



Audit Completion Report

Tyne and Wear Fire and Rescue Authority
Year ended 31 March 2020

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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.

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20 November 2020

Dear Members

Audit Completion Report – year ended 31 March 2020

We are pleased to present our Audit Completion Report for the year ended 31 March 2020. 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 March 2020. We have reviewed our Audit Strategy Memorandum and concluded the original significant audit risks and other areas of management judgement remain appropriate overall; we have amended our significant risk wording for land and buildings and the pensions assets and liabilities to reflect the material uncertainty statements stated in respect of property valuations, due to the pandemic.

One implication of COVID-19 for the Authority was that the deadlines for submission of the draft and audited financial statements were changed to 31 August and 30 November respectively. The Authority prepared draft financial statements ahead of the revised deadline and both officers and Authority management are working closely with us, despite this challenging period, to complete the audit. We would like to express our sincere thanks for the assistance of your team during the audit.

If you would like to discuss any matters in more detail then please do not hesitate to contact me on 0781 375 2053.

Yours faithfully



Cameron Waddell (Key Audit Partner)
For and on behalf of Mazars LLP

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1. EXECUTIVE SUMMARY

Purpose of this report and principal conclusions

This Audit Completion Report sets out the findings from our audit of Tyne and Wear Fire and Rescue Authority ('the Authority') for the year ended 31 March 2020, and forms the basis for discussion at the Governance Committee meeting on 30 November 2020.

The detailed scope of our work as your appointed auditor for 2019/20 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 of Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

Sections 2 and 5 of this report outline the detailed findings from our work on the financial statements and our conclusion on the Authority's arrangements to achieve economy, efficiency and effectiveness in its use of resources. Section 2 also includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- management override of control;
- property, plant and equipment valuations; and
- defined benefit liability valuation (pension assets and liabilities).

Status of our work

As we outline on the following page, our work is on-going. Subject to the satisfactory completion of the outstanding work, at the time of issuing this report we have the following conclusions:

Opinion on the financial statements

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. We anticipate emphasising in our auditor's report, the material uncertainties in respect of property valuations (land and buildings and pensions property investments) disclosed by the Authority. Our opinion is not modified in this respect. We highlight the risk of delay to achieving the 30 November 2020 deadline, given the outstanding work to complete at the time of issuing this report.

Value for money conclusion

We anticipate concluding that the Authority had proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. Our draft auditor's report, including proposed conclusion, is provided in Appendix B.

Whole of Government Accounts (WGA)

We anticipate completing our work on your WGA submission, in line with the group instructions issued by the NAO, by the deadline of 4th December 2020, subject to completion of work in respect of the opinion on the financial statements. As the Authority's activity is below the threshold set by the NAO, we are not required to undertake significant work on the WGA return.

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. There have been no objections or questions from local electors during the audit.

1. EXECUTIVE SUMMARY

Status of our audit work

Our work is on-going on the financial statements and Value for Money conclusion for the year ended 31 March 2020. At the time of preparing this report the following matters remain outstanding:

Audit area	Status	Description of outstanding matters
Pensions	Green	Work to be finalised.
Property, plant and equipment	Amber	Work to be finalised; testing identified an error in the floor plan areas used in one valuation; the Authority is carrying out further work in this area to determine if it is an isolated error.
Other areas	Amber	Our work is ongoing in a number of areas, including the Firefighter Pension Fund Statements and some disclosure notes, including consideration of the revised Members' allowances and expenses disclosure. We are also completing cut-off and journals testing.
Closing procedures	Green	Review and closure processes, including consideration of post balance sheet events and checking the revised financial statements.

Status key

R = likely to result in material adjustment or significant change to disclosures within the financial statements

A = potential to result in material adjustment or significant change to disclosures within the financial statements

G = not considered likely to result in material adjustment or change to disclosures within the financial statements

We will provide the Committee with an update in relation to these outstanding matters in a follow-up letter, prior to signing the auditor's report.

Misstatements and internal control recommendations

Section 3 sets out the internal control recommendations that we make, together with an update on any prior year recommendations.

Section 4 outlines the misstatements noted as part of our audit as at the time of issuing this report. If any additional misstatements are noted on completion of the outstanding work, these will be reported to the Governance Committee in a follow-up letter.

Our audit approach

We provided details of our intended audit approach in our Audit Strategy Memorandum (ASM) in March 2020. We have reviewed our Audit Strategy Memorandum and concluded the original significant audit risks and other areas of management judgement remain appropriate overall; we have amended our significant risk wording for land and buildings and the pensions assets and liabilities to reflect the material uncertainty statements stated in respect of property valuations, due to the pandemic.

Materiality

We set materiality at the planning stage of the audit at £1.151 million using a benchmark of 2% of gross expenditure at the surplus/deficit at net cost of services level. Our updated assessment of materiality, based on the latest financial statements and qualitative factors was £1.331 million, using the same benchmark; this will be further updated as part of our closing procedures, to take account of final adjustments to the financial statements. We set our trivial threshold (the level under which individual errors are not communicated to the Governance Committee), at £0.040 million based on 3% of overall materiality. We will highlight any significant changes to our final materiality calculation, in our follow-up letter.

We have also calculated materiality for specific classes of transactions, balances or disclosures where we determine that adjustments of a lesser amount than materiality for the financial statements as a whole, could reasonably be expected to influence the decisions of users taken on the basis of the financial statements. We set specific materiality for Senior Officers' remuneration and Members' allowances and expenses.

2. SIGNIFICANT FINDINGS

This section sets out the significant findings from our audit. These findings include:

- our audit conclusions regarding 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 7 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; and
- any significant difficulties we experienced during the audit.

As part of our planning procedures we considered the risks of material misstatement in the Authority's financial statements that required special audit consideration. Although we report identified significant risks at the planning stage of the audit in our Audit Strategy Memorandum, our risk assessment is a continuous process and we regularly consider whether new significant risks have arisen and how we intend to respond to these risks.

No new risks have been identified since we issued our Audit Strategy Memorandum, however, as stated earlier, we have amended our significant risk wording for land and buildings and the pensions assets and liabilities to reflect the material uncertainty statements stated in respect of property valuations, due to the pandemic. *This amended wording is shown in italics in the following pages.*

2. SIGNIFICANT FINDINGS

Significant audit risks

Defined benefit liability valuation (pensions)	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><i>The risk has increased as a result of the economic downturn arising from COVID-19.</i></p>
How we addressed this risk:	
<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 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, in particular given the triennial valuation; andwe agreed data in the valuation reports for accounting purposes to the relevant accounting entries and disclosures in the Authority's financial statements.	

Observations and conclusions

We have set out in Section 3, unadjusted misstatements, the non-material error in respect of the Authority's share of the Local Government Pension Scheme assets, based on our assessment of the differences highlighted by the Pension Fund auditor's work.

Revised GAD report: the Authority received a revised actuarial report in respect of Firefighters Pension Scheme from the Government Actuarial Department (GAD), which has resulted in an amendment to the financial statements, reducing the net pensions liability by £3.880 million. This was as a result of a refinement to the calculation of liabilities, arising from the McCloud judgement, following the Treasury consultation into the remedy, published in the summer of 2020.

Emphasis of matter: effect of the Covid-19 pandemic on the valuations of pension fund property valuations: we anticipate emphasising in our auditor's report, the material uncertainty in respect of property valuations disclosed by the Authority; our opinion is not modified in this respect. The proposed wording is set out below:

"We draw attention to Note 4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's share of Tyne & Wear Pension Fund's direct property and pooled residential property investments as at 31 March 2020. As disclosed in Note 4 of the financial statements, the outbreak of Covid-19 has had a significant impact on the number of transactions in the market and consequently the relevant observable data available upon which to base a valuation judgement. As such the Pension Fund's property investment manager has included a material valuation uncertainty clause in some of their 31 March 2020 valuation reports, due to the possible impact of Covid-19. Therefore, there is less certainty and a higher degree of caution should be attached to valuations of unquoted property assets than would normally be the case. Our opinion is not modified in respect of this matter".

Subject to the completion of outstanding work, we have obtained sufficient and appropriate audit evidence, with no other significant issues arising we are required to highlight to you.

3. SIGNIFICANT FINDINGS (CONTINUED)

Property, plant and equipment valuations	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, however there remains a high degree of estimation uncertainty associated with the (re)valuations of property, plant and equipment due to the significant judgements and number of variables involved.</p> <p><i>The risk has increased as a result of the economic downturn arising from COVID-19. We note also the Valuation Practice Alert issued by the valuation body The Royal Institute of Chartered Surveyors (RICS) recently. This highlighted the use by valuers, where appropriate, of material uncertainty declarations in their valuation reports.</i></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 critically assessed the data provided by Gerald Eve (an expert commissioned by the NAO), as part of 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;• where necessary, performed further audit procedures on individual assets to ensure the basis of valuations was appropriate.
	<p>Observations and conclusions</p> <p>At the time of issuing this report, work is to be finalised; testing identified an error in the floor plan areas used in one valuation. The Authority is carrying out further work in this area to determine if it is an isolated error.</p> <p>Other errors were identified from our testing of property, plant and equipment, including in respect of associated disclosures, as summarised in section 4, misstatements.</p> <p>Year-end Valuer's report: the Authority did not receive its formal year-end report from the Valuer until after the draft financial statements were authorised for issue; this report is a key document relevant to management's approval of the financial statements and should be available prior to authorisation. However, we acknowledge and recognise the significant impact of the pandemic this year, resulting in additional pressures and competing demands on time.</p> <p>Emphasis of matter: effect of the Covid-19 pandemic on the valuations of land and buildings: we anticipate emphasising in our auditor's report, the material uncertainty in respect of property valuations disclosed by the Authority; our opinion is not modified in this respect. The proposed wording is set out below:</p> <p><i>"We draw attention to note 4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's land and buildings. As disclosed in note 4 of the financial statements, the Authority's Valuer included a 'material valuation uncertainty' declaration within their report, as a result of the Covid-19 pandemic impacting on the relevant market evidence upon which to base their judgements. Our opinion is not modified in respect of this matter".</i></p> <p>Subject to the completion of outstanding work, we have obtained sufficient and appropriate audit evidence, with no other significant issues arising we are required to highlight to you.</p>

3. SIGNIFICANT FINDINGS (CONTINUED)

Significant risk: management override of controls	<p>Description of the risk</p> <p>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. Because of the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits.</p>
	<p>How we addressed this risk</p> <p>We addressed the management override of controls risk through performing audit work over accounting estimates, journal entries and significant transactions outside the normal course of business or otherwise unusual.</p>
	<p>Observations and conclusions</p> <p>Audit work identified a housekeeping recommendation, detailed in section 3, in respect of management ensuring that the year-end calculation of the impairment of debtors is appropriately included in the statement of accounts. The estimated impairment of debtors allowance which should have been included was a trivial value of £6k (prior year estimate of £17k), along with a further trivial balance of £3k of old debt which the Authority should consider whether this should now be written off.</p> <p>Subject to the completion of outstanding work, we have obtained sufficient and appropriate audit evidence, with no other significant issues arising we are required to highlight to you.</p>

2. SIGNIFICANT FINDINGS (CONTINUED)

Qualitative aspects of the Authority’s accounting practices

The Authority is required to prepare its financial statements on a going concern basis by the Code of Practice on Local Authority Accounting (the Code). We have considered the appropriateness of the use of the going concern assumption and have reviewed the Authority’s accounting policies and disclosures and concluded they comply with the requirements of the Code, appropriately tailored to the Authority’s circumstances.

Draft accounts were received from the Authority by the revised deadline of 31 August 2020.

Significant matters discussed with management

Over and above our challenge of management’s judgements and assertions made in producing the financial statements, the following significant matters were discussed with management:

- the impact of Covid-19 on the Council’s financial statements, including the potential impact on risks of material misstatement; the valuation of the Authority’s land & buildings and investment property, as reported elsewhere in this report, including the Valuer’s material uncertainty statement, as disclosed in Note 4 of the revised financial statements, due to Covid-19;
- the Authority’s going concern assumption;
- the revised actuarial report the Authority received from the Government Actuarial Fund in respect to of the Firefighters’ Pension Fund (this was not received in sufficient time for inclusion in the draft financial statements);
- the significant variances arising from the triennial valuation of the Pension Fund and consideration of the material uncertainty, due to Covid-19, expressed in respect of the Pension Fund property investments;
- the liquidation of Impeller, to which Tyne and Wear Fire Service Limited (TWFRS) had previously made a loan at market rates of interest, as well as the disclosures in the Authority’s financial statements in respect of this loan, which the Authority has made on an interest-free basis to TWFRS;
- arrangements in place for payment of Members’ allowances;
- the accounting treatment of various grants received by the Authority;
- the calculation of the impairment of debtors allowance for ‘trade’ customers and the impact of the economic downturn; and
- the Authority’s assessment of whether there are any post balance sheet events.

Significant difficulties during the audit

The impact of the COVID-19 pandemic on the audit has been significant. We have had the full co-operation of officers and management during what has been a challenging audit period. These challenges are being resolved through the support from the Authority.

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 2019/20 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. There have been no objections or questions from local electors during the audit.



3. INTERNAL CONTROL RECOMMENDATIONS

The purpose of our audit is 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. We do this in order to design audit procedures to allow us to express an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of internal controls, nor 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 controls we might have identified more deficiencies to be reported or concluded that some of the reported deficiencies need not in fact to 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 controls or enhance business efficiency. The recommendations should be actioned in the near future.	1
3 (low)	In our view, internal controls should be strengthened in these additional areas when practicable.	2

3. INTERNAL CONTROL RECOMMENDATIONS (CONTINUED)

Other internal control recommendations – Level 2

Description of deficiency – Members' allowances and expenses (Note 24)

Our work is on-going at the time of issuing this report; however it appears that Special Responsibility Allowances (SRAs) have been incorrectly claimed by the constituent Authorities for several Members, for both 2019/20 and 2018/19. There also appears to be inconsistency in respect of Employer's National Insurance contributions paid for Members' allowances; some of the constituent Authorities claim for this from Tyne and Wear Fire Authority (the Authority), others do not.

Disclosure note 24 in the draft financial statements sets out Members' allowances and expenses totalling £101k for 2019/20 and £102k for 2018/19, as compared to the approved budget of £87k. The revised disclosure, at the time of issuing this report, is £86k for 2019/20 and £92k for 2018/19, being a decrease of £15k and 10k respectively.

Members' allowances are approved by the Tyne and Fire Wear Authority, however they are not paid directly by the Authority to Members. Instead, the constituent Authorities invoice the Authority as they make payments to their own Members directly. At this stage, it is not known if any Members were paid the overclaimed allowances.

The error appears to have arisen due to:

- errors in the invoices issued by the constituent Authorities;
- billing methods and invoice details by the constituent Authorities varying, e.g. some being quarterly, others less frequent or after the year-end and also with varying degrees of detail on the invoices (some covering more than one Member), resulting in there being less clarity over the completeness and accuracy of Special Responsibility Allowances than if there was, for example, one single invoice;
- lack of challenge by the Authority over the completeness and accuracy of the invoices prior to their authorisation; and
- budget monitoring controls within the Authority not identifying the overspend on the Members' allowances and expenses code and / or following it up appropriately.

Potential effects

Risk of fraud and / or error.

Recommendation

The Authority should check the amounts being claimed for Members' allowances when authorising for payment invoices from the constituent Authorities.

The Authority should also consider prior years, to establish whether allowances have been under or overpaid in other recent years.

Management response

This is being actioned.

3. INTERNAL CONTROL RECOMMENDATIONS (CONTINUED)

Other internal control recommendations – Level 3

Description of deficiency – impairment of drs allowance and write-offs

The Authority has not provided an allowance for the impairment of debtors which are past due. Whilst the estimated impairment of debtors allowance for the year ended 31 March 2020 is clearly trivial at circa £6k (prior year estimate of c17k), an allowance should be made and formally reviewed each year.

Review of the aged debtor analysis highlighted there are some very old debtor balances which probably should be written off by now, unless there is a realistic prospect of recovery; again, this was a clearly trivial amount of circa £3k.

Potential effects

Outstanding debtor balances are not appropriately reviewed at the year-end in terms of their recoverability.

Recommendation

The Authority should ensure it reviews its debtor balances at the year-end and provides an appropriate amount, if required, for the impairment of debtors. The Authority should also review old outstanding debtors and consider if any require formally writing-off.

Management response

This will be actioned.

Description of deficiency – budget and outturn reporting: consistency of format

The format of the budget and the outturn report is not fully consistent:

- the budget for the year is done primarily on a subjective basis (i.e. firefighting, community safety basis), with detail on an objective basis (i.e. employees, supplies and services) shown in the detailed budget book;
- the in-year budget monitoring reporting is done on an objective basis; and
- the outturn report is done on an objective basis.

The statutory accounts headings used in the Income and Expenditure Statement should be derived from the in-year budget monitoring format used by the Authority. Currently they use the subjective basis from the original budget, rather than the objective basis of in-year budget monitoring and the outturn.

We note also that the outturn reported in the Narrative Statement is a hybrid of the original budget (on a subjective basis), as well as, for the 'actuals', the statutory accounting adjustments, meaning some of the actuals will always differ significantly to the reported budget, as they are not being reported on a like-for-like basis. Whilst this is explained in the Narrative Statement, this inconsistency could be addressed.

Potential effects

Different formats of budget reporting between the budget and the actuals may make it more difficult for stakeholders to understand what is being reported.

Recommendation

The Authority should consider the format of budget monitoring, in particular whether the year-end outturn reporting should mirror the subjective basis of the budget and consider again the outturn reported in the Narrative Statement, so that it more clearly mirrors the outturn reporting to the Authority. Any changes to the format of reporting need to be considered for the statutory accounts also.

Management response

This will be considered.

3. INTERNAL CONTROL RECOMMENDATIONS (CONTINUED)

Follow-up of prior year recommendations: other internal control recommendations – Level 2

Description of deficiency – pension payment calculations

As from April 2018, the Authority has outsourced calculation of firefighter pensions (including lump sums) to West Yorkshire Pension Fund (WYPF). A contract is in place.

The Authority carries out a 'high level' reasonableness check on the schedule received from WYPF on a monthly basis. In our view, the Authority should consider how to strengthen the assurance it has that the data processed by WYPF is accurate; it may also wish to build this into the contract terms and conditions.

Potential effects

Risk of fraud and / or error.

Recommendation

The Authority should consider how to strengthen the assurance it has that the data processed by WYPF is accurate.

Management response

We will consider this recommendation against the existing provisions in the contract and the assurance we receive to see if there is scope for strengthening arrangements.

2019/20 follow-up

This recommendation has been actioned.

4. SUMMARY OF MISSTATEMENTS

We set out below the misstatements identified for adjustment during the course of the audit, above the level of trivial threshold of £0.040m. 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 overleaf outlines the misstatements that have been adjusted by management during the course of the audit.

Unadjusted misstatements 2019/20

		Assets £000s	Liabilities £000s	Reserves £000s	CIES* £000s
1	Dr: Long-term liabilities Cr: Short-term liabilities		117 -117		
	Being the misclassification of one of the Private Finance Initiative lease creditor repayments as long-term instead of short-term; similar issue for the prior year (£107k).				
2	Dr: CIES depreciation Cr: Property, plant and equipment	-119			119
	Being the adjustment for several assets depreciated over 22 years, when their useful economic life was less than 22 years.				
3	Dr: Unusable Reserves – Revaluation Reserve Cr: Property, plant and equipment	-209		209	
	Being the correction of specific valuation errors identified from testing.				
4	Dr: Debtors Cr: CIES	15			-15
	Being the adjustment to reflect the Members' allowances overclaimed by the constituent authorities which Tyne and Wear Authority intends to issue a credit note (prior year being £10k); note that the supporting disclosure note 24, has been amended for this issue. See also the internal control recommendation raised in section 3.				
5	Dr: Deferred capital receipts Cr: CIES – gain / loss on disposal Dr: General Fund Cr: Capital receipts			63 63 -63	-63
	Being the adjustment required to correctly reflect the gain/loss on disposal of an asset (a similar adjustment would also have been required in the prior year).				
6	Dr: CIES (remeasurement of net defined benefit liability) Cr: Pensions reserve			-170	170
	Being the non-material error in respect of the Authority's share of the LGPS Pension Fund assets, based on our assessment of the differences highlighted by the Pension Fund auditor's work.				
Total unadjusted misstatements		-313	0	102	211

4. SUMMARY OF MISSTATEMENTS

Adjusted misstatements 2019/20

		Assets £000s	Liabilities £000s	Reserves £000s	CIES* £000s
1	Dr: Management & Support Services expenditure Cr: Management & Support Services income Cr: Community Safety income Cr: Firefighting and Rescue Operations income				2,593 -315 -320 -1,958
	Being the adjustment to correct the treatment of the pensions grant, which had been netted off against gross expenditure.				
2	Dr: Management & Support Services expenditure Cr: Taxation and non-specific grant income				670 -670
	Being the adjustment of grant income (Covid-19 and s31 business rates relief grant) which had been netted off against gross expenditure and also treated as a specific grant. The same error in respect of the s31 business rate grant applied in respect of 2018/19, however this has not been adjusted for as clearly not material at £235k.				
3	Dr: Creditors Cr: Grants Receipts in Advance (Revenue)		968 -968		
	Being s31 business rates relief grant, received early to aid cash flows as a result of Covid-19, incorrectly classified as Creditors Receipts in Advance.				
4	Dr: Property, plant and equipment Dr: Revaluation Reserve** Dr: Capital Adjustment Account** Dr: CIES - depreciation	299		687 6	-992
	Being the adjustment of the carrying value of property, plant and equipment, due to valuations not being applied as at 31 March 2020.				
5	Dr: Pensions liability Cr: Pensions Reserve** Dr: Movement in Reserves Statement (adjustments between accounting and funding basis) Dr: CIES – expenditure Cr: CIES – financing and investment I & E Cr: CIES – other comprehensive I & E		3,880	-3,880	3,810 -3,730 -10 -70
	Being the reduction in the Firefighters' Pension Fund scheme liability for the updated actuarial report, as a result of refinement to the calculation of liabilities arising from the McCloud judgement.				
	Total adjusted misstatements	299	3,880	-3,187	-992

* Comprehensive Income and Expenditure Statement (CIES)

** Unusable Reserves

4. SUMMARY OF MISSTATEMENTS (CONTINUED)

Disclosure amendments

The Authority has amended the disclosures for various minor points and presentational issues. The most significant disclosure amendments are summarised below.

- **Note 2 Standards issued but not yet adopted:** amendment to clarify which standards apply to the Authority.
- **Note 4 Assumptions:** amendments to the property, plant and equipment disclosure, including disclosing the Valuer's material uncertainty statement, due to Covid-19. Also amendments to the net pensions liability disclosure, to also disclosed the material uncertainty due to Covid-19, in respect of the Authority's share of the Pension Fund property investment assets.
- **Note 8 Usable Reserves:** amendments to the values shown within 'transfers to' and 'transfers from'; no net impact on totals.
- **Note 12 Property, plant and equipment:** amendments as follows:
 - the main table was amended to include the value of fully depreciated vehicles in the top and bottom half of the table;
 - also amendment to the Private Finance Initiative disclosures; and
 - amendment to the rolling programme disclosure of revaluations, to show the values revalued over the last three years.
- **Note 14 Financial instruments:** amendments to disclosures to separately disclose prepayments and receipts in advance from Creditors and Debtors.
- **Note 20b Capital Adjustment Account:** amendment to include smoke alarms expenditure within capital expenditure, impacting also on Note 29, Capital Financing Requirement.
- **Note 20c Pensions:** amendments as a result of the revised actuarial report (as set out on the earlier table).
- **Note 22 & 23 Cash Flow Statement investing and financing activities:** amendments to disclosures as a result of other amendments.
- **Note 24 Members' allowances and expenses:** amendment to both 2019/20 and 2018/19 disclosures as follows, plus amendment to narrative:
 - 2019/20 revised from £101k to £86k
 - 2018/19 revised from £102k to £92k.See also the internal control recommendation raised in section 3.
- **Note 28 Related party transactions:** amendment to the disclosures on Tyne and Wear Fire and Rescue Services Limited (TWFRS) to clarify the loan made is on an interest-free basis.
- **Note 29 Capital Financing Requirement (CFR):** amendment to the opening CFR to include one of the PFI schemes and also ensure the disclosure aligned with the CFR reported to the Authority. This was a disclosure amendment only.
- **Note 30 Private Finance Initiative (PFI):** amendment to disclosures, including update of the main table which included the current year totals in the 'future costs' disclosures.
- **Note 31 Pensions:** amendments as a result of the revised actuarial report (as set out on the earlier table), plus several other amendments, including update of the employer contribution rates applying for the Firefighters' Pension Scheme from 2019/20.
- **Note 2 to the Firefighters' Pension Scheme Statements:** update of the of the employer contribution rates applying for the Firefighters' Pension Scheme from 2019/20

4. SUMMARY OF MISSTATEMENTS (CONTINUED)

Unadjusted disclosure amendments

The Authority has not amended disclosures for the following:

- **Note 7 Expenditure and Funding Analysis:** disclosures should be expanded upon, to include additional disclosures setting out the nature of expenses.
- **Note 14 Financial Instruments:** disclosure of sensitivity analysis for financial instruments, arising from changes in interest rates.
- **Note 14 Financial Instruments:** the Authority has disclosed the 'fair value' as being the same as the 'carrying value' of £227k for its long-term loan to its subsidiary, Tyne and Wear Fire Service Limited. This loan, made in 2015, has been made on an interest-free basis; therefore, the 'fair value' will be different to the 'carrying value'.

The Authority has similarly not included any 'soft loan' disclosures in respect of this loan, on grounds of materiality; this is considered reasonable, however, should be kept under review. Soft loans are essentially any loans that are made at less than market rates.

- **Cash flow statement disclosure notes:** the Authority has not included one of the required disclosures, which sets out the impact of cash and non-cash flow changes for liabilities arising from financing activities.
- **Note 31 pensions:** the line headings setting out the remeasurement of the net defined liability are inconsistent between the Local Government Pension Scheme (LGPS) and the Firefighters' Pension Scheme (FFPS). In addition, the 'change in assumptions' disclosure for the FFPS should be split into its constituent elements of:
 - a. demographic changes; and
 - b. financial assumptions.

5. VALUE FOR MONEY CONCLUSION

Our audit approach

We are required to form a conclusion as to 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 in order to form our conclusion, and sets out the criterion and sub-criteria that we are required to consider.

The overall criterion is that, ‘in all significant respects, the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.’ To assist auditors in reaching a conclusion on this overall criterion, the following sub-criteria are set out by the NAO:

- informed decision-making;
- sustainable resource deployment; and
- working with partners and other third parties.

Significant audit risks

The NAO’s guidance requires us to carry out work to identify whether or not a significant risk to our value for money conclusion exists. Risk, in the context of our work, is the risk that we come to an incorrect conclusion rather than the risk of the arrangements in place at the Authority being inadequate. In our Audit Strategy Memorandum, we reported that we had not identified any significant risks, but that our risk assessment was continuous. Based on our work to date, there are no new significant risks arising relevant to our responsibilities.

Commentary against each of the sub-criteria, and an indication of whether arrangements are in place, is provided below, followed by our overall conclusion (as set out in Appendix B).

Sub-criteria	Commentary	Arrangements in place?
Informed decision-making	<p>The Authority developed and introduced its new TWFRS 2025 programme in September 2020, which sets out how the three pillars of Inclusion, All Hazards Approach and Digital and Data transformation will drive transformational change so it can continue on its journey of continuous improvement. TWFRS 2025 is a programme of works that aligns all major and key projects and investments into a single consolidated strategic approach to change and Service improvement.</p> <p>The Authority has continued to report regularly on its financial performance to the Policy and Performance Committee and the full Authority. The 2019/20 outturn was an overall net underspend of £1.515m (2018/19 £1.681m), with the Authority having a good track record of effective budget management. The Authority’s General Fund unearmarked balance is £3.943m (£3.943mm as at 31 March 2019). As financial pressures continue, the Authority should keep under consideration the adequacy of this balance.</p> <p><i>Managing risks effectively and maintaining a sound system of internal control</i></p> <p>The governance framework is set out in its Annual Governance Statement (AGS), published as part of its Annual Report including financial statements, along with how the effectiveness of that framework is reviewed throughout the year.</p> <p>The AGS also sets out the governance issues the Authority has identified for monitoring and action in the coming year which includes:</p> <ul style="list-style-type: none">• implementation of the Emergency Services Mobile Communication Programme;• establishing corporate oversight of the TWFRS partnership register; and• assessing and evaluating the impact of Covid-19 on governance arrangements. <p>The Authority received an overall internal audit opinion for 2019/20 which concluded there continues to be a good internal control environment. A comprehensive internal audit plan is in place which takes into account the strategic priorities of the Authority. There is challenge by the Governance Committee over coverage and risk areas.</p>	Yes

5. VALUE FOR MONEY CONCLUSION (CONTINUED)

Sub-criteria	Commentary	Arrangements in place?
Sustainable resource deployment	<p>The Authority has continued to make good progress in addressing the financial challenges from public sector austerity and has a proven track record of delivering planned budget reductions.</p> <p><i>Financial resilience</i></p> <p>The Authority's usable reserves (excluding its general fund balance) were £29.420 million as at 31 March 2020 (£25.038 million at 31 March 2018). The underspend for the year has been earmarked in a specific Covid-19 reserve. Although these are earmarked for specific purposes, they do provide flexibility to manage the medium-term financial position.</p> <p>The Authority continues to face a funding gap to address in coming years, therefore further savings and / or sources of additional income continue to be required, which the Authority is well aware of and actively exploring options.</p> <p><i>Performance management</i></p> <p>A comprehensive performance report is produced and reported to the Policy and Performance Committee on a policy basis and includes service actions.</p>	Yes
Working with partners and other third parties	<p>This Authority has been at the forefront in supporting the LRF Response to the Covid-19 pandemic in the North East Region. The Authority has highlighted that its response to the pandemic, alongside partners has been due to its strong industrial relationships with representative bodies, the unequivocal flexibility of staff and dedication of retired staff members. The Authority also recognises how its numerous support departments continue to work above and beyond to enable the Authority to function effectively in the ever-changing environment.</p> <p>A Covid-19 related tripartite agreement is in place with key partners.</p> <p>The Authority has provided regular updates on Covid-19 service activity, covering all aspects of operations. The latest highlights how the Fire Safety Department continue to build on new ways of working, with wider engagement with business owners and managers through virtual contact, to discuss potential changes they have to make to their properties and working practices due to the Covid-19 restrictions.</p> <p>Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) assessed the Authority as 'good' in 2019. The recent HMICFRS inspection has not yet been formally reported; we understand this will be reported in a letter format and will focus on the Authority's response to the pandemic.</p> <p>The Authority's trading company TWFRS Limited reported a loss of £271k for 2019/20 (prior year small profit of £25k). This loss has arisen due to the liquidation of Impeller Assurance and Resilience Limited in late 2019; this is set out in the Authority's financial statements, disclosure note 24, which references the interest-free loan of £225k to TWFRS Limited made in 2015, which in turn was lent, at a market rate of interest to Impeller Limited. The Authority should continue to keep governance arrangements for its trading company under review.</p>	Yes

5. VALUE FOR MONEY CONCLUSION (CONTINUED)

Reality check

Having completed our VfM conclusion work, we carried out a final ‘reality check’, which included consideration of our cumulative knowledge of the Authority and, in particular:

- reports by statutory inspectorates, other regulators and external advisors;
- achievement of performance and other targets; and
- performance against budgets and other financial targets.

We do this to identify anything that would make us reconsider our conclusion. We did not identify any such matters.

Area	Auditor assessment
Outputs by statutory inspectorates or other regulators	<p>Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) assessed the Authority as ‘good’ in 2019.</p> <p>HMICFRS has recently carried out a thematic inspection of the Authority; we understand this is due to be reported in a letter format (i.e. no grading) in December or early 20201 and that the results are positive.</p>
Achievement of performance and other targets	No risks arising from consideration of performance to date relevant to our responsibilities.
Performance against budgets and other financial targets	<p>The Authority achieved an underspend of £1.515m for 2019/20, as reported in its Narrative Statement.</p> <p>The 2020/21 quarter 2 revenue budget sets out a projected underspend of approximately £1.4m.</p> <p>The Authority, through a combination of driving efficiencies and ensuring best value is achieved, continues to identify savings and efficiencies despite the pandemic.</p>

Our overall conclusion

On the basis of our work, we are satisfied that in all significant respects Tyne and Wear Fire and Rescue Authority has put in place proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The wording of the conclusion is set out in our draft audit report in Appendix B.



APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER

To be provided to us on client headed note paper

[Client address]

[Date]

Dear Cameron

Tyne and Wear Fire and Rescue Authority - audit for year ended 31 March 2020

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 2020 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 2019/20 (the Code) 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 myself 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 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 Authority's financial position, financial performance and cash flows.

[continued]

APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER

(CONTINUED)

Accounting estimates, including those measured at fair value

I confirm that any significant assumptions used by the Authority in making accounting estimates, including those measured at current or fair value, are reasonable.

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 has 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 undisclosed 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.

Fraud and error

I acknowledge my responsibility as Finance Director for the design, implementation and maintenance of internal controls 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.

[continued]



APPENDIX A

DRAFT MANAGEMENT REPRESENTATION LETTER

(CONTINUED)

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 2019/20 in relation to the Authority's Private Finance Initiative schemes 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.

Going concern

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the Authority, including the impact of mitigation measures and uncertainties and am satisfied the going concern assumption remains appropriate and that no material uncertainty has been identified. To the best of my knowledge there is nothing to indicate 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.

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 as an appendix to this letter [TO BE ADDED BY THE AUTHORITY BEFORE SIGNING].

Yours faithfully

Dennis Napier
Finance Director



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

Report on the financial statements

Opinion
We have audited the financial statements of Tyne and Wear Fire and Rescue Authority ('the Authority') for the year ended 31 March 2020, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Firefighters' Pensions Fund Statement, the Firefighters' Pensions Net Assets 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 2019/20.

- In our opinion, the financial statements:
- give a true and fair view of the financial position of the Authority as at 31 March 2020 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 2019/20.

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 as applicable to public interest entities, 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.

Emphasis of Matter – effect of the Covid-19 pandemic on the valuation of land and buildings
We draw attention to Note 4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's land and buildings. As disclosed in Note 4 of the financial statements, the Authority's Valuer has included a material valuation uncertainty declaration within their valuation reports as a result of the Covid-19 pandemic. Consequently, less certainty and a higher degree of caution should be attached to the valuation of land and buildings than would normally be the case. Our opinion is not modified in respect of this matter.

Emphasis of Matter – effect of the Covid-19 pandemic on the valuation of pension fund property investments
We draw attention to Note 4 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the Authority's share of Tyne & Wear Pension Fund's direct property and pooled residential property investments as at 31 March 2020. As disclosed in Note 4 of the financial statements, the outbreak of Covid-19 has had a significant impact on the number of transactions in the market and consequently the relevant observable data available upon which to base a valuation judgement. As such the Pension Fund's property investment manager has included a material valuation uncertainty clause in some of their 31 March 2020 valuation reports due to the possible impact of Covid-19. Consequently, less certainty and a higher degree of caution should be attached to valuations of unquoted property assets than would normally be the case. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Finance Director's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Finance Director has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

APPENDIX B

DRAFT AUDITOR’S REPORT (CONTINUED)

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 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 2019/20, 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 2019/20 and prepare the financial statements on a going concern basis, unless the Authority is informed of the intention for dissolution without transfer of services or function to another entity. 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Authority’s website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

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 AUDITOR'S REPORT (CONTINUED)

Conclusion on Tyne and Wear Fire and Rescue Authority's arrangements for securing economy, efficiency and effectiveness in the use of resources

Conclusion

On the basis of our work, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, we are satisfied that, in all significant respects, Tyne and Wear Fire and Rescue Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Basis for conclusion

We have undertaken our review in accordance with the Code of Audit Practice issued by the Comptroller and Auditor General, having regard to the guidance on the specified criterion issued in April 2020, as to whether the Authority had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider in satisfying ourselves whether the Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

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. The Code of Audit Practice requires us to report to you our conclusion relating to proper arrangements. 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.

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.

Certificate

We certify that we have completed the audit of Tyne and Wear Fire and Rescue Authority in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Cameron Waddell
For and on behalf of Mazars LLP
Salvus House
Aykley Heads
Durham
DH1 5TS
Date:



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.