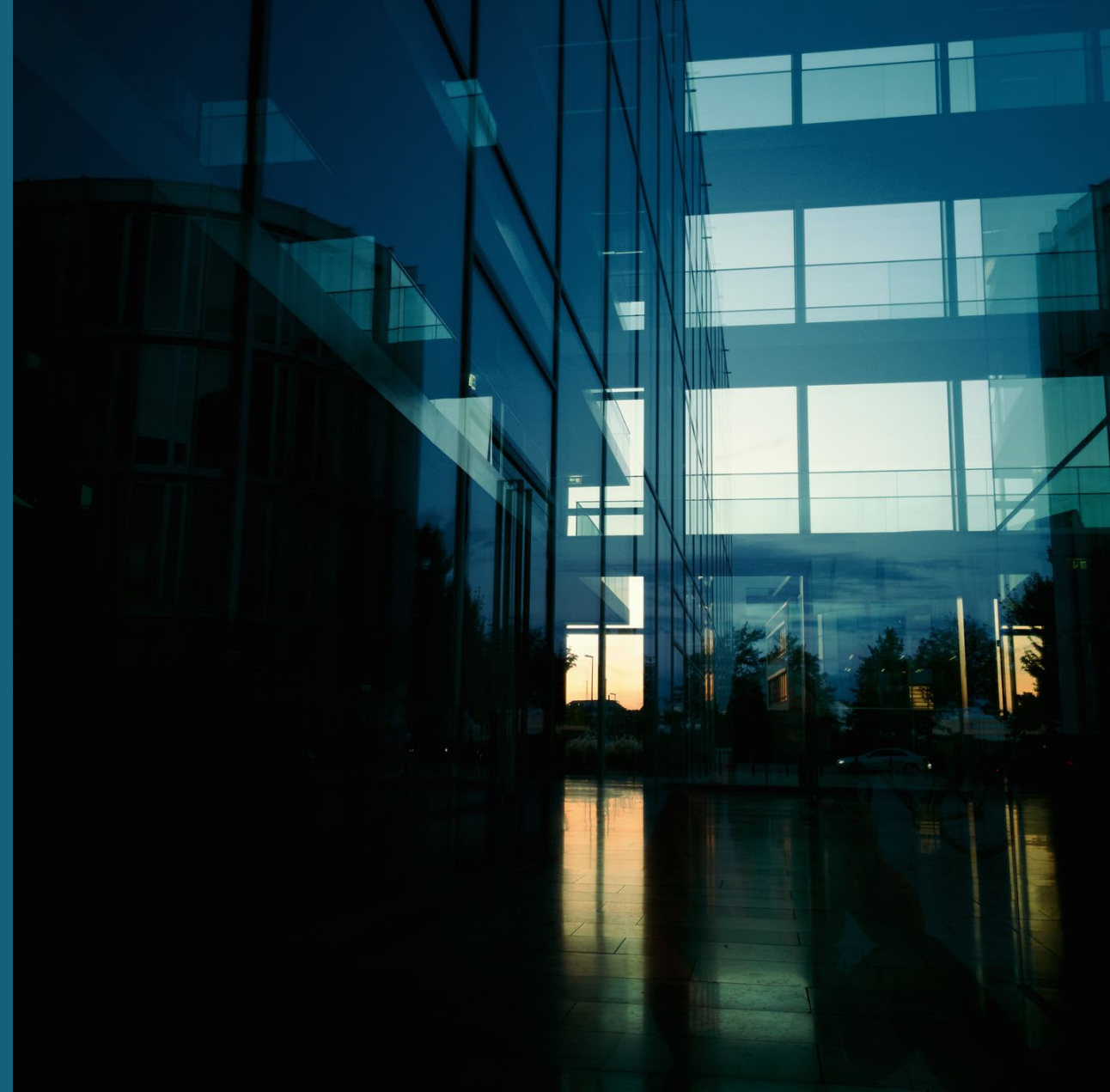


# Audit Completion Report

Leicester, Leicestershire and Rutland  
Combined Fire Authority – Year ended 31  
March 2023

November 2023



# Contents

- [01 Executive summary](#)
- [02 Status of the audit](#)
- [03 Audit approach](#)
- [04 Significant findings](#)
- [05 Internal control recommendations](#)
- [06 Summary of misstatements](#)
- [07 Value for Money](#)

[Appendix A: Draft management representation letter](#)

[Appendix B: Draft audit report](#)

[Appendix C: Independence](#)

[Appendix D: Other communications](#)

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Members of the Fire Authority  
Leicester, Leicestershire and Rutland Combined Fire Authority  
12 Geoff Monk Way  
Birstall  
Leicester  
LE43BU

17 November 2023

Dear Committee Members

## **Audit Completion Report – Year ended 31 March 2023**

We are pleased to present our Audit Completion Report for the year ended 31 March 2023. The purpose of this document is to summarise our audit conclusions.

The scope of our work, including identified significant audit risks and other areas of management judgement, was outlined in our Audit Strategy Memorandum which we presented on 13 July 2023. We have reviewed our Audit Strategy Memorandum and concluded that the original significant audit risks and other areas of management judgement remain appropriate

We would like to express our thanks for the assistance of your team during our audit.

If you would like to discuss any matters in more detail, then please do not hesitate to contact me on 0191 383 6321.

Yours faithfully



Gavin Barker

Mazars LLP

Mazars LLP  
The Corner  
Bank Chambers  
26 Mosley Street  
Newcastle Upon Tyne  
NE1 1DF

# 01

Section 01:

**Executive summary**

# 1. Executive summary

## Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2022/23 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report, we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- Management override of controls;
- Revenue recognition; and
- Valuation of land and buildings.

## Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £111k. Section 7 outlines our work on the Authority's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

## Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2023. At the time of preparing this report, significant matters remaining outstanding as outlined in section 2. We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



### Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B. This is subject to the work outstanding, identified in section 2 of this report.



### Value for Money

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.



### Whole of Government Accounts (WGA)

We have received group instructions from the National Audit Office in respect of our work on the Authority's WGA submission. We are unable to report on WGA until we have issued our audit opinion.



### Wider powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Authority and to consider any objection made to the accounts. No such correspondence from electors has been received.







# 02




Section 02:

**Status of the audit**

# 2. Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Audit area	Status	Description of the outstanding matters
IT General Controls testing		We are awaiting response from the Authority's IT team which will enable us to complete our work over IT general controls testing.
Completion procedures		Procedures such as our quality control, review for post balance sheet events, and management representations are ongoing, and will remain as such, through to the date of issuing the auditor's report.
Whole of Government Accounts		We have received group instructions from the National Audit Office in respect of our work on the Authority's WGA submission. We are unable to report on WGA until we have issued our audit opinion.
Valuation of Land and Buildings		We are working through residual queries and working papers relating to the Authority's assessment of asset valuations.
Net Pension Asset/Liability		We are awaiting a response to our request for assurances from the Pension Fund Auditor. The pension fund auditor has indicated that they are on course to report to us in late November / early December 2023.
		A late issue has arisen in relation to the firefighters' pensions disclosures. The Government Actuarial Department (GAD) has recently been in discussions with police and fire bodies about providing an updated Actuary report because the initial reports did not make any allowance for known inflation from September 2022 to March 2023. We expect the change to be material to the firefighters' pension scheme and the Authority has therefore requested a revised report. The report is anticipated in early December 2023; we expect the accounts to be updated to reflect the changes as a result of this report. Members should note that these are technical accounting changes and they do not have any impact on the resources available to the Authority.

-  Likely to result in material adjustment or significant change to disclosures within the financial statements.
-  Potential to result in material adjustment or significant change to disclosures within the financial statements.
-  Not considered likely to result in material adjustment or change to disclosures within the financial statements.

# 03

Section 03:

**Audit approach**



# 3. Audit approach

## Changes to our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum in July 2023. We have not made any changes to our audit approach since we presented our Audit Strategy Memorandum

## Materiality

Our provisional materiality at the planning stage of the audit was set at £1.115m using a benchmark of 2% of gross operating expenditure. No changes to the materiality level set at the planning stage have been made.

## Reliance on internal audit

No reliance has been placed on internal audit for the 2022/23 financial audit. Enquiries have been undertaken to aid our understanding of the overarching control environment at the Authority.

## Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third-party organisations that provide services to the Authority that are part of its information systems relevant to financial reporting. We are required to obtain an understanding of the services provided by service organisations as well as evaluating the design and implementation of controls over those services.

We have identified the following service organisations for the purposes of our audit.

Item of account	Service Organisations	Audit approach
Payroll costs and Senior Officer remunerations	Warwickshire County Council (WCC)	We reviewed the controls operating at the Authority over these transactions and gained an understanding of the services provided by the service organisation.
Pension	West Yorkshire Pension Fund (WYPF)	We concluded that the Authority has sufficient controls in place over the services provided by WYPF and we were able to audit payroll and pensions based on the records held by the Authority
Treasury Management	Leicester City Council	We concluded that the Authority has sufficient controls in place over the services provided by the City Council. We wrote to all organisations with which the Authority had invested to obtain direct confirmation of year end investment balances as at 31 March 2023.

# 3. Audit approach

## Use of experts

Information below was disclosed within our Audit Strategy Memorandum. No changes to our audit approach have been identified.

Item of account	Management's expert	Our expert
Land and Buildings	External valuer, Fisher Hargreaves Proctor (FHP)	
Pensions	Government Actuary's Department (FFPS) and Hymans Robertson (LGPS)	PwC (Consulting actuary appointed by the National Audit Office)
Financial Instrument disclosures	Treasury management advisors, Arlingclose	

# 04

## Section 04: **Significant findings**

# 4. Significant findings

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding other significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page 15 we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year; and
- any significant difficulties we experienced during the audit.

## Significant risks

Management override of controls	Description of the risk
	<p>In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p>
	<p><b>How we addressed this risk</b></p> <p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"><li>• Accounting estimates impacting amounts included in the financial statements;</li><li>• Consideration of identified significant transactions outside the normal course of business; and</li><li>• Journals recorded in the general ledger and other adjustments made in preparation of the financial statements.</li></ul>
	<p><b>Audit conclusion</b></p> <p>We did not identify any significant transactions outside the normal course of business. We considered a range of estimates made in the financial statements. We applied a combination of audit judgment and computer aided audit tools to analyse and perform tests over journal entries. No issues have been identified that need to be brought to the attention of members.</p>

## 4. Significant findings

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**Net defined benefit asset/liability valuation****Description of the risk**

The defined benefit asset/liability relating to the Local Government Pension Scheme and the Firefighters Pension Scheme represent significant balances on the Authority's balance sheet. Asset and liability information disclosed in the notes to the accounts, represent significant estimates in the financial statements.

The Authority uses actuaries for the two schemes to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. There is a high degree of estimation uncertainty associated with this estimate and it is highly sensitive to small adjustments to the assumptions used. We have therefore determined there is a significant risk in this area.

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**How we addressed this risk****We addressed this risk by:**

- assessing the competency, objectivity and independence of the actuaries of each Pension Scheme;
- Liaising with the auditors of the Leicestershire Pension Fund to gain assurance over the design and implementation of controls in place. This will include the processes and controls in place to ensure data provided to the actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate;
- Reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the two Pension Fund Actuaries (as applicable), and the key assumptions included within the valuation. This will include comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; and
- agreeing the data in the IAS 19 valuation reports provided by each actuary for accounting purposes to the pension accounting entries and disclosures in the Authority's financial statements.

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**Audit conclusion**

We have not identified any significant errors as part of our work to date, although some errors in the pension disclosure notes have been identified and corrected.

We are awaiting a response to our request for assurances from the Pension Fund Auditor. The pension fund auditor has indicated that they are on course to report to us in late November / early December 2023.

A late issue has arisen in relation to the firefighters' pensions disclosures. The Government Actuarial Department (GAD) has recently been in discussions with police and fire bodies about providing an updated Actuary report because the initial reports did not make any allowance for known inflation from September 2022 to March 2023. We expect the change to be material to the firefighters' pension scheme and the Authority has therefore requested a revised report. The report is anticipated in early December 2023; we expect the accounts to be updated to reflect the changes as a result of this report. Members should note that these are technical accounting changes and they do not have any impact on the resources available to the Authority.

# 4. Significant findings

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**Valuation of land and buildings****Description of the risk**

Property related assets are a significant balance on the Authority's balance sheet. The valuation of these properties is complex and is subject to a number of management assumptions and judgements. Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.

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**How we addressed this risk****We addressed this risk by:**

- critically assessing the scope of work, qualifications, objectivity and independence of each of the Authority's valuers to carry out the required programme of revaluations;
- considering whether the overall revaluation methodologies used by the Authority's valuers are in line with industry practice, the CIPFA code of practice and the Authority's accounting policies;
- assessing whether valuation movements are in line with market expectations by considering valuation trends;
- critically assessing the approach that the Authority adopts to ensure that assets that are not subject to revaluation in 2022/23 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Authority's valuers; and
- considering engaging our own valuation expert to support our work.

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**Audit conclusion**

We have not yet completed our work. Some issues were identified which are disclosed as adjusted misstatements on page 20 as management are planning to correct them in the final version of the financial statements.

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## 4. Significant findings

### Qualitative aspects of the Authority's accounting practices

We have reviewed the Authority's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets, published in November 2022, appropriately tailored to the Authority's circumstances.

Draft accounts were received from the Authority on 12 July 2023 and were of a good quality.

### Significant difficulties during the audit

We have had a positive co-operation from management during the audit and we want to thank, in particular, the Finance Manager for their support in responding to audit queries.

### Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2022/23 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such questions or objections have been raised.

# 05

Section 05:

**Internal control recommendations**



# 5. Internal control recommendations

As part of our audit of the financial statements, we obtained an understanding of internal controls 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 Those Charged With Governance any significant deficiencies identified during the course of our work.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit we have considered the internal controls in place relevant to the preparation of the financial statements in order to design audit procedures to allow us to express an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

The matters reported are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and that we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact have been reported. Our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

No significant findings or recommendations in relation to internal controls have been noted as at the date of this memorandum. One relatively minor recommendation has been made.

Priority ranking	Description	Number of issues
1 (high)	In our view, there is potential for financial loss, damage to reputation or loss of information. This may have implications for the achievement of business strategic objectives. The recommendation should be taken into consideration by management immediately.	0
2 (medium)	In our view, there is a need to strengthen internal control or enhance business efficiency. The recommendations should be actioned in the near future.	0
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	1

# 5. Internal control recommendations

## Internal control points

### Description of deficiency – fixed asset register

We have identified deficiencies when confirming the existence and condition of assets in the fixed asset register (FAR) due to:

- Assets in FAR having a Net Book Value of £0, yet upon challenge with management, it was confirmed that these assets were still in use.

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### Potential effects

The current situation in relation to the FAR does not easily allow identification of the existence of individual assets or obsolescence to individual assets, and this may lead to an undervaluation of PPE.

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### Recommendation

Ensure all assets are reviewed periodically to ensure their Useful Economic Life (UEL) is appropriate and up to date. We understand that work is already in progress to do this.

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### Management Response

Work is underway to review the Useful Economic Life (UEL) of all assets.

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# 06

Section 06:

## **Summary of misstatements**

## 6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £36k. The first table outlines the misstatements that were identified during the course of our audit which management has assessed as not being material either individually or in aggregate to the financial statements and does not currently plan to adjust.

The second table outlines the misstatements that have been adjusted by management during the course of the audit.

### Unadjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Accumulated Depreciation (Land and Buildings)			111	
	Cr: Depreciation (Expenditure)		(111)		
<p>Upon revaluation, a few assets in the Fixed Asset Register were not updated in Unit4. The reason for this was due to the revaluation value not changing from 2021/22, this caused depreciation to be incorrectly calculated for the 2022/23 year.</p>					
<b>Total unadjusted misstatements</b>			(111)	111	

## 6. Summary of misstatements

### Adjusted misstatements – 2022/23 adjustments and prior period adjustment

	2022/23 Adjustments	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Revaluation Reserve			1,515	
	Dr: Movement in Reserves	69			
	Cr: Land & Buildings - PPE				(4,186)
	Cr: Depreciation Charge in CIES		(69)		
	Dr: Capital Adjustment Accounts			2,671	
	Caste Donnington & Workshops are Operating Leases, they have been incorrectly included in the Fixed Asset Register, therefore journal entries have been made to remove from them and adjust reserves. There is an unexplained variance of £26k, but this amount is trivial. These are the adjustments to correct the position in the 2022/23 financial statements.				
	This error is material and requires a Prior Period Adjustment to correct it (see below).				
	<b>Prior Period Adjustment in 2021/22 (Restated)</b>				
	Adjustments have also been made to the 2021/22 figures to correct the position in the prior period, and a third balance sheet disclosed in the financial statements for 31 March 2021. An additional note has been added to the financial statements to explain the Prior Period Adjustment that has been made.				
	<b>The prior period adjustments are to the same accounts as 2022/23, but the values differ:</b>				
	Dr: Revaluation Reserve				£1,186k
	Cr: Land & Buildings – PPE				(£3,878k)
	Dr: Capital Adjustment Account				£2,692k
	Dr: Movement in Reserves Statement				£69k
	Cr: Depreciation Charge in CIES				(£69k)
	<b>Total adjusted misstatements</b>	<b>69</b>	<b>(69)</b>	<b>4,186</b>	<b>(4,186)</b>

## 6. Summary of misstatements

### Disclosure amendments

We identified the following adjustments during our audit that have been corrected by management:

- **Note 17c Financial Instruments - Gains and Losses**

The Prior Year Interest Income figure has not been updated from the 2020/21 figure of 18k, to be updated for final accounts.

- **Note 37 Defined Benefit Pension Schemes (Impact on the Defined Benefit Obligation in the Plan/Scheme)**

There are errors in agreeing the values from the Actuary Report to the appropriate heading for LGPS.

The values in the note were the correct amounts, however they had been classified to the wrong heading.

The client has been made aware of this and will update the note for the final accounts.

- **Note 24d Unusable Reserves**

There is an £80k difference on Unusable reserves between two lines that net to nil.

Difference due an omission in the Firefighters pensions accounts, but does not affect the overall bottom line, to be updated for final accounts.

# 07

Section 07:

**Value for Money**

# 7. Value for Money

## Approach to Value for Money

We are required to consider whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

- **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
- **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

At the planning stage of the audit, we undertake work to understand the arrangements that the Authority has in place under each of the reporting criteria and we identify risks of significant weaknesses in those arrangements. Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest significant weaknesses in arrangements exist.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report.

The primary output of our work on the Authority's arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. We intend to issue the Auditor's Annual Report at a future date.

## Status of our work

We are yet to complete our work in respect of the Authority's arrangements for the year ended 31 March 2023. At the time of preparing this report, we have not identified any significant weaknesses in arrangements that would require us to make a recommendation, however we continue to undertake work on the Authority's arrangements.

Our draft audit report at Appendix B outlines that we have not yet completed our work in relation to the Authority's arrangements. As noted above, our commentary on the Authority's arrangements will be provided in the Auditor's Annual Report at a future date.



# Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

# Appendix A: Draft management representation letter

To: Mr Gavin Barker  
Director  
Mazars LLP

## **Leicester, Leicestershire and Rutland Combined Fire Authority - audit for year ended 31 March 2023**

This representation letter is provided in connection with your audit of the financial statements of Leicester, Leicestershire and Rutland Combined Fire Authority ('the Authority') for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), the Code Update and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

### **My responsibility for the financial statements and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code and applicable law.

### **My responsibility to provide and disclose relevant information**

I have provided you with:

- access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Authority you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Treasurer of the Combined Fire Authority that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

### **Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Authority and committee meetings, have been made available to you.

# Appendix A: Draft management representation letter

## Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with Code and International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Authority's financial position, financial performance and cash flows.

## Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Authority in making accounting estimates are reasonable, including:

- those measured at current or fair value ; and
- Provision for Redress.

## Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired, or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Authority have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code and applicable law.

## Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Authority has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

# Appendix A: Draft management representation letter

## **Fraud and error**

I acknowledge my responsibility as Treasurer for the design, implementation, and maintenance of internal control to prevent and detect fraud and error.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Authority involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

## **Related party transactions**

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code and applicable law.

I have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which I am aware.

## **Private Finance Initiative**

I confirm that, to the best of my knowledge, there have been no significant contract variations agreed during the year. There have also been no off-programme lifecycle expenditures.

## **Impairment review**

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

## **Future commitments**

I am not aware of any plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

# Appendix A: Draft management representation letter

## **Group accounts**

I confirm I consider where any of the Authority's subsidiary companies have not been included within the group accounts prepared, their inclusion would not have a material impact on the accounts.

## **Subsequent events**

I confirm all events subsequent to the date of the financial statements and for which the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

## **Going concern**

To the best of my knowledge there is nothing to indicate that the Authority will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

## **Annual Governance Statement**

I am satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and I confirm that I am not aware of any significant risks that are not disclosed within the AGS.

## **Narrative report**

The disclosures within the Narrative Report fairly reflect my understanding of the Authority's financial and operating performance over the period covered by the financial statements.

## **Unadjusted misstatements**

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. All uncorrected misstatements are included in the Appendix 1 to this letter.

# Appendix A: Draft management representation letter

## Other matters

I can confirm in relation to the following matters that:

- COVID-19 - I have assessed the impact of the COVID-19 Virus pandemic on the Authority and the financial statements, including the impact of mitigation measures and uncertainties, and are satisfied that the financial statements and supporting notes fairly reflect that assessment.
- I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note to the financial statements fairly reflects that assessment.
- We confirm that we have carried out an assessment of the potential impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Statement of Accounts fairly reflects that assessment.
- I confirm I have considered the treatment of items or probable and potential expenditure notified to us by external parties in line with the accounting standards for contingent liabilities and provisions.
- We confirm that we have assessed the impact on the Authority of the on-going Global Banking challenges, in particular whether there is any impact on the company's ability to continue as a going concern, and on the post balance sheet events disclosures.
- We confirm that our exposure (either direct cash exposure or direct / indirect through investments) with Silicon Valley Bank, Credit Suisse, Signature Bank or any other bank in a distress situation, is not material.
- I confirm the Authority has assessed the potential impact of Reinforced Autoclaved Aerated Concrete on the Authority, and in particular, whether there are indications of a need for an impairment of the Authority's property, plant and equipment or investment property balances. I confirm there are no such indications of impairment in those assets.

Yours sincerely

Amy Oliver

Treasurer of the Combined Fire Authority

Date: To be signed and provided to us on the date that we are going to sign our audit opinion (this date is yet to be confirmed)

# Appendix B: Draft audit report

## Independent auditor's report to the members of Leicester, Leicestershire and Rutland Combined Fire Authority

### Report on the audit of the financial statements

#### Opinion on the financial statements

We have audited the financial statements of Leicester, Leicestershire and Rutland Combined Fire Authority ("the Authority") for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Firefighters Pension Fund Statement and notes to the financial statements, including a summary of significant accounting policies. 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 2022/23, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets ("the Code Update"), published in November 2022.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2023 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

# Appendix B: Draft audit report

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Treasurer with respect to going concern are described in the relevant sections of this report.

## **Other information**

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Treasurer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of the Treasurer for the financial statements**

As explained more fully in the Statement of the Treasurer's Responsibilities, the Treasurer 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 2022/23 as amended by the Code Update, and for being satisfied that they give a true and fair view. The Treasurer is also responsible for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Treasurer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 as amended by the Code Update and prepare the financial statements on a going concern basis on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. The Treasurer is responsible for assessing each year whether or not it is appropriate for the Authority to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

## **Auditor's responsibilities for the audit of the financial statements**

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.



# Appendix B: Draft audit report

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. Based on our understanding of the Authority we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Authority as to whether the Authority is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Authority, which were contrary to applicable laws and regulations, including fraud.

We evaluated the Treasurer's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Authority on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Authority. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Treasurer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# Appendix B: Draft audit report

## **Report on 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**

We are required to report to you if, in our view we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have not completed our work on the Authority's arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in January 2023, we have not identified any significant weaknesses in arrangements for the year ended 31 March 2023.

We will report the outcome of our work on the Authority's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception.

### **Responsibilities of the Accounting Officer**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Authority's use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. 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 have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023.

### **Matters on which we are required to report by exception under the Code of Audit Practice**

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

# Appendix B: Draft audit report

## Use of the audit report

This report is made solely to the members of Leicester, Leicestershire and Rutland Combined Fire Authority as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 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 members of the Authority 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 members of the Authority as a body, for our audit work, for this report, or for the opinions we have formed.

## Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed:

- the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack; and
- the work necessary to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

## *[Signature]*

Gavin Barker  
For and on behalf of Mazars LLP

The Corner  
Bank Chambers  
26 Mosley Street  
Newcastle





*Date: To be confirmed*

# Appendix C: Independence



As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

# Appendix D: Other communications

Other communication	Response
 <p><b>Compliance with Laws and Regulations</b></p>	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
 <p><b>External confirmations</b></p>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
 <p><b>Related parties</b></p>	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> <li>a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li> <li>b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li> </ul>
 <p><b>Going concern</b></p>	<p>We have not identified any evidence to cause us to disagree with the Treasurer that Leicester, Leicestershire and Rutland Combined Fire Authority will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements.</p>

# Appendix D: Other communications

Other communication	Response
 <p><b>Subsequent events</b></p>	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor's report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
 <p><b>Matters related to fraud</b></p>	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and Those Charge With Governance, confirming that</p> <ol style="list-style-type: none"> <li>a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud;</li> <li>b. they have disclosed to the auditor the results of management's assessment of the risk that the financial statements may be materially misstated as a result of fraud;</li> <li>c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:             <ol style="list-style-type: none"> <li>i. Management;</li> <li>ii. Employees who have significant roles in internal control; or</li> <li>iii. Others where the fraud could have a material effect on the financial statements; and</li> </ol> </li> <li>d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.</li> </ol>

Gavin Barker, Director and Engagement Lead

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## Mazars

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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