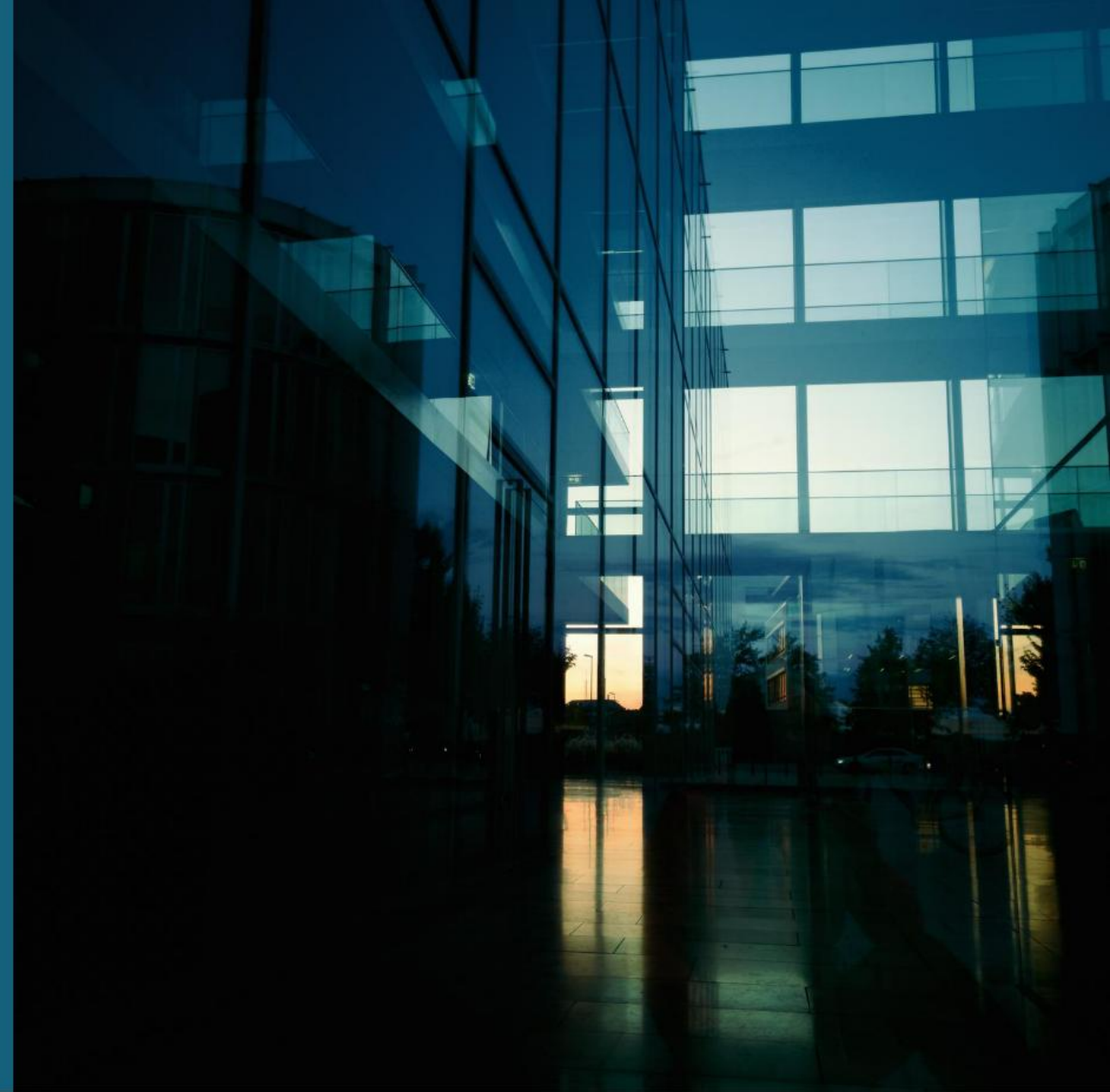


Audit Completion Report

Tyne and Wear Fire and Rescue
Authority – Year ended 31 March 2023

February 2024



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Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Authority are prepared for the sole use of the Authority and we take no responsibility to any member or officer in their individual capacity or to any third party. Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales.

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23 February 2024

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 29th September 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 07881283527.

Yours faithfully



James Collins

Mazars LLP

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;
- Net defined benefit liability valuation; and
- Valuation of property, plant and equipment

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements. 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, there are significant matters remaining outstanding as outlined in section 2.

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.



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 not yet received group instructions from the National Audit Office in respect of our work on the Authority's WGA submission. We are unable to commence our work in this area until such instructions have been received.



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.


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
Audit Closure Procedures		Review and closure processes, including review of final amended accounts and consideration of post balance sheet events and letter of representation.

 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 September 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 £1.434m using a benchmark of 2% of gross operating expenditure. Owing to an amendment impacting on gross operating expenditure the final materiality level is £1.431m.

Use of experts

As detailed in our Audit Strategy Memorandum, management makes use of experts in specific areas when preparing the financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account. There are no changes to our or management's use of experts

Item of account	Management's expert	Our expert
Pensions <ul style="list-style-type: none"> – Defined benefit pension assets and liabilities – Firefighters' pension scheme: defined benefit liability 	<ul style="list-style-type: none"> – Aon Hewitt (Actuary) – Government Actuaries Department (GAD) 	PWC, consulting actuary, on behalf of the National Audit Office (NAO).
Property, plant and equipment valuation	External valuer – provided by Sunderland City Council	We have considered available market data, including Montagu Evans, who have provided market data on behalf of the NAO

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.

There are no changes to the service organisations identified and reported in our Audit Strategy Memorandum.

Items of account	Service organisation	Audit approach
All financial services, provision of key financial systems and IT services. Systems provided for the Authority include: <ul style="list-style-type: none"> – general ledger; – payroll; – accounts payable and accounts receivable; and – treasury management. 	Sunderland City Council.	We have sufficient access to officers and systems, along with all of the relevant financial information, to conduct our audit of Tyne and Wear Fire and Rescue Authority.
Firefighters' Pension Fund Account – benefits payable (including calculation of any lump sums).	West Yorkshire Pension Fund (WYPF).	We have sufficient access to WYPF in order to conduct our audit.

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 16 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;
- any further significant matters discussed with management;
- any significant difficulties we experienced during the audit;

Significant risks

Management	Description of the risk
override of controls	<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>How we addressed this risk</p> <p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none">• Accounting estimates impacting amounts included in the financial statements;• Consideration of identified significant transactions outside the normal course of business; and• Journals recorded in the general ledger selected based on fraud risk factors.
	<p>Audit conclusion</p> <p>Our Audit work has provided the assurance we sought and has not identified any material issues to bring to your attention.</p>

4. Significant findings

Net Defined Benefit Asset Valuation	Description of the risk
	<p>The financial statements contain material pension entries in respect of retirement benefits. The calculation of these pension figures, both assets and liabilities, can be subject to significant volatility and includes estimates based upon a complex interaction of actuarial assumptions. This results in an increased risk of material misstatement.</p>
	<p>How we addressed this risk</p>
	<ul style="list-style-type: none"> • we challenged the reasonableness of the actuarial assumptions that underpin the relevant entries made in the financial statements, through the use of an expert commissioned by the National Audit Office. • we critically evaluated the Authority's arrangements (including relevant controls) for making estimates in relation to pension entries within the financial statements. • we assessed the competency, objectivity and independence of the Actuaries, being AON Hewitt for the local Government Pension Scheme (LGPS) and the Government Actuarial Department (GAD) for the Firefighters' Pension Scheme. • we liaised with the auditors of the LGPS Pension Fund to gain assurance that the controls in place at the Pension Fund are operating effectively; and • we agreed data in the valuation reports for accounting purposes to the relevant accounting entries and disclosures in the Authority's financial statements.
	<p>Audit conclusion</p>
	<p>An actuarial report was obtained reflecting the valuation for the period ending 31st March 2023. Our audit work has provided the assurance we sought and has not identified any other material issues to bring to your attention. There is one adjusted and one unadjusted misstatement reported in section 6 of this report.</p>

Valuation of property, plant and equipment	Description of the risk
	<p>The financial statements contain material entries on the balance sheet as well as material disclosure notes in relation to the Authority's holding of property, plant and equipment.</p>
	<p>The authority uses a valuation expert to provide information on valuations, but there remains a high degree of estimation uncertainty associated with the valuations of property, plant and equipment due to the significant judgements and number of variables involved.</p>
	<p>How we addressed this risk</p>
	<ul style="list-style-type: none"> • we critically assessed the Authority's arrangements for ensuring that property, plant and equipment valuations are reasonable; • we used market data provided by Montagu Evans, as part our challenge of the reasonableness of the valuations provided by the Authority's Valuer. • we considered the competence, skills and experience of the Valuer and the instructions issued to the Valuer, and; • performed audit procedures on individual assets to ensure the basis of valuations was appropriate.
	<p>Audit conclusion</p>
	<p>Our audit work has provided the assurance we sought and has not identified any material issues to bring to your attention. There are some unadjusted misstatements reported in section 6 and a control deficiency in section 5.</p>

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 July 2023.

Significant matters discussed with management

During our audit we communicated the following significant matters to management:

Pensions

We discussed with management the net pensions balance. We critically reviewed the 2022/23 net pensions asset disclosed by the Authority as at 31st March 2023 for the Local Government Pension Scheme (LGPS). Whilst in the current year there is a net pension asset historically the net position has been a liability for the LGPS. An actuarial report was obtained reflecting the valuation for the period ending 31st March 2023. We critically reviewed the net asset, performing an assessment of managements judgement that there is a net asset and ensuring that it does not exceed the asset ceiling.

Firefighter's Pension Fund - GAD Inflation Assumptions

It was noted that the original Government Actuary's Department (GAD) inflation assumptions did not make any allowance for known inflation from September 2022 to March 2023. Consequently management requested updated results which factored in assumptions for part-year inflation. Management obtained a revised report from GAD and noted that based on the updated assumptions material adjustments were required within the accounts and Pensions notes. See section 6 for further detail of the adjustment.

Reinforced Autoclaved Aerated Concrete (RAAC)

We made enquiries of officers in respect of RAAC being present in any Authority-owned buildings and obtained assurance that the authority had followed government department advise and management were satisfied there

was no indication of any material issues impacting on the Authority's assets at 31 March 2023.

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 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.

Our findings and recommendations are set out below. We have assigned priority rankings to each of them to reflect the importance that we consider each poses to your organisation and, hence, our recommendation in terms of the urgency of required action. In summary, the matters arising fall into the following categories:

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.	1
3 (low)	In our view, internal control should be strengthened in these additional areas when practicable.	0

5. Internal control recommendations

Significant deficiencies in internal control – Level 2

Description of deficiency

When reviewing property valuations two errors were identified in the valuation of one asset. One error was due to the incorrect value being transferred to the summary schedule. It is the summary schedule which was used to update fixed asset register and therefore the financial statements. The other error related to one of the components of the asset having been demolished prior to year end but was still included in valuation. In our view these errors should have been identified during the review of the valuation work.

Potential effects

Property valuations are materially misstated.

Recommendation

All valuation certificates should be carefully reviewed to ensure all individual components are included. Valuation certificates, including summary schedules, should be checked for accuracy and internal consistency prior to them being input into the fixed asset register and financial statements.

Management response

Management have confirmed that valuation services are provided by Sunderland City Council. Management have requested that in future years Sunderland City Council's Property Services Department ensure all valuation certificates, including summary schedules, will be checked and counter-signed by a separate valuer going forward to ensure accuracy prior to them being input into the fixed asset register and financial statements provided to TWFRS. This action, which has been agreed by Sunderland City Council, will then help to improve the quality and accuracy of future valuations they provide to the Authority.

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 £43,000.

The first table (A) 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 (B) outlines the misstatements that have been adjusted by management during the course of the audit.

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Depreciation Charge	104			
	Cr: PPE Land and Buildings				104
<p>The depreciation charge on plant & equipment component of land & buildings was, in our view, potentially understated. Where a structures asset life is over 22 years the depreciation in components is calculated using 22 years as the asset life. This is different to the asset life per valuers report which in our detailed testing of a sample of assets was 21 years. We have extrapolated the findings of our testing to give a non-material but non-trivial extrapolated error of £0.104m understatement of depreciation charged in 2022/23.</p>					
2	Dr: Reserves			130	
	Cr: PFI Reserves				130
<p>Our review of the fixed asset register (FAR) reconciliation to the Statement of Accounts (SoA) disclosure for PFI assets identified that per the SoA PFI Assets net book value of £39.558m however per the FAR the PFI assets net book value is £39.428m. Therefore, a difference of £0.130m.</p>					
	Dr: net liability arising from defined benefit obligation			211	
3	Cr: remeasurement of net defined benefit liability		211		
<p>The Local Government Pension Scheme (LGPS) Fund auditor has reported to us that during their work they identified a difference that meant pension fund assets could potentially be understated by an immaterial amount to the whole Pension Fund. Based on the approximate pension fund assets assigned to TWFRA it would mean a potential understatement of LGPS assets by £0.211m.</p>					

6. Summary of misstatements

(A) Unadjusted misstatements - continued

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
4	Dr: Property, plant and equipment			134	
	Cr: Cost of Services		90		
	Cr: Other comprehensive income and expenditure		44		
<p>Our testing of property valuations identified errors in relation to one of the asset valued in year, Barmston Training Centre. These were:</p> <ul style="list-style-type: none"> • one element of asset had been demolished in year so asset was overvalued by £0.187m; • An error was made when transferring total valuation per detailed valuation schedule to the summary schedule (summary schedule had a figure which was £0.321m less than the detailed calculation) <p>The cumulative impact of this was an understatement of the asset by £0.134m.</p>					
Total unadjusted misstatements (current year)		104	345	475	234

6. Summary of misstatements

(A) Unadjusted misstatements – prior years

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: Cost of Services	346			
	Cr: Unusable reserves (pension reserve)				346
	Being £0.346m of pension fund deficit contributions (LGPS) payment in advance for the three-year period 2017/18 to 2019/20 was incorrectly shown as part of pension reserve balance at 31 March 2022 when it should have been zero at 31 March 2020.				
Total unadjusted misstatements (current and prior year)		450	345	475	580

6. Summary of misstatements

This section outlines the misstatements identified during the course of the audit, above the trivial threshold for adjustment of £43,000.

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.

(B) Adjusted misstatements

		Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£'000)	Cr (£'000)	Dr (£'000)	Cr (£'000)
1	Dr: remeasurement of net defined benefit liability	14,060			
	Cr: net liability arising from defined benefit obligation				14,060
An adjustment was necessary following receipt of revised actuary report from GAD in relation to Firefighters' Pension Scheme. The revised report included an allowance for known CPI increases between September 2022 and March 2023 which had not been recognised in the previous report.					
	Dr: Other long Term Lease liabilities			140	
2	Cr: Reserves - Capital Adjustment Account				140
Our work identified a difference between the PFI model and the PFI liability recognised on the Balance Sheet. Following a review management identified that a journal associated with the NEFRA PFI had not been posted to the general ledger. Consequently, the amount charged in year had not been offset against the PFI liability. There is also an impact on the comprehensive income and expenditure statement for this adjustment. Community Safety expenditure decreased by £0.06m and Fire Fighting and Rescue Operations expenditure decreased by £0.441m. Financing and Investment Income and Expenditure (interest payable) increased by £0.361m. Various disclosure notes were also amended to reflect this change.					
Total unadjusted misstatements		14,060	0	140	14,200

6. Summary of misstatements

Audit work identified a number of adjustments to disclosures including adjustments for minor presentational, spelling, grammatical and consistency errors. The most significant are summarised below, split into adjusted and unadjusted.

Adjusted Disclosures

- **Note 4, Assumptions made about the Future and Major Sources of Estimation Uncertainty;** Note was updated to remove reference to material valuation uncertainty which was not accurate per the Valuers report for the year ended 31 March 2023.
- **Note 7, Expenditure Funding Analysis (EFA):** Amendment required to EFA figures for Community Safety Employee Expenses and Support Services. Amendments also required to Fire Fighting Employee Expenses and Support Services.
- **Movement in Reserves Statement:** Amendment required to 'Capital Grant Reserve' column 'increase/decrease' line to ensure prior year figures are consistent with prior year figures.
- **Note 12, Capital Commitments:** Our sample testing of capital commitments identified examples where no signed contract was available or evidence to support the value disclosed. The note was therefore updated to reflect actual contractual commitments. Additional narrative was added to better describe the contractual position of the new Hebburn fire station.
- **Note 20, Unusable Reserves;** pension reserve was updated to ensure consistency with entries elsewhere in the statement of accounts.
- **Note 23, Cash Flow Statement – Financing Activities:** Note was updated to ensure consistency with the cash flow statement.
- **Note 27, Grant income:** Note was updated to ensure consistency with the Balance Sheet.
- **Note 31, Defined benefits pension scheme:** The note was updated to reflect the revised GAD report.

Other minor presentational changes were made for spelling, grammar and consistency errors.

07

Section 07:

Value for Money

7. Value for Money

Approach to Value for Money

We are required consider whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness to 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.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

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 in March 2024.

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 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 in March 2024.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Independence

D: Other communications

Appendix A: Draft management representation letter

To be provided to us on client headed note paper

Mr James Collins
Director
Mazars LLP
Date:

Dear James

Tyne and Wear Fire and Rescue Authority - audit for year ended 31 March 2023

This representation letter is provided in connection with your audit of the financial statements of Tyne and Wear Fire and Rescue 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) as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (“the Code Update”), published in November 2022 and applicable law.

I confirm that the following representations, to the best of my knowledge and belief, 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.

Appendix A: Draft management representation letter

I confirm as Finance Director 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.

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 Council's financial position, financial performance and cash flows.

Accounting estimates, including those measured at fair value

I confirm that the methods, significant assumptions and the data used in making the accounting estimates are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

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.

Appendix A: Draft management representation letter

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.

Fraud and error

I acknowledge my responsibility as Finance Director 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.

Appendix A: Draft management representation letter

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.

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.

Charges on assets

All the Authority's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

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.

Service concession arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2022/23 in relation to the Authority's PFI scheme that you have not been made aware of.

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.

Appendix A: Draft management representation letter

Other Matters

I can confirm in relation to the following matters that:

- Brexit - we have assessed the potential impact of the United Kingdom leaving the European Union and that no further disclosures are needed in the financial statements;
- COVID-19 - we 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; and
- Ukraine - we confirm that we have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Authority and there is no significant impact on the Authority's operations from restrictions or sanctions in place.
- We have disclosed to you the extent of RAAC (Reinforced Autoclaved Aerated Concrete) in Authority-owned buildings and to date, there is no indication of any significant issues.
- We have assessed the impact on the Authority of the global banking challenges, in particular on whether this impacts on the Authority's ability to continue as a going concern and on post balance sheet disclosures.

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. **ADD AS AN APPENDIX LIST OF UNADJUSTED MISSTATEMENTS**

Going concern

To the best of my knowledge there is nothing to indicate that the Authority will cease to 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 financial statements.

Yours faithfully

Finance Director:
Date:

Appendix B: Draft audit report

Independent auditor's report to the members of Tyne and Wear Fire and Rescue Authority

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Tyne and Wear Fire and Rescue Authority ("the Authority") for the year ended 31 March 2023, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Firefighters' Pension Fund Statement, the Firefighters' Pensions Net Assets 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 31st 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 Finance Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 Finance Director with respect to going concern are described in the relevant sections of this report.

Appendix B: Draft audit report

Other information

The Finance Director is responsible for the 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. 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 Finance Director for the financial statements

As explained more fully in the Statement of the Finance Directors Responsibilities, the Finance Director 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 Finance Director is also responsible for such internal control as the Finance Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Finance Director 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 Finance Director 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.

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.

Appendix B: Draft audit report

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 Governance Committee 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 Finance Director'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 Governance Committee 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 Finance Director'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. This description forms part of our auditor's report.

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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 April 2021, 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 Authority

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its 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.

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 Tyne and Wear Fire and Rescue 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]

James Collins
Key Audit Partner
For and on behalf of Mazars LLP

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





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>Compliance with Laws and Regulations</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>External confirmations</p>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
 <p>Related parties</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"> 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 b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
 <p>Going concern</p>	<p>We have not identified any evidence to cause us to disagree with the Finance Director that Tyne and Wear Fire and Rescue 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>Subsequent events</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>Matters related to fraud</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 Governance Committee, confirming that</p> <ol style="list-style-type: none"> a. they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; 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; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ol style="list-style-type: none"> i. Management; ii. Employees who have significant roles in internal control; or iii. Others where the fraud could have a material effect on the financial statements; and 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.

James Collins, Director

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.

*where permitted under applicable country laws.

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