

A woman with long brown hair is looking down at a document. A man in a white shirt is pointing at the document. They are both looking at a document with a red and blue bar chart on it. The background is a bright, slightly blurred office setting.

Royal Berkshire Fire Authority

**Auditor's Annual Report
Year ended 31 March 2021**

October 2023



EY

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated April 2018)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Governance Committee and management of Royal Berkshire Fire Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Governance Committee and management of Royal Berkshire Fire Authority those matters we are required to state to them in this 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 Over view and Audit Committee and management of Royal Berkshire Fire Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Hywel Ball, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

Section 1

Executive Summary



Executive Summary: Key conclusions from our 2020/21 audit

Area of work	Conclusion
Opinion on the Fire Authority's:	
Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Fire Authority as at 31 March 2021 and of its expenditure and income for the year then ended. The financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. We issued our auditor's report on 31 October 2023.
Going concern	We have concluded that the Chief Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Consistency of other information published with the financial statements	Financial information published with the financial statements was consistent with the audited accounts.

Area of work	Conclusion
Reports by exception:	
Value for money (VFM)	We had no matters to report by exception on the Fire Authority's VFM arrangements. We have included our VFM commentary in Section 04.
Consistency of the annual governance statement	We were satisfied that the annual governance statement was consistent with our understanding of the Fire Authority.
Public interest report and other auditor powers	We had no reason to use our auditor powers.

Executive Summary: Key conclusions from our 2020/21 audit

As a result of the work we carried out we have also:

Outcomes	Conclusion
Issued a report to those charged with governance of the Fire Authority communicating significant findings resulting from our audit.	We issued an Audit Results Report dated 30 October 2023 to the Audit and Governance Committee.
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2020 Code of Audit Practice.	We have issued our certificate for 2020/21 on 31 October 2023, no issues were identified.

Fees

We carried out our audit of the Fire Authority's financial statements in line with PSAA Ltd's "Statement of Responsibilities of auditors and audited bodies" and "Terms of Appointment and further guidance (updated July 2021)". As outlined in the Audit Results Report we were required to carry out additional audit procedures to address audit risks in relation to the valuation of land and buildings, accounting for pension liability, inappropriate capitalisation of revenue expenditure and inappropriate recording of other income and the going concern disclosure. As a result, we have included details of the final audit fees in Appendix 1.

We would like to take this opportunity to thank the Fire Authority staff for their assistance during the course of our work.

Andrew Brittain

Partner
For and on behalf of Ernst & Young LLP

Section 2

Purpose and responsibilities



Purpose and responsibilities

This report summarises our audit work on the 2020/21 financial statements.

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on VFM arrangements, which aims to draw to the attention of the Fire Authority or the wider public relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2020/21 audit work in accordance with the Audit Plan that we issued on January 2022. We have complied with the NAO's 2020 Code of Audit Practice, International Standards on Auditing (UK), and other guidance issued by the NAO.

As auditors we are responsible for:

Expressing an opinion on:

- The 2020/21 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the annual report.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Fire Authority;
- If we identify a significant weakness in the Fire Authority's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

Responsibilities of the Fire Authority

The Fire Authority is responsible for preparing and publishing its financial statements and governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Section 3

Financial Statement Audit



Financial Statement Audit

Key issues

We have issued an unqualified audit opinion on the Fire Authority's 2020/21 financial statements.

The Statement of Accounts is an important tool for the Fire Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

On 31 October 2023, we issued an unqualified opinion on the financial statements. We reported our detailed findings to the 30 October 2023 Audit and Governance Committee meeting. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan.

Significant risk	Conclusion
<p>Misstatements due to fraud or error - management override of controls</p> <p>An ever present risk that management is in a unique position to commit fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p>	<p>We have not identified any material weaknesses in controls or evidence of material management override. We have not identified any instances of inappropriate judgements being applied or management bias. We did not identify any other transactions during our audit which appeared unusual or outside the normal course of business.</p>
<p>Inappropriate capitalisation of revenue expenditure and inappropriate recording of other income</p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. We have identified an opportunity and incentive to capitalise expenditure under the accounting framework, to remove it from the general fund.</p> <p>In addition, for other income, in the comprehensive income and expenditure account, there is a fraud risk of this figure being incorrectly stated.</p>	<p>In our testing of capital additions we have not identified any instances where expenditure had been inappropriately capitalised.</p> <p>Our testing of other income did not identify any issues.</p>

Continued over.

Financial Statement Audit (continued)

Significant Risk	Conclusion
<p>Valuation of land and buildings</p> <p>Land and buildings is the most significant balance in the Trust's balance sheet. The valuation of land and buildings is complex and is subject to a number of assumptions and judgements. A small movement in these assumptions can have a material impact on the financial statements.</p>	<p>All land and building assets were valued in 2020/21. No issues were identified regarding the useful economic lives as a result of the most recent valuation. The accounting entries were correctly processed in the financial statements.</p> <p>Our audit testing identified a material understatement of two assets which resulted in an amendment to the final version statement of accounts of £1.504m. We would recommend that all fire stations are valued on a DRC basis in future years due to the specialist nature of the properties.</p> <p>We can conclude that the valuation of land and buildings is materially correct.</p>
<p>Pension liability valuation</p> <p>The Pension Fund liability is a material balance in the Balance Sheet. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.</p>	<p>No adjustments have been made to the reflect the outcome of the Goodwin legal ruling. We have involved our EY pensions specialists to assess the impact, and concluded an estimated understatement of pensions liability of £118k. We have reported this as an uncorrected audit difference in our Audit Results Report.</p> <p>We concluded the work and assumptions used by Barnett Waddingham were reasonable.</p> <p>Our EY Pensions consultancy team concluded that the Pension Fund actuary's liability calculations were reasonable. The accounting entries and disclosures had been carried out correctly.</p>

In addition to the significant risks above, we also concluded on the following areas of audit focus.

Other area of audit focus	Conclusion
<p>Going Concern: Compliance with ISA 570</p> <p>The unpredictability of the current environment gives rise to a risk that the Authority would not appropriately disclose the key factors relating to going concern, underpinned by a management assessment with particular reference to Covid-19 and the Authority's actual year end financial position and performance for the going concern period of 12 months after the auditor's report date.</p>	<p>We have reviewed the appropriateness of management's going concern assessment, including:</p> <ul style="list-style-type: none">• Disclosure note and basis of preparation.• Financial modelling and forecasting.• Cashflow forecasts. <p>We are satisfied that management's going concern disclosure appropriately reflects the Authority's forecast viability and liquidity up to at least 12 months from the date the 2020-2021 accounts are authorised for issue (to end of November 2024). We have not identified any material uncertainties with the continuity of service provision, and based on our assessment have not needed to consult on the Authority's disclosure and the work we have performed with our professional practice team.</p>

Continued over.

Financial Statement Audit (continued)

Audit differences

There were some adjusted audit differences arising from our audit, these consisted of;

A material understatement of two assets which resulted in an amendment to the final version statement of accounts of £1.504m.

Financial instruments being adjusted by £198k after VAT had be erroneously included in the trade debtors figure for financial instruments.

The unadjusted differences were made up of;

Factual misstatement:

- A Voluntary Revenue Provision of £183k was included in the statement of accounts, but no evidence could be produced to show how that figure was arrived at.

Projected misstatement:

- Expenditure testing identified two items that were not accrued for in the prior year, they totalled £164. These were considered too small to accrue for in the prior year. However, when this is extrapolated across the population this was calculated as an error of £76k.

Judgemental misstatement:

- No adjustments have been made to the reflect the outcome of the Goodwin legal ruling. We have involved our EY pensions specialists to assess the impact, and concluded an estimated understatement of pensions liability of £118k.

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	We determined planning materiality to be £865k as 2% of gross revenue expenditure reported in the accounts. We consider gross revenue expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Fire Authority.
Reporting threshold	We agreed with the Audit and Governance Committee that we would report to the Committee all audit differences in excess of £43k.

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- ▶ Cash/bank balance: We audited all disclosures and undertook procedures to confirm material completeness
- ▶ Related party transactions. We audited all disclosures and undertook procedures to confirm material completeness
- ▶ Remuneration disclosures including any severance payments, exit packages and termination benefits.

Section 4

Value for Money



Value for Money (VFM)

We did not identify any risks of significant weaknesses in the Fire Authority's VFM arrangements for 2020/21.

Scope and risks

We have complied with the NAO's 2020 Code and the NAO's Auditor Guidance Note in respect of VFM. We presented our VFM risk assessment to the 23 March 2022 Audit and Governance Committee meeting which was based on a combination of our cumulative audit knowledge and experience, our review of the Fire Authority and committee reports, meetings with the and evaluation of associated documentation through our regular engagement with management and the finance team. We reported that we had not identified any risks of significant weaknesses in the Fire Authority's VFM arrangements for 2020/21.

We had no matters to report by exception in the audit report.

Reporting

We completed our planned VFM arrangements work in October 2023 and did not identify any significant weaknesses in the Fire Authority's VFM arrangements. As a result, we had no matters to report by exception in the audit report on the financial statements.

Our VFM commentary highlights relevant issues for the Fire Authority and the wider public.

VFM Commentary

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

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

Introduction and context

The 2020 Code confirms that the focus of our work should be on the arrangements that the audited body is expected to have in place, based on the relevant governance framework for the type of public sector body being audited, together with any other relevant guidance or requirements. Audited bodies are required to maintain a system of internal control that secures value for money from the funds available to them whilst supporting the achievement of their policies, aims and objectives. They are required to comment on the operation of their governance framework during the reporting period, including arrangements for securing value for money from their use of resources, in a governance statement.

We have previously reported the VFM work we have undertaken during the year including our risk assessment. The commentary below aims to provide a clear narrative that explains our judgements in relation to our findings and any associated local context.

The Fire Authority has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

For 2020/21, the significant impact that the Covid-19 pandemic has had on the Fire Authority has shaped decisions made, how services have been delivered and financial plans have necessarily had to be reconsidered and revised.

We have reflected these national and local contexts in our VFM commentary.

Financial sustainability

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

Budget monitoring is done on a monthly basis to capture new pressures. There is a quarterly workforce planning meeting to model staff numbers and costs (75% of the revenue budget is made up of employee costs). Corporate risks are reviewed monthly at Senior Leadership Team (See details at <https://www.rbfrs.co.uk/your-service/transparency-and-governance/staffing-transparency/organisation-chart/>) LT to capture, amongst other things, any new financial pressures.

How the body plans to bridge its funding gaps and identifies achievable savings

The Authority has engaged with local MPs, the NFCC and the Home Office to lobby for precept flexibility. The Authority has contingency plans to balance the budget should funding decrease as well as ongoing projects to deliver efficiencies. The contingency plans include use of budget contingency reserve / other reserves as deemed appropriate. Scenario planning exercises looking at a range of potential options available, dependent on the severity of the funding deficit.

Financial sustainability (continued)

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Head of Facilities, Fleet and Equipment has been tasked with developing the Authority's sustainability strategy which will link into the Strategic Asset Investment Framework and Corporate Risk Management Plan. RBFRA have commissioned a company to baseline their carbon footprint. This will be the starting point in terms of developing the Sustainability Strategy later in 2021. The Sustainability Strategy will be linked to the new Community Risk Management Plan and refreshed Strategic Asset Investment Framework.

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

The Fire Authority has had the arrangements we would expect to see to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

All of the Authority's strategic documents are developed in line with the Authority's Medium Term Financial Plan. Capital plans and investments plans are presented to Members as part of the budget setting papers that include the MTFP. The consistency of these is therefore picked up as part of the preparation and sign off of these papers prior to distribution / publication. Workforce, operational planning and effectively any other decision making process will require a supporting paper for approval to be presented at either Senior Leadership Team or the appropriate Member committee. The templates for these are provided and contain a financial implications section. The content of these are reviewed and challenged where deemed applicable as part of the sign off process, to ensure consistency with the MTFP / other funding requirements.

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Through the Corporate Risk Register which is reviewed monthly by SLT. Scenario planning work is completed with Directors / wider SLT colleagues when applicable. It has not been necessary to report content to Members to date, due to the wider sound financial management structure in plan to mitigate risks.

Governance

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Annual Internal Audit Plan is developed based on the key risks to the Authority and at its core assesses the operation of internal control. The internal auditors' audit reports are reviewed by SLT and actions are monitored through the Strategic Performance Board. The internal auditors report findings to the Audit and Governance Committee on a quarterly basis.

How the body approaches and carries out its annual budget setting process

The Head of Finance has regular meetings with the Lead Member for Finance and also the Lead Member for Assets. A top down and bottom up approach is used to capture all pressures and savings. Any budget bids and proposed capital spend need to be agreed by SLT before being put to Members for approval. Relevant Heads of Service and the Head of Finance meet with the Lead Member for assets who scrutinizes the proposed Strategic Asset Investment Framework. The Head of Finance presents a draft budget to the Lead Member for Finance and the Chairman of the Authority for scrutiny. The Head of Finance also presents the budget to each Political Grouping for comment and feedback prior to the Budget being presented to the full Fire Authority for approval.

The Fire Authority has had the arrangements we would expect to see to enable to make informed decisions and properly manage its risks.

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed.

Budget monitoring is devolved to Heads of Service who complete a monthly forecast of projected expenditure for the year which is held in a database. This is refined after finance staff discussions with Heads of Service and reports are produced monthly. These are presented to SLT, Strategic Performance Board, Audit and Governance Committee and Management Committee on a quarterly basis.

Governance (continued)

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee.

All templates for decision making at SLT and Member meetings must set out the financial implications of proposals. The arrangements for effective challenge are through various boards and committees: Programme Board, Workforce Planning, Strategic Performance Board, SLT, Audit and Governance Committee and Management Committee.

SLT and Member meeting templates are produced, where the financial implications section can be evidenced. Similarly structured papers are required for Programme Board and Workforce Planning. Strategic Performance Board papers include a section dedicated to financial performance, whilst appropriate targets across the Authority are also set and actively monitored and challenged.

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests).

Appropriate registers are kept and policies updated in line with their review dates.

The Monitoring Officer is present for every meeting that is held where Councillors are present. At the beginning of each meeting a specific agenda item for declarations of interest is addressed, in accordance with the provisions of the Fire Authority Local Code of conduct. A specific section detailing this is maintained on the RBFRS website. The Fire Authority Member Code of Contact is reviewed periodically and approved by Fire Authority - see meeting held in April 2022. Outside of meetings, an officer gifts and hospitality register and a Members register of interests is maintained and published on our website. Content is regularly reviewed alongside behaviours and flagged by officers where deemed appropriate.

The Fire Authority has had the arrangements we would expect to see to enable to make informed decisions and properly manage its risks.

Improving economy, efficiency and effectiveness

How financial and performance information has been used to assess performance to identify areas for improvement.

Reviews of budget monitoring information identifies areas for improvement. All proposed activities and projects outside of normal business are scrutinised from a value for money perspective.

The HMICFRS report provided an assessment of the Authority at a given point in time. The inspection process is ongoing, and a second inspection commenced in June 2022 and the Authority received an overall good rating. The Authority utilised the report from round one as part of it's preparation for round two and the wider development of the Authority's plans.

How the body evaluates the services it provides to assess performance and identify areas for improvement

The Fire Authority has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Through scrutiny at the Strategic Performance Board and the Audit and Governance Committee. Key performance indicators and progress against corporate priorities are scrutinised on a quarterly basis.

The Authority participates in a number of statistical returns and data collection exercises across all areas. These result are interpreted and used to identify areas for development.

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

All major projects have a communications workstream to ensure engagement with partners and stakeholders. The Communications team also conducts surveys and seeks feedback from stakeholders.

Programme board is responsible for agreeing and overseeing RBFRS projects to ensure priorities are constantly aligned with strategic objectives. Stakeholder engagement is captured as part of this via the communications workstream, with performance regularly reviewed and documented. Partnership work is regularly undertaken, with procurement workstreams under constant review with partners to identify possible collaborative opportunities. Thames Valley Fire Control Service (TVFCS) has its own structured performance and review processes outside of those of RBFRS to meet the requirements of all 3 contributing partners. Member meeting agendas, papers and minutes are available on the website and further internal meetings are held across the three services on a regular basis.

Improving economy, efficiency and effectiveness (continued)

How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits.

All procurements are conducted in line with the Authority's recently revised Contract Regulations (Published on our website here: <https://www.rbfrs.co.uk/your-service/selling-to-rbfrs/regulations/>) which in turn ensure compliance with relevant legislation. A record of procurement savings is maintained to track expected benefits.

The Fire Authority has had the arrangements we would expect to see to enable it to use information about its costs and performance to improve the way it manages and delivers services.

The Fire Authority has no agreed recommendations.

Recommendations

As a result of the VFM procedures we have carried out we have no recommendations with the Fire Authority.

The Fire Authority faces further challenge and change beyond 2021 which will form part of our 2021/22 VFM arrangements work.

Forward look

Looking forward, the Fire Authority faces further challenges as it tries to meet its service requirements whilst its funding is not certain.

The potential discontinuation of Urban Search and Rescue (USAR) funding in future years is a significant financial risk facing the Authority at present.

Uncertainty persists regarding pensions following court cases rulings that the transitional arrangements introduced for the firefighters' schemes in 2015 were discriminatory. It is expected that this will increase the longer-term costs of the firefighters' schemes, although it is not yet possible to quantify the impact.



Section 5

Other Reporting Issues

Other Reporting Issues

Governance Statement

We are required to consider the completeness of disclosures in the Fire Authority's governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it complies with relevant guidance.

We completed this work and did not identify any areas of concern.

Whole of Government Accounts

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts consolidation pack submission. The guidance for 20/21 is yet to be issued. We will liaise with the Fire Authority to complete this work as required.

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Fire Authority or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Other powers and duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the Audit and Governance Committee.

Appendix A

Audit Fees



Audit Fees

We carried out our audit of the Corporation's financial statements in line with PSAA Ltd's "Statement of Responsibilities of auditors and audited bodies" and "Terms of Appointment and further guidance (updated July 2021)". The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Levelling-Up, Housing and Communities.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

We were required to carry out additional audit procedures to address audit risks in relation to a number of areas outlined below.

Description	Final Fee 2020/21 £	Planned Fee 2020/21 £	Final Fee 2019/20 £
Audit Scale Fee – Code work	26,180	26,180	26,180
Scale fee variation determined by PSAA	-	N/A	16,919
Proposed increase to the base scale fee due to changes in work required to address professional and regulatory requirements and scope associated with risk (Note 1)	23,737	23,737	-
Additional Fees specific to changes in scope of work in 20/21 (Note 2):	27,856	-	-
Total	77,763	TBC	43,099

Note 1 – The proposed increase to the base scale fee to £49,917 has been presented to previous Committees and reflects the increased risk and complexity facing all public sector bodies, adjusted for the change in risk profile as well as the changes and incremental increase in regulatory standards. We have also adjusted the baseline fee to reflect our current assessment of the Authority's readiness for audit, including data analytics, quality of working papers. The proposed increase in the baseline fee is consistent with other Fire and Rescue Authorities of a similar size, risk profile and complexity that EY audits.

Note 2 – The impact on the audit of Covid-19, going concern and estimates ISA 540, the new NAO code encompassing additional VfM procedures also impact the work that is required to be done. The circumstances of the 20/21 audit also required additional procedures on Land & Buildings, including the use of our internal valuations specialists. There was significant additional work on the Authority's pensions – in relation to the delays in receiving the assurances from the Berkshire Pension Fund auditor, the elongated post balance sheet period and the impact of the 2022 Triennial valuation.

In relation to these points we will continue to discuss and share with management our assessment of the audit fees required to safeguard audit quality and our professional standards. We intend to report to PSAA at this stage our assessment of the changes required to the scale fee. In doing so, we will notify PSAA whether the Authority agree, partially agree or do not agree with our assessment. PSAA are ultimately responsible for determining the scale fee and any variations to it.

We confirm we have not undertaken any non-audit work.

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