance in advance of the 2024/25 accounts closedown. Management response ***Accepted. This will be reviewed by the financial accountant post audit with the aim of being fully resolved and the variance cleared in advance of the accounts closedown for 2024-25.***

C. Audit Adjustments

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

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 £	Statement of Financial Position £	Impact on total net expenditure £	Impact on general fund (useable reserves) £
Balance Sheet – Reclassification of capital spend from Property, Plant & Equipment to Intangible Assets Our work identified £1.5m of capital expenditure that had been incurred on developing the Authority's new operations control software (used to monitor, record and respond to live incidents). In the draft accounts, this was presented as capital spend on Property, plant and equipment. Due to the proportion of internal development and modifications to the software to satisfy the Authority's development brief, it was challenged that an element of capital additions may be intangible in nature. An intangible asset as defined by the CIPFA Code is similar to an item of PPE in that it must be controlled by the Authority and there must be an expectation that economic benefits (or service potential) will flow to the Authority post acquisition, but an intangible differs from PPE in that it does not have physical substance. Following auditor challenge, the financial accountants performed a detailed review of the spend of £1.5m with the aim of allocating spend between hardware and software components. From the additional review performed, management identified £1.5m of capital additions that should be accounted for intangible assets (with only £0.01m identified as relating to hardware). The reclassification has been adjusted for in the final accounts, resulting in a decrease of £1.5m to property, plant and equipment – vehicles, plant & equipment and a corresponding increase to Intangible assets held on their own line on the balance sheet.	£nil	Debit (increase) Intangible Assets £1.5m Credit (decrease) Property, Plant & Equipment - Vehicles, Plant & Equipment £1.5m Overall balance sheet impact of £nil	£nil	£nil
Overall impact	£nil	£nil		£nil

C. Audit Adjustments

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

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 £	Statement of Financial Position £	Impact on total net expenditure £	Impact on general fund (useable reserves) £
Grant Income recorded in CIES – Reclassification of Pensions Grant from Non-Specific Grant Income Credited to Taxation and non-specific Grant Income to Grant Income Credited to Services As part of our work on the accounting for grant income, it was identified that the Pensions Grant (£4.2m) was initially accounted for as a non-specific grant and Credited to Taxation and non-specific Grant Income. Auditor challenge led management to reassess this accounting treatment. Management subsequently identified that this grant is specific in nature in that it has been awarded by the Home Office to the Authority for the specific purpose of support with the funding and payment of retired firefighters' pensions. Management has opted to adjust the classification of this grant in the updated financial statements, reclassifying this to Grant Income Credited to Service, to acknowledge that this is a service specific grant. The impact of this change has been a reduction in Non-Specific Grant income of £4.2m and a corresponding increase in Grant Income Credited to Services of £4.2m.	Credit (Increase) Grant Income Credited to Services (above net cost of services) £4.2m Debit (decrease) Non-Specific Grant Income and Taxation (below net cost of services) £4.2m	£nil	£nil	£nil
Overall impact	£nil	£nil	£nil	£nil

C. Audit Adjustments

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

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 £	Statement of Financial Position £	Impact on total net expenditure £	Impact on general fund (useable reserves) £
LGPS unfunded liabilities and LGPS pension surplus – recognition, valuation and classification The draft accounts also presented the LGPS pension asset surplus of £5.6m within the pension liability on the face of the balance sheet, netted off against the £1.14bn FPS unfunded pension liability. IAS1 states that an entity shall present its assets and liabilities gross and not offset and this is further clarified in IAS32 which permits offsetting when there exists a legally enforceable right to offset or a clear intention to settle of a net basis. We have not been furnished with evidence to indicate that either scenario is relevant to offsetting the LGPS surplus against the FPS liability and therefore, management has agreed to adjust the financial statements and present the LGPS pension asset/surplus in the top half of the balance sheet as an asset. Management conducted an assessment based on IFRIC14 principles - IAS 19 - the limit on a defined benefit asset and obtained an asset ceiling calculation from the actuary. This asset ceiling calculation was presented to audit based on an indefinite future lifetime of LGPS using an annuity in perpetuity approach. It also allowed for the economic benefit arising from 1 year's worth of negative secondary contributions in 2024-25 before they return to 0% in 2025-26 onwards. This calculation approach also used the 2025-26 contribution rate as a proxy for contributions over the remainder of the schemes lifetime (perpetuity). The final calculation indicated that future scheme contributions were greater than the expected future service cost and therefore, the asset ceiling would be negative. In line with IFRIC14 principles, a negative ceiling is capped at £0 and therefore, this adjustment has reduced the £5.6m offset presented in the draft accounts down to £nil. Management has worked on the basis that a minimum funding requirement exists in respect of LGPS, and we are of the view that this judgement is consistent with LGPS regulations. As noted in the right hand columns, the adjustment is shown as a debit to Other comprehensive income & expenditure, and has been accounted for in the Pensions Reserve. As such there is no impact on useable or general fund reserves arising as a result of this adjustment.	Debit (increase) Expenditure on Remeasurement of the Net Defined Benefit Liability £5.6m Following application of the local authority accounting statutory overrides, this is accounted for in the Pensions Reserve (unusable) and therefore, does not impact usable reserves (see Note 29 – Unusable reserves)	Credit (increase) Net Liability related to Defined Benefit Pension Schemes £5.6m	£nil	£nil
Overall impact	£nil	£nil	£nil	£nil

C. Audit Adjustments

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

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 £	Statement of Financial Position £	Impact on total net expenditure £	Impact on general fund (useable reserves) £	Impact on unusable reserves
Variances identified in gross internal area (GIA) data used in the valuation of buildings that use the DRC basis of valuation As part of our detailed testing on the valuation of land & buildings, verifying the accuracy of source data used in the valuation, we performed work to agree a sample of gross internal areas back to the AutoCAD floorplans held by the Fire & Rescue Authority's estates function. Our valuation testing of floor areas to property records & AutoCAD drawings identified discrepancies in source data provided to the valuer, with a large range of percentage variances identified which were not deemed sufficiently reasonable for an extrapolation to be reliably estimate to determine the impact. It was agreed with management that all gross internal areas would be remeasured and the updated data provided to management's expert value to assess any monetary impact on the closing valuation of buildings. Management's valuer determined that the reviewed gross internal areas would lead to a decrease of £2.1m in the closing valuation of buildings. This has been adjusted for by management since material with the accounting entries detailed opposite.	£nil	Credit (reduce) valuation of other land & buildings £3.1m	£nil	£nil	Credit (increase) unusable reserves £3.1M £1.453m posted to the Revaluation Reserve And £1.657m via CIES, through the MiRS and, into the Capital Adjustment Account (CAA).
Overall impact	£nil	£nil	£nil		£nil

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.

Account balance / disclosure note	Description and value	Adjusted?
Note 15 Capital Commitments	The capital commitment disclosure note has been updated to include prior year comparatives. In addition, the values disclosed have been updated for accuracy to reflect the actual uncancellable spend committed at the year end, as opposed to the total capital spend expected to be incurred. Finally, the commitment disclosed in relation to the New Control Software capital scheme has been removed and re-inserted at Note 15, Intangible Assets on the grounds that it relates to commitments relating to future spend on intangible assets.	✓
Note 17 Financial Instruments	The financial instrument disclosures have been updated to reflect debtor and creditor balances that do not meet the definition of a financial asset or financial liability, respectively. This has enabled the financial instrument disclosures to be reconciled to the debtor and creditor notes to the balance sheet. One further adjustment was identified by the audited body, whereby it was determined that the financial liability disclosure included payroll related creditors that had been disclosed as a financial liability. The Code provides scope exclusions in respect of statutory taxation i.e. payroll taxes and also employers' obligations arising from employee benefits. Therefore, it has been determined that payroll creditors are non-financial liabilities. Both disclosure misstatements have been adjusted for in the final version of the financial statements.	✓
Note 31 Officers Remuneration	Our work identified that the Fire & Rescue Authority had disclosed Chief Officer salaries as per their most recent contract and pay award rather than the amounts paid to them during the financial year. As such, salaries had been overstated. Given the sensitivity of this note to financial statement users, management has opted to adjust this note.	✓
Expenditure and Funding Analysis	The Expenditure and Funding Analysis (EFA) was presented as a Primary Statement in the draft accounts, however, the Code of Practice on Local Authority Accounting 2023-24 defines the EFA as a note to the financial statements. This has been adjusted by management and relocated to Note 7 to the financial statements.	✓
Note 36 Leases	The value of future minimum lease payments has been updated for accuracy so as to reflect the values payable as per the underlying lease contracts. This has resulted in a £57k reduction to the future minimum lease payments disclosed.	✓
Various notes	Other minor disclosure amendments to improve financial reporting and transparency for the reader of the accounts.	✓

D. Fees and non-audit services

We confirm below our final fees charged for the audit. No non-audit services have been provided.

Audit fees	Fee per Audit Plan	Proposed final fee
West Yorkshire Fire and Rescue Authority Scale Fee (per PSAA contract)	£103,565	£103,565
Increased audit requirements of ISA 315 Revised – "Identifying and assessing the Risks of Material Misstatement" – (new controls requirement not included in the PSAA tender submission)	£5,020	£7,058
Total audit fees (excluding VAT)	**£108,585**	**£110,623**

The planned fees reconcile to the financial statements in Note 32 - External Audit Costs. The final fee is £2k higher to account for our final fee in relation to ISA 315.

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: • 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: • 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
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: • 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.

F. Management Letter of Representation

Grant Thornton UK LLP
No.1 Whitehall Riverside
Whitehall Rd
Leeds
LS1 4BN

[TO BE DATED SAME DATE AS DATE OF AUDIT OPINION]

Dear Grant Thornton UK LLP

West Yorkshire Fire & Rescue Authority
Financial Statements for the year ended 31 March 2024

This representation letter is provided in connection with the audit of the financial statements of West Yorkshire Fire & Rescue Authority for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the Fire & Rescue Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and applicable law.

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

Financial Statements

i. We have fulfilled our responsibilities for the preparation of the Fire & Rescue Authority's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

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

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

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

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

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

vii. Except as disclosed in the financial statements:

a. there are no unrecorded liabilities, actual or contingent

b. none of the assets of the Fire & Rescue Authority has been assigned, pledged or mortgaged

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

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

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

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

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

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

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

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

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

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

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

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

xv. We confirm that it is appropriate to account for the Local Government Pension Scheme pension asset ceiling at £nil in line with IFRIC 14 accounting principles.

Information Provided

xvi. We have provided you with:

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

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

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

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

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

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

F. Management Letter of Representation

xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Fire & Rescue Authority and involves:

a. management;

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

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

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

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

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

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

xxv. We confirm that implementation a new software system used to record officer overtime has resulted in historic records not being available to view. We confirm, to the best of our knowledge, that all overtime pertaining to the 2023-24 financial year was properly approved in line with the Fire & Rescue Authority's internal policies by the relevant line manager.

xxvi. We confirm that the instances of ongoing litigation against the Fire & Rescue Authority are one-off in nature and are not indicative of the need to make further provisions and or contingent liability disclosures in the financial statements.

xxvii. We have considered whether the Fire & Rescue Authority is required to reflect a liability in respect of equal pay claims within its financial statements. We confirm that we are satisfied that no liability needs to be recognised

Annual Governance Statement

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

Narrative Report

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

Approval

The approval of this letter of representation was minuted by the Fire & Rescue Authority's Audit Committee at its meeting on 27 February 2025.

Yours faithfully

Name……………………………

Position…………………………

Date……………………………

Name……………………………

Position…………………………

Date……………………………

Signed on behalf of the Fire & Rescue Authority

G. Audit opinion (proposed)

Independent auditor's report to the members of West Yorkshire Fire & Rescue Authority

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of West Yorkshire Fire & Rescue Authority (the 'Authority') for the year the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial statements also include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2024 by 28 February 2025 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. The latest date on which unaudited accounts could be published to enable local elector rights to be met in time for the backstop was 16 January 2025. The authority published its unaudited accounts on 31 May 2024.

As a result of the limitations imposed by the previous backstop date, 13 December 2024, we were unable to obtain sufficient appropriate audit evidence that the corresponding figures included in the financial statements for the year ended 31 March 2024 were free from material misstatement. We were therefore unable to obtain sufficient appropriate audit evidence over the corresponding figures or whether there was any consequential effect on the Authority Comprehensive Income and Expenditure Statement for the year ended 31 March 2024 for the same reason.

Furthermore due to the limitations imposed by the backstop date, we have been unable to obtain sufficient appropriate audit evidence over the Authority's opening balances reported in the financial statements for the year ended 31 March 2024. Consequently, we have been unable to satisfy ourselves over the in-year movements in the net pension liability and property, plant and equipment. This has also resulted in uncertainty over the closing balance of property, plant and equipment of £128.5m as at 31 March 2024 and the Local Government Pension Scheme net pension surplus of £nil. Similarly, we have not been able to obtain assurance over the Authority's closing reserves balance of £1.027bn as at 31 March 2024, also due to the uncertainty over their opening amount. We have concluded that the possible effects of these matters on the financial statements could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement of the Regulations to publish the financial statements for the year ended 31 March 2024 by the backstop date of 28 February 2025.

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

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

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Opinion on other matters required by the Code of Audit Practice

The Director of Finance and Procurement is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's financial statements and our auditor's report thereon. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report,

we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority and the Director of Finance and Procurement

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance and Procurement. The Director of Finance and Procurement is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance and Procurement determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director of Finance and Procurement is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

G. Audit opinion (proposed)

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matters described in the basis for disclaimer of opinion section of our report.

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

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

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

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

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

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

We cannot formally conclude the audit and issue an audit certificate for West Yorkshire Fire & Rescue Authority for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to consolidation returns, including Whole of Government Accounts (WGA), and the National Audit Office has concluded their work in respect of WGA for the year ended 31 March 2024. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited

Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature:

Gareth Mills, Key Audit Partner

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

Leeds

XX February 2025