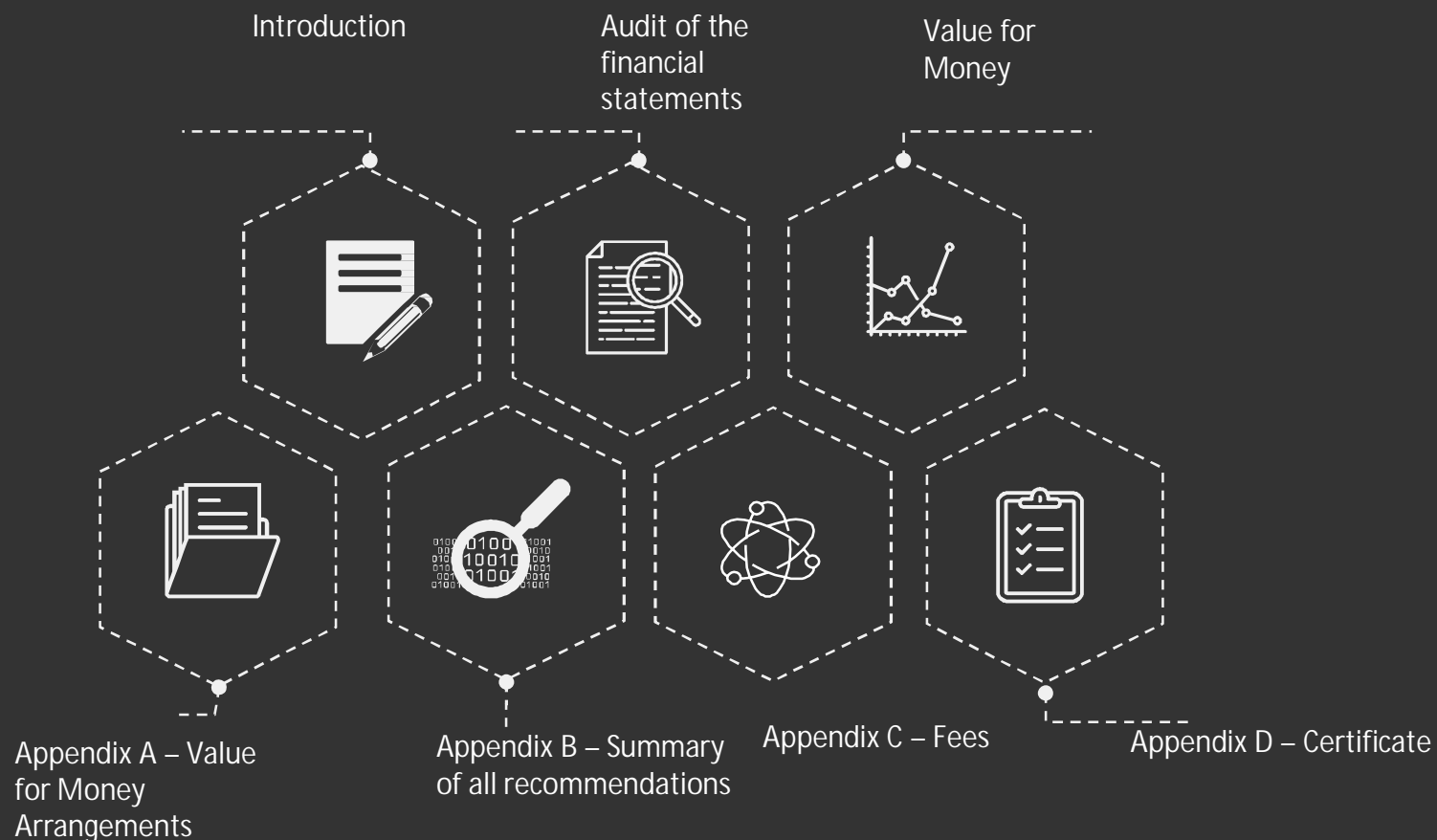


Buckinghamshire and
Milton Keynes Fire
Authority
Draft Auditor's Annual
Report

Year ended 31 March 2022

Contents



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.psa.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 July 2021)” 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 Overview and Audit Committee and management Buckinghamshire and Milton Keynes Fire Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Overview and Audit Committee and management of Buckinghamshire and Milton Keynes 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 Overview and Audit Committee and management of Buckinghamshire and Milton Keynes 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.



Introduction

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the course of the audit. A core element of the report is the commentary on value for money (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 2021/22 audit work in accordance with the Audit Plan that we issued in July 2022. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2021/22 financial statements;
- Conclusions relating to going concern; and
- The consistency of other information published with the financial statements, including the narrative statement.

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, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



Introduction (continued)

2012/22 Conclusions

Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Fire Authority as at 31 March 2022 and of its expenditure and income for the year then ended. We intend to issue our auditor's report on 8 November 2023.
Going concern	We have concluded that the Director of Finance and Asset's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Consistency of the other information published with the financial statement	Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts.
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 03.
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.
Whole of government accounts	We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We had no issues to report.
Certificate	We cannot formally conclude the audit and issue an audit certificate until the NAO as group auditor has confirmed that no further assurances will be required from us as component auditors of Buckinghamshire and Milton Keynes Fire Authority. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

Audit of the financial statements

Key findings

The Narrative Statement and 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.

We intend to issue an unqualified opinion on the financial statements, on 8 November 2023. We will report our detailed findings to the 8 November 2023 Overview and Audit 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. We reported 3 internal control recommendations in the Audit Results Report related to the prior period adjustments identified in, PPE valuations, Pensions and financial instruments disclosures.

Significant risk

Conclusion

Risk of misstatements due to fraud or error – Management override

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.

Misstatements due to fraud or error - Inappropriate capitalisation of revenue expenditure

Our work did not identify any material weaknesses in the design or operation of controls or evidence of material misstatements, whether due to fraud or error, related to the inappropriate capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied.

Valuation of Blue Light Hub

Through our audit procedures we have concluded that the value of the Blue Light Hub is materially stated in the accounts.

Inherent risk

Conclusion

Valuation of land and buildings

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.

I. Leased Land and Buildings

- We identified one group of assets included in property, plant and equipment which had not been revalued in line with the CIPFA Code. Management subsequently arranged for the assets to be valued and the audit team have engaged with EY Real Estates to support with the asset valuation. We have not completed our testing on this valuation, and conclude that management have appropriately updated the asset valuation in the accounts for this group of assets.

II. Asset Held for Sale Valuation

- We have engaged with EY Real Estates to review the valuation of an asset included in Assets Held for Sale. We have now concluded on the valuation of this asset and have determined that the asset is materially correctly stated under the requirements of IFRS 5.

Audit of the financial statements (continued)

Inherent risk

Conclusion

Valuation of land and buildings

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.

III. Accounting for Valuations

- Our testing of the valuation journals identified issues in the processing of accounting entries for the valuations for the current year and prior years.
 - The revaluation reserve balance did not reconcile to Authority records.
 - Per the Authority's records there were assets with both an revaluation reserve balance and an historic loss balance
 - The revaluation loss entries for the Blue Light Hub has incorrectly been charged to the revaluation reserve in the prior year.
 - Management have restated the balances for the revaluation reserve and capital adjustment account in both current and prior years. As a result of the restatement entries management have updated the workings for the revaluation entries for property, plant and equipment and updated the accounts accordingly (see pages 22 and 24).
 - Through testing of the PPE disclosure in note 11 it was identified that the disclosure of both the cost and the accumulated depreciation was over stated in both the current year and the prior year. Under the CIPFA Code all accumulated depreciation should be written out on revaluation. The adjustment to the accounts results in a prior period adjustment and an adjustment to the current year draft accounts to reset the accumulated depreciation balance. There is no impact on the net book value of the property, plant and equipment.

IV. Valuation Sample testing

- We selected a sample of assets and verified the valuation inputs to supporting information. In relation to the buildings no material issues were identified. In respect of land valuation sample the Authority's external valuer were unable to support the inputs used to determined the land valuations for the sample selected, this was due to a key member of staff leaving; as a result the external valuers re-valued the entire portfolio of land. Due to the change in valuation methodology, the audit team request our internal valuation team to review a sample of the revised valuations. The outcome of the review was that out of the six samples sent to EYRE for review two were deemed out of range, these were discussed with management and are to be reported as judgmental audit differences in section 4 of this report. As a result of the identified judgemental differences, the difference rate has been extrapolated across the remaining untested population, this has resulted in an uncorrected projected difference, this is reported in section 4 of the report.

Pension liability valuation & actuarial assumptions

Through our testing we identified one material IAS 19 reclassification entry impacting the prior year and current year. Management have adjusted for this entry and the entries can be seen on page 22 and 24 of this report.

Management have also updated the accounts for the impact of LGPS Triennial Valuation this can be seen on page 22 of this report.

No other material issues were identified as apart of our work on the Pension Liability.

Audit of the financial statements (continued)

Other Findings

Conclusion

Control Recommendations

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware, except for the following

- Revaluation reserve was not reconciled to the amounts disclosed in the financial statements.
- The criteria for classifications of financial instruments under the CIPFA Code was not applied to disclosure for financial instruments.
- The required presentation of revaluations in the property, plant and equipment disclosure under the CIPFA Code was not applied to disclosure of property plant and equipment.
- The IAS 19 pension liability adjustments were not in line with the CIPFA Code.

We recommend that management should include a reconciliation between the revaluation reserve included in the accounts and the fixed asset register. We recommend that management should ensure that the disclosures included in the accounts are prepared in line with the CIPFA Code. We recommend in future years that management review the code to ensure the presentation of pension adjustments are consistent with the requirements of the Code.

We did not identify any risks of significant weaknesses in the Fire Authority's VFM arrangements for 2021/22.

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

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

Scope

We are required to report on whether the Fire Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our VFM risk assessment to the 8 November 2023 Audit Committee meeting which was based on a combination of our cumulative audit knowledge and experience, our review of Fire Authority committee reports, meetings and enquiries with the Director of Finance and Assets and Deputy Director and evaluation of associated documentation through our regular engagement Fire Authority management and the finance team Reporting.

We completed our risk assessment procedures prior to the 15 March 2023 Overview and Audit Committee meeting and we reported in the draft audit result report that we had not identified any weaknesses in the Fire Authority's VFM arrangements. We have also not identified any new significant risks during the course of our audit. As a result, we had no matters to report by exception in the audit report on the financial statements. We include within the VFM commentary below the associated recommendation(s) we have agreed with the Fire Authority.

Our commentary for 2021/22 is set out over pages 9 to 11. The commentary on these pages summarises our conclusions over the arrangements at the Fire Authority in relation to our reporting criteria (see below) throughout 2021/22. Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Annual Auditors Report and have been updated for 2021/22.

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

Reporting criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Fire Authority plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weaknesses identified
Governance: How the Fire Authority ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weaknesses identified
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	No significant risks identified	No significant weaknesses identified



Value for Money (continued)

Financial Sustainability: How the Fire Authority plans and manages its resources to ensure it can continue to deliver its services

The Fire Authority annually produces the medium term financial plan (MTFP), the MTFP covers a rolling four year plan. The plan is a link between the Authority's long term service objective and its financial capacity. We have confirmed that the Authority has review processes in place and the development of the MTFP is an iterative process, involving budgets being presented to Senior Officers and Lead Members prior to it being presented to the Fire Authority for approval.

The Authority implements a zero-based budgeting approach which has allowed them the Authority to identified substantial savings in the budget and allow for realignment of budgets to where there is most need. The Authority is able to make sure of its usable reserves should there be a requirement to do so.

We have confirmed through enquiry that the authority has an effective risk management framework in place to identify and mitigate the risk of the body not delivering its strategic and service objectives. The body carries out scenario planning to ensure that it's prepared for the possible outcome and any potential actions that may need to be take. The risk register is reviewed at each Overview and Audit Committee meeting to ensure that the risk are updated in a timely manner and to ensure that the impact and likelihood of each risk has been suitably assessed.

Conclusion: Based on the work performed, the Fire Authority had proper arrangements in place in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



Value for Money (continued)

Governance: How the Fire Authority ensures that it makes informed decisions and properly manages its risks

The Fire Authority has processes in place to gain assurance over the operation of internal controls, the Overview and Audit committee receives updates from Internal Audit at each committee meeting detailing the outcome of audits that have been undertaken during the year. In addition, senior officers meet on a regular basis and provide quarterly performance updates to the Joint Committee.

The Authority has a defined process in place for setting the annual budget, this is a interactive process whereby the draft budgets are presented to Senior Officers and Lead Members twice before being presented at the Fire Authority meeting for approval. Budget are monitored on a quarterly basis via presentation of the monitoring reports at the Executive Committee. This enables decisions to be made based on up to date information .

In addition to budget monitoring the Authority prepares a corporate risk register which is presented at each Overview and Audit Committee, this enables those charged with governance to have sight of the risk affecting the Authority and to be able to challenge the mitigating factors that are in place.

The Authority has staff in place to monitor the meeting of legislative and regulatory requirements, as well as a Code of Conduct Policy which is shared with all staff.

Conclusion: Based on the work performed, the Fire Authority had proper arrangements in place in 2021/22 to enable it to make informed decisions and properly manage its risks.



Value for Money (continued)

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

Since the HMICFRS Inspection in 20/21, the Authority has implemented a Zero based budget approach, which has continued from 20/21 into 21/22, the update also included a new Public Safety Plan, a revised medium term financial plan and new financial strategy. As a result of these measures the Authority have increased there whole time firefighter by up to 20, increase Protection team by 4 and Prevention team by 2. Following on from the inspection findings, the Authority also produced an action plan to address the points of concern raised by the HMICFRS Inspection . In January 2022, the Authority received a letter detailing the assessment of progress against the action plan from HMICFR. The letter stated that the Authority had submitted the action plan before the deadline of 30 September 2021 and submitted updates on the 19th November 2021. The letter concluded hat the Authority has shown a strong commitment to carry out the cation plan and that appropriate governance structures have been put in place to monitor the completion of the plan. This demonstrates how the Authority has taken on board the findings of the report and has built the action plan into improving the way the Authority manages and delivers it's services.

The Authority has updated it's standing orders relating to contracts document in June 2022, this was presented at the audit committee. This demonstrates that the body is regularly refreshing the procedures in place to ensure that the procurement policy is line with relevant legislation, professional standards and internal policies.

Conclusion: Based on the work performed, the Fire Authority had proper arrangements in place in 2021/22 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Appendices



Building a better
working world

Appendix A – Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria

Findings

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

The Authority reviews its budgetary position annually and produces a rolling four-year plan, known as the Medium-Term Financial Strategy (MTFP). The MTFP is closely linked to the Financial Strategy which is the link between the organisation's long-term service objectives and its financial capacity. The MTFP details the resources available to facilitate these plans. As part of the Fire Authority's Terms of Reference and MTFP, the Authority reviews and sets a balanced budget each year in line with corporate priorities. The MTFP is expressed as a detailed annual budget for the first year, with outline indicative budgets for the following four years. The budget for 2021/22 was approved by the Executive Committee in February 2021 and the council tax requirement (which is the net budget met by council tax) for 2021/22 was set at £21m.

As part of the financial strategy, the Authority carries out scenario planning to consider all possible outcomes from the financial settlements. Annual budget setting will identify significant pressures that have come to light which will be reflected in the budget that is being presented to Members for approval.

The budget is prepared and approved annually, ahead of the financial year. The draft budget should include allocation to different services and projects, proposed taxation levels and contingency funds. The budget will be approved by the Executive Committee on advice of the Director of Finance and Assets of the Combined Fire Authority.

We note that the Authority has a good record of delivering against its financial strategies and budgets. The success of the strategies indicates that the Authority are focused on identifying any potential risks and implementing a strategy to work against these risks for them not to be a financial burden in the future. The Authority is considered to have adequate General Fund and Earmarked Reserves. The Director of Finance and Assets confirmed the adequacy of reserves in his Section 25 report issued in February 2022.

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

Over the past few years, the Authority have implemented a zero-based budgeting approach which allowed the body to identify substantial savings in order to realign its budgets to where there is the most need. The Authority has the option to borrow to fund the capital programme to reduce the burden on the revenue budget and the general fund. Currently, all the capital financing requirement is met through capital receipts or voluntary contributions from revenue. Current projections presented to Members in February 2022 (over the MTFP) show that we the Authority can produce a balanced budget without the need to borrow additional sum.

As part of the MTFP process the Finance team will review 3 year spend analysis on all cost centres and cost elements. This process will highlight any potential savings. With any identified potential savings, the finance team would firstly see if these need realigning to fund another resource before they can be offered up as a potential saving. These challenges are done with the budget holder before 2 sets of officer and member challenges. All savings a factored into the budgets for future years and variances reported as part of the normal budget monitoring process. The authority has noted that services are delivering savings against the target but there have been additional pressures due to utilities costs.

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

The budget is set according to the Authority's Corporate and Public Safety plans. Any requests for additional funding need to justify how the Authority's meet our strategic and statutory priorities to be considered for approval. A key component of the Authority's forward planning as part of the annual refresh of the MTFP is the forward projection of Usable Reserves. As at 31 March 2022 the Fire Authority held the following Usable Reserves: General Fund Balances of £1.5m (as determined by the S151) and Earmarked Reserves of £5.8m. The Authority's MTFP agreed at Executive in February 2022 estimated that during the next 4-year cycle that the use of earmarked reserves would not be required to set a balanced budget across the MTFP (2022/23 to 2026/27).

Appendix A – Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria

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

Findings

All these plans feed into the financial plan and are interlinked. For example, workforce planning has an agreed establishment and any changes to this need to be highlighted as part of budget setting and relevant growth bids need to be submitted. Similarly, the same process is followed with capital and other investment.'

The capital budget is presented annually, alongside the revenue budget, this ensures consistency of plans with regards to capital projects and any investment strategies.

The budget monitoring report which goes to the Executive Committee on a quarterly basis, explains the figures bringing in workforce numbers, funding the Authority is expected to receive and the capital programme and funding, with explanations of changes.

TVCR is a Joint control room between Royal Berkshire, Oxfordshire and Bucks. Royal Berkshire cover all costs and then recharge costs quarterly to Bucks and Oxfordshire. The control room is a key asset in mobilising operational appliances to incidents. Any changes to the TVCR budget are approved at the Joint Committee and factored into the MTFP process. The arrangement has, and continues to deliver, significant savings to all parties compared to running three separate control rooms.

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

Throughout the preparation of the budget and MTFP, risks are taken into consideration in order to see how they impact certain areas and what the financial implications of these risks might be. Reserves are used not only to help implement the MTFP but also to provide mitigation against financial risks and wider flexibility in dealing with unplanned changes.

The Authority also carries out scenario planning and report this in its financial strategy to ensure it has considered all possible outcomes and identify how it will mitigate the impact they have on the service.

The Authority has an effective risk management framework in place to identify, mitigate and monitor the risks to the body in delivering strategic and service objectives. This includes both financial and non-financial risks. The risk register is reviewed throughout the year by the Overview and Audit Committee.

Appendix A – Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

Findings

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 Overview and Audit Committee receives quarterly updates from Internal Audit on the audits they have carried out annually. One example is the core financial controls audit which reviews how effective the controls are in relation to the Authority's financial processes.' IA will present all outstanding recommendations at Overview and Audit Committee for noting. Members will there have the opportunity to challenge why they are still outstanding. High-level progress is reported quarterly to the Executive Committee as part of the newly introduced KPIs.

Senior Officers meet on a regular basis and provide quarterly performance report to the Joint Committee. This report captures financial and non-financial information and highlights any future action that would be necessary.

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

The annual budget is approved by the Fire Authority following an iterative process. The process involves budgets being presented to Senior Officers and Lead Members on two occasions prior to it being presented to the Fire Authority to approve. This involves Members approving/rejecting any growth/savings bids prior to the full budget being presented to the Fire Authority and Executive Committee.'

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

The Executive Committee are presented with a budget monitoring report on a quarterly basis which provides a forecast of annual spend and highlights any corrective action that may be needed. Furthermore, the Overview and Audit (O&A) are presented with the Annual Statement of Accounts and an Annual Performance Report (non-financial). All high-level risks are also highlighted in our Corporate Risk Register and monitored quarterly by the O&A Committee. Other reports presented but not limited to are Annual Governance Statement, Statement of Assurance etc.'

The minute review confirms the Executive Committee's quarterly monitoring of the budgets. We attend the overview and audit committee meetings and see them review the annual accounts, annual performance report and corporate risk register.

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

As above, the relevant Financial/Performance reports as well as Internal/External Audit reports are presented to the Executive/O&A Committee which allows them to challenge the information they are provided with.'

Attending the overview and audit committees we see the officers report to TCWG, ensuring they are properly informed and TCWG challenge officers where appropriate.

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)

The Authority has appointed a Monitoring Officer and a Data Protection Officer. The Monitoring Officer has discretion to commission an investigation and/or refer matters to the relevant authorities to investigate. In terms of gifts/hospitality, this is covered within our Code of Conduct and individuals are required to complete a "Declaration of hospitality or gifts" form.

This confirms what we have found out as part of our entity controls form investigations and related party transactions work.

Appendix A – Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

Reporting Sub-Criteria	Findings
How financial and performance information has been used to assess performance to identify areas for improvement	<p>Following the first HMICFRS Inspection, BMKFA adopted a zero-based budget approach when developing the budget proposal for 2020/21, this has continued into 21/22. This approach was taken alongside a new Public Safety Plan, revised medium term financial plan and a new financial strategy. This resulted in increasing their wholtime firefighter establishment by up to 20 firefighters in 2020/21, increase Protection team by 4 and Prevention team by 2. In addition to this the Authority produce monthly monitoring reports that are reported to Heads of Service and a quarterly report submitted to the Executive Committee.</p> <p>The key assumptions are benchmarked against other fire services as part of an annual survey, assumptions used within Government policy statements and settlement figures (including OBR inflationary forecasts), latest information on pay offers, and latest available figures and forecasts from the billing authorities in relation to council tax and business rates.</p>
How the body evaluates the services it provides to assess performance and identify areas for improvement	<p>The HMICFRS inspection findings are used to assess their performance and an action plan is put in place to identify how they will respond to the recommendations. Similarly, the same approach is taken with any Internal audits that take place. Furthermore, they are working with Proving Services and utilising the VFM toolkit they have produced that will allow them to benchmark their performance with other FRS. This is unique to the Fire sector which will allow them to use comparative benchmarks to better understand and improve their performance in various areas.</p>
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	<p>The Authority regularly has meetings with significant partnerships to ensure they deliver the service to expected standards. An example of this is the Thames Valley Control which is a joint control room between three FRS. Senior Officers meet on a regular basis and provide quarterly performance report to the Joint Committee. This report captures financial and non-financial information and highlights any future action that would be necessary. They would follow this same approach with any significant partnerships to ensure they engage with relevant stakeholders and performance is monitored regularly.</p>
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	<p>All procurements are subject to Standing Orders Relating to Contracts. The Standing Orders Relating to Contracts is set out on the Authorities website, it was last updated in 2020 and is due to be refreshed in 22/23. Progress on the updated Procurement Strategy and Standing Orders Relating to Contracts documentation is presented at audit committee, setting out the work that has been completed so far. The finance system has controls in place to ensure that no expenditure can take place without proper authorisation, including where relevant, a paper being presented to Senior Managers/Members setting out all of these considerations.</p>

Appendix B – Fees

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)". 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	Proposed Fee 2021/22 £	Planned Scale Fee 2021/22 £	Final Fee 2020/21 £
Audit Scale Fee – Code work	£24,162	£24,162	£24,162
Scale fee variation determined by PSAA	-	N/A	£17,931
Changes in work required to address professional and regulatory requirements and scope associated with risk (see Note 1)	£27,745	£27,745	N/A
Revised Scale Fee	£51,907	£51,907	£42,093
Scale Fee Variation – new VFM arrangements (Note 2)	£5,949	£6,000	N/A
Scale Fee Variation – revised ISA 540 (Note 2)	£2,056	£2,000	N/A
Scale Fee Variation due to one-off issues impacting the 2021/22 audit (see Note 3)	£26,830	N/A	N/A
Total Audit Fee	£86,742	£59,907	£42,093

Appendix B – Fees

Fees

Note 1

As indicated in previous years the baseline scale fee is proposed to increase to reflect the increased risk and complexity facing all public sector bodies, adjusted for our knowledge and risk assessment for this Authority as well as the changes and incremental increase in regulatory standards.

Note 2

The new VFM arrangements and revised ISA 540 (estimates) result in a scale fee variation (applicable from 20/21 onwards). PSAA have published guidance on these matters and advise for minimum additional fees, for a fire authority. We have kept these proposed fees at the lower end of the ranges indicated in the guidance.

Note 3

We have quantified the additional work we undertook in the completion of the 2021/22 audit, that related to in year issues as follows:

- Additional work required as a result of the triennial valuation being available prior to the end of the audit - £1,900
- Engaging our internal pensions specialists with respect to our work over the valuation of the pension fund liability - £2,255
- Additional work required in relation to the valuation of Great Holm Fire Station, the Blue Light Hub and the revised land values - £6,306
- Engaging our internal asset valuation specialists with respect to our work over asset valuations - £2,935
- Work in relation to the multiple prior year adjustments within PPE, Reserves, Financial Instruments and Pensions - £12,224
- Technical accounting issues identified regarding the valuation of a finance lease - £1,210

We discuss with the Chief Financial Officer 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 fee to include the impacts set out in Note 1 to 3. 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.

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