

# East Sussex Fire Authority Audit results report

Year ended 31 Month 2024

21 February 2025



21 February 2025



East Sussex Fire Authority  
Service Head Quarters  
Church Lane  
Lewes  
East Sussex  
BN7 2DZ

Dear Scrutiny & Audit Panel Members

### 2023/24 Audit Results Report

We are pleased to attach our audit results report, summarising the status of our audit for the forthcoming meeting of the Scrutiny & Audit Panel. We will update the Scrutiny & Audit Panel at its meeting scheduled for 16 January 2024 on further progress to that date and explain the remaining steps to the issue of our final opinion.

[Note that updates to this report since the version presented to the Scrutiny & Audit Panel at the meeting in January are highlighted in blue text for ease of review.](#)

The audit is designed to express an opinion on the 2023/24 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on East Sussex Fire Authority (the Authority) accounting policies and judgements and material internal control findings.

This report considers the impact of Government proposals, which have now been enacted through secondary legislation, to clear the backlog in local audit and put the local audit system on a sustainable footing. The proposals recognise that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The Scrutiny & Audit Panel, as the Authority's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Authority's wider arrangements to support the delivery of a timely and efficient audit. We will consider and report on the adequacy of the Authority's external financial reporting arrangements and the effectiveness of the Scrutiny & Audit Panel in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements, and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

Given that Statutory Instrument 2024/907 "The Accounts and Audit (Amendment) Regulations 2024 ("SI 2024/907") imposes a backstop date of 28 February 2025 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

We have also taken into account SI 2024/907 and Local Authority Reset and Recovery Implementation Guidance Notes issued by the National Audit Office and endorsed by the Financial Reporting Council, together with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

As reported in our 20 November 2024 Audit Completion Report, we issued a disclaimed audit report on the Authority's financial statements for 2022/23 under these arrangements to reset and recover local government audit. Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, we have not obtained sufficient evidence to be able to conclude that the financial statements are free from material and pervasive misstatement. Taken together with the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatements. We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

This report is intended solely for the information and use of the Scrutiny & Audit Panel, and management, and is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully

A handwritten signature in black ink that reads "E. Jackson." The signature is written in a cursive, slightly stylized font.

Elizabeth Jackson

Partner

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.


The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code), and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Scrutiny & Audit Panel and management of East Sussex Fire Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Scrutiny & Audit Panel and management of East Sussex Fire Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Scrutiny & Audit Panel and management of East Sussex Fire Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



# 01 Executive Summary





# Executive Summary – Context for the audit

Context for the audit – Department for Levelling-up, Housing and Communities (DLUHC) and Financial Reporting Council (FRC) measures to address local audit delays

Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector need to work together to address this. Reasons for the backlog across the system have been widely reported and include:

- Lack of capacity within the local authority financial accounting profession
- Increased complexity of reporting requirements within the sector
- Lack of capacity within audit firms with public sector experience
- Increased regulatory pressure on auditors, which in turn has increased the scope and extent of audit procedures performed.

MHCLG (formerly DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop and implement measures to clear the backlog. SI 2024/907, together with the updated National Audit Office Code of Audit Practice 2024 and the Local Authority Reset and Recovery Implementation Guidance, have all been developed to ensure auditor compliance with International Standards on Auditing (UK) (ISAs (UK)). The approach to addressing the backlog consists of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1, starting from 2023/24, in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles. The backstop date for audit of the 2023/24 financial statements is 28 February 2025.
- ▶ Phase 3: Reform involving addressing systemic challenges in the system and embedding timely financial reporting and audit.

As reported in our 20 November 2024 Audit Completion Report to the Fire Authority meeting, we issued a disclaimed audit report on the Authority's financial statements for 2022/23 under these arrangements to reset and recover local government audit due to the lack of resources to complete the 2022/23 audit. Although we have commenced limited work to rebuild assurance ahead of the 2023/24 backstop date, we have not obtained sufficient evidence to have reasonable assurance over all closing balances. As a result of the 2022/23 disclaimed audit report, we do not have assurance over the brought forward balances from 2022/23 (the opening balances). This means we do not have assurance over 2023/24 in-year movements and some closing balances. We also do not have assurance over the 2022/23 comparative amounts disclosed in the 2023/24 financial statements. Taken together with the requirement to conclude our work by the 2023/24 back stop date, the lack of evidence over these movements and balances mean we are unable to conclude that the 2023/24 financial statements are free from material and pervasive misstatement of the financial statements. We therefore anticipate issuing a disclaimed 2023/24 audit opinion.

A summary of the assurances we have gained from our 2023/24 audit procedures is set out at Appendix A.



# Executive Summary

## Scope update

In our Audit Planning Report presented at the 16 May 2024 Scrutiny & Audit Panel meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- Changes in materiality

We updated our planning materiality assessment using the draft consolidated results and have also reconsidered our risk assessment. Based on our materiality measure of profit before tax adjusted for pre-tax exceptional items, we have updated our overall materiality assessment to £1,101k (Audit Planning Report – £1,140k). This results in updated performance materiality, at 75% of overall materiality, of £825k, and an updated threshold for reporting misstatements of £55k.

[We have also reconsidered our risk assessment near to the completion of the audit and concluded that these levels remain appropriate.](#)

## Status of the audit

Our audit work in respect of the Authority opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report.

- Land and buildings valuations – [Completed](#)
- Pension liability valuation – [Completed](#)
- Reserves movements - Capital adjustment account / Collection fund adjustment account – [Completed](#)
- Precepts & demands – [Completed](#)
- Firefighter & police pensions – [Completed](#)
- Going concern – [Completed](#)
- The audit file is subject to our final manager and partner review and quality assurance processes
- Subsequent events review – we will need to complete this up to the date we sign the audit report
- Management representation letter – we will finalise this at the completion of the audit
- Whole of Government Accounts - we will send the assurance statement to the NAO after the audit has been completed and the accounts signed.
- [Receiving and checking the final set of financial statements.](#)

Details of each outstanding item, actions required to resolve and responsibility is included in Appendix C.

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and the final disclosures in the Annual Report and Accounts [until the opinion is signed.](#)

## Control observations

During the audit, we did not identify any significant deficiencies in internal control.



# Executive Summary (cont'd)

## Value for Money

In our Audit Planning Report dated 26 April 2024, we reported that we had not completed our value for money (VFM) risk assessment, and we had identified no risks of significant weaknesses in arrangements. Having updated and completed the planned procedures in these areas we did not identify a significant weakness. See Section 03 of the report for further details.

## Audit differences

- ▶ Uncorrected misstatement of £100,731 where an addition to Property, Plant and Equipment that occurred in March 2023 was not accounted for in the 2022/23 accounts, but the 2023/24 statement of accounts.
- ▶ Management have corrected misstatements amounting to [£175k](#) where the incorrect NDR figures had been used for Hastings NNDR debtor and creditor figures
- ▶ On the cash flow statement the purchase and sale of investments had not been grossed up and the net movement of £2m was disclosed under operating activities instead of investing activities. [This error was also present in the 2022/23 accounts, with a prior year adjustment movement of £5m being required.](#)
- ▶ A small number of other amendments were also made to disclosures appearing in the financial statements as a result of our work.

## Other Reporting Issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We have completed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts. We have no matters to report as a result of this work.





# Executive Summary (cont'd)

## Areas of audit focus

In our Audit Planning Report we identified a number of key areas of focus for our audit of the financial report of East Sussex Fire Authority. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below.

Where applicable we have identified those matters that we consider to be key audit matters. Key audit matters are selected from the matters we communicate to you that in our opinion are of most significance to the current period audit and required significant attention in performing the audit. In accordance with ISA (UK) 701 key audit matters are included in our auditor's report.

*Audit findings and conclusion: Significant risk - Misstatement due to fraud or error - Management override*

- ▶ We have not identified any material misstatements arising from fraud in revenue and expenditure recognition and management override.

*Audit findings and conclusions: Significant risk - Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure*

- We have not identified any material misstatements arising from fraud from the inappropriate capitalisation of revenue. [We did however, identify an addition to PPE that related to March 2023 for £100,731, that was not accrued for in the 2022/23.](#)

*Area of audit focus - Valuation of Land and Buildings in Property, Plant and Equipment (PPE)*

- ▶ We have not identified [any material misstatements arising from the valuation of PPE.](#)

*Area of audit focus - Valuation of Pension Liabilities*

- ▶ We have not identified [any material misstatements rising from the valuation of pension liabilities.](#)

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no further considerations or matters that could impact these issues
- ▶ You concur with the resolution of the issue
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised.

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Scrutiny & Audit Panel.

## Independence

Please refer to Section 09 for our update on Independence.

A background image showing a person's hand holding a silver pen, pointing at a tablet screen. The tablet displays a bar chart with several bars of increasing height, colored in shades of green, yellow, and red. The person is wearing a blue shirt and a dark tie.

## 02 Areas of Audit Focus

# Areas of Audit Focus

Misstatement due to fraud or error (Significant risk) \*Denotes also a fraud risk

## Misstatement due to fraud or error\*

Significant Risk

### What is the risk, and the key judgements and estimates?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

### What are our conclusions ?

Our audit work has not identified any evidence of material misstatement due to fraud or error, including through management override of controls.

We have used our data analytics capabilities to review journals posted throughout the year and identified a number of journals where we considered postings made to be unexpected or unusual which we have selected for further review. Our testing has not identified any journal entries which we consider to be indicative of management bias.

## Our response to the key areas of challenge and professional judgement

To gain assurance in this area we:

- ▶ Identified fraud risks during the planning stages.
- ▶ Inquired of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud.
- ▶ Discussed with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions).
- ▶ We considered whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud.
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determine an appropriate strategy to address those identified risks of fraud.
- ▶ Performed mandatory procedures regardless of specifically identified fraud risks, including:
  - testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements,
  - assessing accounting estimates for evidence of management bias, and
  - evaluating the business rationale for significant unusual transactions outside the normal course of business.
- ▶ Considered whether management bias was present in the key accounting estimates and judgments in the financial statements.

We utilised our data analytics capabilities to assist with our work.



# Areas of Audit Focus

Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure (Significant risk) \*Denotes also a fraud risk

Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure\*

Significant Risk

What is the risk, and the key judgements and estimates?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Authority, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.

What are our conclusions ?

We have completed our work:

- Our sample testing of additions to property, plant and equipment found that they had been correctly classified as capital and included at the correct value.
- Our sample testing of additions to property, plant and equipment did not identify any revenue items that were incorrectly classified.
- Our data analytical procedures did not identify any journal entries that incorrectly moved expenditure into capital codes.
- We did however, identify an addition to PPE that related to March 2023 for £100,731, that was not accrued for in the 2022/23.

Our response to the key areas of challenge and professional judgement

To gain assurance in this area we:

- ▶ Tested Property, Plant and Equipment (PPE) additions to ensure that the expenditure incurred and capitalised is clearly capital in nature.
- ▶ Assessed whether the capitalised spend clearly enhances or extends the useful life of asset rather than simply repairing or maintaining the asset on which it is incurred.
- ▶ Considered whether any development or other related costs that have been capitalised are reasonable to capitalise i.e. the costs incurred are directly attributable to bringing the asset into operational use.
- ▶ Tested REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ringfenced capital resources. Based on our work at the planning stage of the audit we do not expect there to be material REFCUS in the year.
- ▶ Sought to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

# Areas of Audit Focus

## Valuation of Land and Buildings in Property, Plant and Equipment (PPE) (Inherent risk)

### Valuation of Land and Buildings in Property, Plant and Equipment (PPE)

#### What is the risk, and the key judgements and estimates?

The value of Property, Plant and Equipment (PPE) land and buildings represent significant balances in the Authority's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

We note that not all of the Authority's PPE is subject to revaluation with vehicles, equipment and assets under construction all valued at cost under the CIPFA Code of Practice on Local Authority Accounting.

Additionally, the Authority's operational PPE is valued on a rolling programme over 5 years. However, we must ensure that the value of all assets reported in the financial statements is materially correct as at the date of reporting.

#### What are our conclusions?

From our work completed:

- Nothing has come to our attention regarding the adequacy of the valuers' scope of work, their professional capabilities and the results from their work;
- [Our testing of key asset information used by the Authority's valuer challenged the accuracy of the inputs and the assumptions used by the Authority's valuer and we did not identify any issues](#)
- Confirmed assets not subject to valuation have not been materially misstated;
- [The economic lives used was in line with our expectations](#); and
- Confirmed accounting entries have been processed correctly in the financial statements.

### Our response to the key areas of challenge and professional judgement

To gain assurance in this area we:

- ▶ Considered the work performed by the Authority's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- ▶ Sample test key asset information used by the valuers in performing their valuation (e.g. floor plans to support valuations based on price per square metre).
- ▶ Considered the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE. We have also considered if there are any specific changes to assets that have occurred and that these have been communicated to the valuer.
- ▶ Reviewed assets not subject to valuation in 2023/24 to confirm that the remaining asset base is not materially misstated;
- ▶ Considered changes to useful economic lives as a result of the most recent valuation; and
- ▶ Tested accounting entries have been correctly processed in the financial statements.

# Areas of Audit Focus

## Valuation of Pension Liabilities (Inherent risk)

### Valuation of Pension Liabilities

#### What is the risk, and the key judgements and estimates?

The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by East Sussex County Council and the Firefighters' Pension Scheme administered by West Yorkshire Pension Fund.

The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet. At 31 March 2024 this totalled £313 million.

The information disclosed is based on the IAS 19 report issued to the Authority by the actuaries of the two pension schemes.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

#### What are our conclusions ?

We have [completed the following procedures](#):

- We [obtained satisfactory assurances from the auditors of East Sussex Pension Fund over the information supplied to the actuary in relation to the Authority](#).
- Assessed the work of the pension fund actuary including the assumptions they used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors and considered the outcomes of a review of the work of PWC by the EY actuarial team.
- Evaluated the reasonableness of the Pension Fund actuary's calculations by comparing them to the outputs of our own auditor's specialist's model.
- [We have reviewed and tested the accounting entries and disclosures made](#) within the Authority's financial statements.

### Our response to the key areas of challenge and professional judgement

To gain assurance in this area we:

- ▶ Liaised with the auditors of East Sussex Pension Fund, to obtain assurances over the information supplied to the actuary in relation to the Authority
- ▶ Assessed the work of the Local Government Pension Scheme and Firefighters' Pension Scheme actuary including the assumptions they have used by relying on the work of PwC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considering any relevant reviews by the EY actuarial team
- ▶ Evaluated the reasonableness of the Local Government Pension Scheme and Firefighters' Pension Scheme actuary's calculations by comparing them to the outputs of our own auditor's specialist's model; and
- ▶ Reviewed and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.





## 03 Value for Money

# Value for Money

## The Authority's responsibilities for value for money (VFM)

The Authority is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the NAO Code of Audit Practice. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

## Risk assessment and status of our work

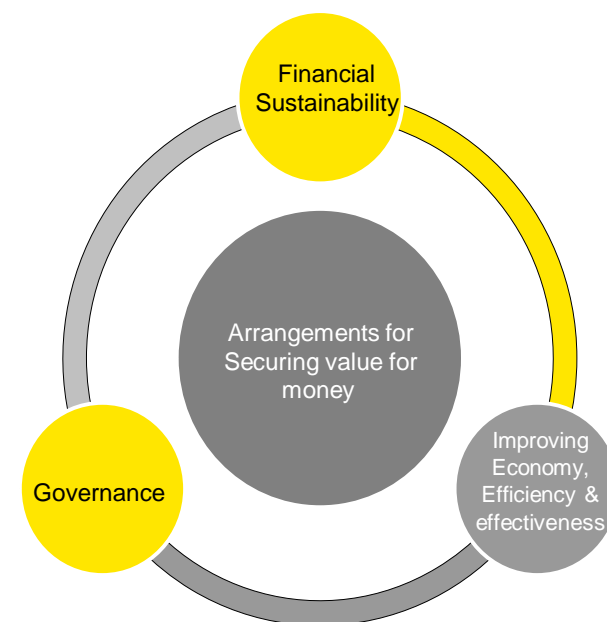
We are required to consider whether the Authority has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our value for money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Authority's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

We will provide a commentary on the Authority's arrangements against three reporting criteria:

- ▶ 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; and
- ▶ 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.

We have completed our detailed VFM work and identified no risks of significant weaknesses in arrangements.







## 04 Audit Report



# Audit Report

Draft disclaimed audit report

Our opinion on the financial statements

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EAST SUSSEX FIRE AUTHORITY

### Disclaimer of Opinion

We were engaged to audit the financial statements of East Sussex Fire Authority ('the Authority') for the year ended 31 March 2024. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement
- the related notes 1 to 38 including material accounting policy information and including the Expenditure and Funding Analysis
- and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement, and the related notes 1 to 2.

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 2023/24.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 required any outstanding accountability statements for years ended 31 March 2015 to 31 March 2023 to be approved not later than 13 December 2024 and the accountability statements for the year ended 31 March 2024 to be approved not later than 28 February 2025 ('the backstop date').

The audit of the financial statements for the year ended 31 March 2023 for East Sussex Fire Authority was not completed for the reasons set out in the disclaimer of opinion on those financial statements dated 5 December 2024.

Our audit work in the current year was focused on transactions in the year and the current year balance sheet.

As a result of the disclaimer of opinion in the prior year and the scope of our audit work which was impacted by the backstop date, we do not have sufficient appropriate audit evidence over the following:

- in the balance sheet and accompanying notes: the opening balances, closing reserves position and the valuation of property assets held at valuation included in 'other land and buildings' that were not revalued in year.
- in the comprehensive income and expenditure account and accompanying notes: comparatives and income and expenditure transactions that are impacted by the opening balances shown in the prior year balance sheet
- in the cash flow statement and accompanying notes: opening balances, comparatives and in-year cash flow movements that are calculated as a movement between the opening and closing balance sheet
- the prior year adjustment as set out at the foot of the cash flow statement.

Therefore, we are disclaiming our opinion on the financial statements.

# Audit Report

## Draft disclaimed audit report (continued)

### Our opinion on the financial statements

#### Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the East Sussex Fire Authority.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the East Sussex Fire Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in these respects.

#### Responsibility of the Treasurer

As explained more fully in the Statement of the Treasurer's Responsibilities set out on page 11, the Treasurer is responsible for the preparation of the Statement of Accounts, which includes the Authority financial statements and the firefighters pension fund 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, 2023/24, for being satisfied that they give a true and fair view and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to cease operations, or has no realistic alternative but to do so.

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 audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

# Audit Report

Draft disclaimed audit report (continued)

## Our opinion on the financial statements

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 the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether the East Sussex Fire Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the East Sussex Fire Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

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 the East Sussex Fire Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) 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.

## Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of East Sussex Fire Authority.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

## Use of our report

This report is made solely to the members of East Sussex Fire Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the East Sussex Fire Authority and the East Sussex Fire Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Elizabeth Jackson (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Luton  
February 2025





## 05 Audit Differences

# Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

## Summary of adjusted differences

We highlight the following misstatements greater than £55,000 which have been corrected by management that were identified during the course of our audit:

- ▶ Uncorrected misstatement of £100,731 where an addition that occurred in March 2023 was not accounted for in the 2022/23 accounts, but the 2023/24 statement of accounts.
- ▶ Management have corrected misstatements amounting to £175k where the incorrect NDR figures had been used for Hastings NNDR debtor and creditor figures
- ▶ On the cash flow statement the purchase and sale of investments had not been grossed up and the net movement of £2m was disclosed under operating activities instead of investing activities. [This error was also present in the 2022/23 accounts, with a prior year adjustment movement of £5m being required.](#)
- ▶ A small number of other amendments were also made to disclosures appearing in the financial statements as a result of our work.

In addition, we highlight the following misstatements to the financial statements and/or disclosures which were not corrected by management. We ask that the Scrutiny & Audit Panel request of management that these uncorrected misstatements be corrected or a rationale as to why they are not corrected be considered and approved by the Scrutiny & Audit Panel and provided within the Letter of Representation:

Uncorrected misstatements 31 March 2024 (£'000)	Effect on the current period:		Net assets (Decrease)/Increase			
	OCI Debit/(Credit)	Income statement Debit/(Credit)	Assets current Debit/ (Credit)	Assets non- current Debit/ (Credit)	Liabilities current Debit/ (Credit)	Liabilities non- current Debit/ (Credit)
Errors						
Known differences:						
▶ PPE addition in 2023/24 that relates to 2022/23: PPE 22/23				100,731		
PPE 23/24				(100,731)		
Cumulative effect of uncorrected misstatements				0		

There are no amounts that we identified that are individually or in aggregate material to the presentation and disclosures of the consolidated financial statements for the year ended 31 March 2024.



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## Assessment of Control Environment



# Assessment of Control Environment

## Financial controls

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

We have not identified any matters during the audit that we concluded are of sufficient importance to merit being reported to you.





07

## Data Analytics

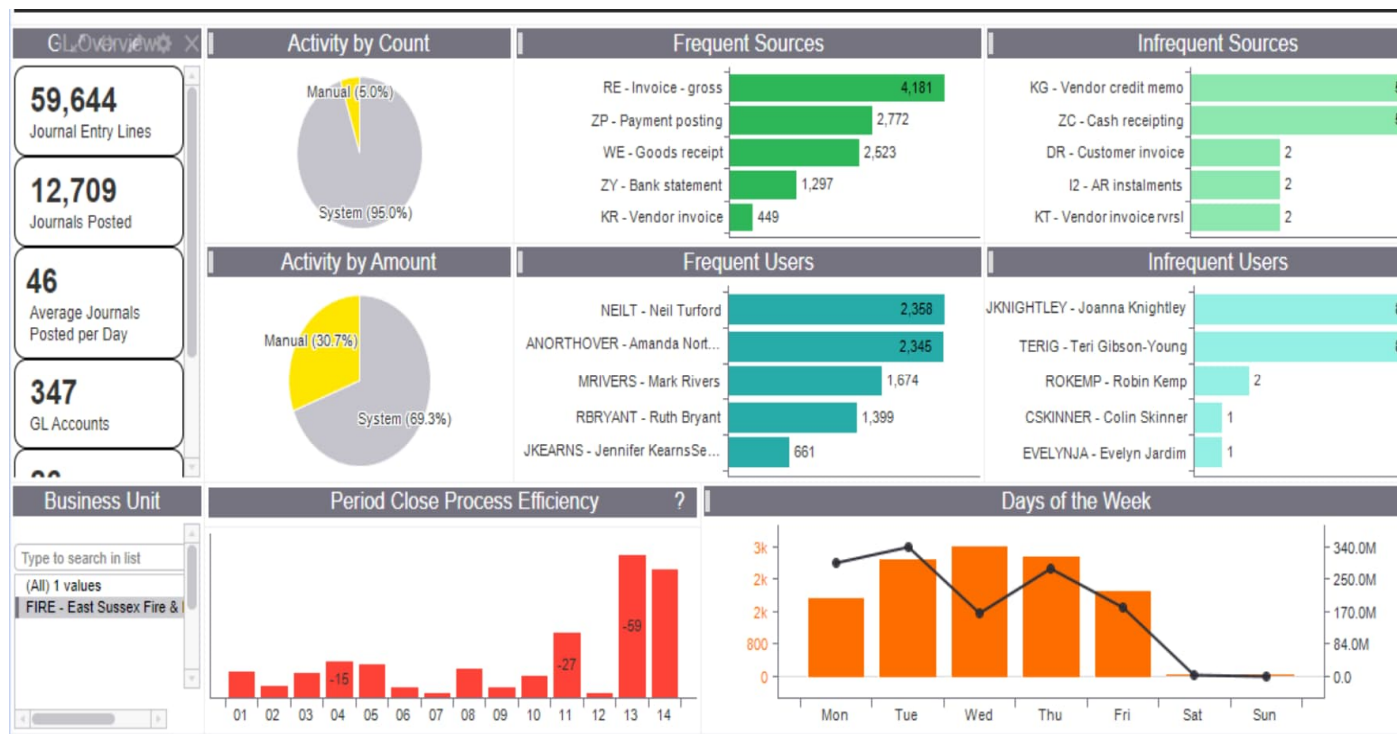
# Data Analytics

## Data analytics – Journal entry testing

### What is the risk?

In line with ISA 240 we are required to test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements. The term 'journals' here actually means transactions in the GL, since they include the system entries as well as the manual entries.

### Journal entry data criteria – 31 March 2024



### What judgements are we focused on?

Using our analysers we are able to take a risk based approach to identify journals with a higher risk of management override, as outlined in our audit planning report.

### What did we do?

We obtained general ledger journal data for the period and have used our analysers to identify characteristics typically associated with inappropriate journal entries or adjustments, and journals entries that are subject to a higher risk of management override.

We then performed tests on the journals identified to determine if they were appropriate and reasonable.

### What are our conclusions?

We isolated a sub set of journals for further investigation and obtained supporting evidence to verify the posting of these transactions and concluded that they were appropriately stated.





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## Other Reporting Issues



# Other Reporting Issues

## Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the East Sussex Fire Authority Statement of Accounts 2023/24 with the audited financial statements

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the East Sussex Fire Authority Statement of Accounts 2023/24 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

## Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission. We cannot issue our Audit Certificate until these procedures are complete.

## Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 (the Act) to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We are also able to issue statutory recommendations under Schedule 7 of Section 27 of the Act. Statutory recommendations under Schedule 7 must be considered and responded to publicly and are shared with the Secretary of State.

We did not identify any issues which required us to issue a report in the public interest or issue statutory recommendations under Schedule 7.

# Other Reporting Issues (cont'd)

## Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Authority's financial reporting process. They include the following:

- ▶ Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- ▶ Any significant difficulties encountered during the audit;
- ▶ Any significant matters arising from the audit that were discussed with management;
- ▶ Written representations we have requested;
- ▶ Expected modifications to the audit report;
- ▶ Any other matters significant to overseeing the financial reporting process;
- ▶ Findings and issues around the opening balance on initial audits (if applicable);
- ▶ Related parties;
- ▶ External confirmations;
- ▶ Going concern;
- ▶ Consideration of laws and regulations; and
- ▶ Group audits.

We have no other matters to report.

# Other Reporting Issues (cont'd)

## ISA (UK) 315 (Revised): Identifying and Addressing the Risks of Material Misstatement

ISA 315 is effective from FY 2022/23 onwards and is the critical standard which drives the auditor's approach to the following areas:

- Risk Assessment
- Understanding the entity's internal control
- Significant risk
- Approach to addressing significant risk (in combination with ISA 330)

Given that we have disclaimed the 2022/23 audit of the financial statements we have undertaken ISA (UK) 315 (Revised) procedures for the first time in 2023/24.

The International Auditing & Assurance Standards Board (IAASB) concluded that whilst the existing version of the standard was fundamentally sound, feedback determined that it was not always clear, leading to a possibility that risk identification was not consistent. The aims of the revised standard is to:

- Drive consistent and effective identification and assessment of risks of material misstatement
- Improve the standard's applicability to entities across a wide spectrum of circumstances and complexities ('scalability')
- Modernise ISA 315 to meet evolving business needs, including:
  - how auditors use automated tools and techniques, including data analytics to perform risk assessment audit procedures; and
  - how auditors understand the entity's use of information technology relevant to financial reporting.
- Focus auditors on exercising professional scepticism throughout the risk identification and assessment process.

We set out the findings and conclusions from our work to implement ISA 315 in the table below.

Audit Procedures	Audit findings and conclusions
<p>We performed the following procedures:</p> <p>We identified the significant classes of transactions (SCOTs) and carried a walkthrough within each SCOT to ensure we understood the controls in place and identified the associated 'what could go wrongs' (WCGWs) for each SCOT.</p> <p>We then identified the IT applications that support the SCOT processes as we understood the critical path of controls.</p> <p>We then identified the IT applications relevant to the audit which are those that:</p> <ul style="list-style-type: none"><li>► Support and is relevant to the risk of material misstatement (i.e., WCGWs) identified for:<ul style="list-style-type: none"><li>- The SCOTs, at any point in the critical path, from initiation, recording to an IT application, processing, correcting (as necessary), reporting to the general ledger; or</li><li>- The Financial Statement Close Process and significant disclosure processes</li></ul></li><li>► Support the production or creation of information produced by the entity (IPE) that we plan to use in performing our audit procedures</li></ul> <p>We then updated our SCOTs summary to ensure all IT applications relevant to the audit are included. Once we had identified the IT applications that support the relevant controls and we gained a further understanding of the IT processes behind them.</p>	<p>We are satisfied that we have addressed the requirements of ISA 315 within our audit and that we have understood the IT controls relevant to our audit.</p>





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## Independence

# Independence - Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your company, and its directors and senior management and its affiliates, including all services provided by us and our network to your company, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

## Relationships

There are no relationships from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

## Services provided by EY

There are no services provided by EY from 1 April 2023 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

## EY Transparency Report

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2024:

[EY UK 2024 Transparency Report | EY - UK](#)

# Independence - Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

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

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our financial statements opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Authority; and
- ▶ The Authority has an effective control environment
- ▶ The Authority complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psaa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Authority should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee. Details of our proposed scale fee variations for the audit of the Authority are set out in the fee analysis on this page.

	Current Year	Scale fee	Prior Year
	£	£	£
Total Fee – Code Work	94,288	94,288	30,815 Note 1
Proposed scale fee variation 1	TBC Note 2	N/A	0
<b>Total other non-audit services</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total fees</b>	<b>TBC</b>	<b>94,288</b>	<b>TBC</b>

*All fees exclude VAT*

(1) Note 1 - PSAA Ltd, in line with the joint statement issued DLUHC (as at that date) and the FRC is responsible for the determination of the final audit fee in respect of 2022/23. In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

(2) We will discuss with the Assistant Director Resources & Treasurer any additional audit fee in relation to these matters on completion of the audit. Any increase from the scale fee also requires approval from PSAA.

We confirm that we have not undertaken non-audit work outside the NAO Code.





# 10 Appendices



# Appendix A – Summary of assurances

## Summary of Assurances

As we have set out in Section 5 and the Executive Summary of this report, we anticipate issuing a disclaimer of opinion on the 2023/24 financial statements. Due to the disclaimer of opinion issued on the 2022/23 financial statements, we do not have assurance over the comparative figures disclosed in the financial statements, the opening balance position on 1 April 2023, the closing reserves balances on 31 March 2024 or the in-year movements recorded in the Comprehensive Income and Expenditure Statement. This is considered material and pervasive to the 2023/24 financial statements. The table below summarises the audit work we have completed on the 2023/24 financial statements to demonstrate to the committee the level of assurance that has been obtained as a result of the financial statements audit.

Account area	Assurance rating	Summary of work performed
Property, Plant and Equipment ('PPE')	Partial	We have completed testing of the 2023/24 additions and disposals to the fixed asset register, audited the valuation of a sample of assets revalued in 2023/24 and performed procedures to obtain assurance over the existence of assets on the fixed asset register and the Authority's right to recognize those assets; however, until we are able to rebuild assurance over PPE additions, disposals and revaluations in the disclaimed periods, we are unable to obtain full assurance over the completeness and valuation of PPE at 31 March 2024.
Short Term Investments	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Short Term Debtors	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Cash and Cash equivalents	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.

# Appendix A – Summary of assurances (cont'd)

## Summary of Assurances

Account area	Assurance rating	Summary of work performed
Creditors (short and long term)	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Borrowings (short and long term)	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Provisions (short and long term)	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Grants received in advance	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Local Government Pension Scheme Liability	Substantial	We have completed our planned audit procedures in this area and have obtained assurance over the closing balance at 31 March 2024.
Reserves	None	We have completed our work on the movements in reserves in 2023/24 but, until we have completed our work programme on the rebuilding of assurance following the disclaimed audit opinions, we are unable to obtain assurance over the useable and unusable reserves of the Authority reported in the financial statements. We will provide more information on our proposed approach for rebuilding of assurance as part of our 2024/25 audit planning reports.
Comprehensive Income and Expenditure Statement	None	We have completed our planned testing on the Comprehensive Income and Expenditure Statement in 2023/24 but, as we do not have assurance over the opening balance position at 1 April 2023, we are unable to obtain assurance that all of the in-year movements recorded in the statement are accurate.

# Appendix B - Required communications with the Scrutiny & Audit Panel

## Required communications with the Scrutiny & Audit Panel

There are certain communications that we must provide to the Scrutiny & Audit Panel s of UK entities. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the Scrutiny & Audit Panel of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report at the Scrutiny & Audit Panel meeting on 16 May 2024
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"><li>• The planned scope and timing of the audit</li><li>• Any limitations on the planned work to be undertaken</li><li>• The planned use of internal audit</li><li>• The significant risks identified</li></ul> <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.</p>	Audit planning report at the Scrutiny & Audit Panel meeting on 16 May 2024
Significant findings from the audit	<ul style="list-style-type: none"><li>• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li><li>• Significant difficulties, if any, encountered during the audit</li><li>• Significant matters, if any, arising from the audit that were discussed with management</li><li>• Written representations that we are seeking</li><li>• Expected modifications to the audit report</li><li>• Other matters if any, significant to the oversight of the financial reporting process</li></ul>	Audit results report at the Scrutiny & Audit Panel meeting on 16 January 2025, <a href="#">and final ARR issued on 21 February 2025.</a>

# Appendix B - Required communications with the Scrutiny & Audit Panel (cont'd)

Our Reporting to you		
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"><li>• Whether the events or conditions constitute a material uncertainty related to going concern</li><li>• Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li><li>• The appropriateness of related disclosures in the financial statements</li></ul>	Audit results report at the Scrutiny & Audit Panel meeting on 16 January 2025, <a href="#">and final ARR issued on 21 February 2025</a> .
Misstatements	<ul style="list-style-type: none"><li>• Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li><li>• The effect of uncorrected misstatements related to prior periods</li><li>• A request that any uncorrected misstatement be corrected</li><li>• Material misstatements corrected by management</li></ul>	Audit results report at the Scrutiny & Audit Panel meeting on 16 January 2025, <a href="#">and final ARR issued on 21 February 2025</a> .



# Appendix B - Required communications with the Scrutiny & Audit Panel (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Fraud	<ul style="list-style-type: none"> <li>Enquiries of the Scrutiny &amp; Audit Panel to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving:               <ol style="list-style-type: none"> <li>Management;</li> <li>Employees who have significant roles in internal control; or</li> <li>Others where the fraud results in a material misstatement in the financial statements.</li> </ol> </li> <li>The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected</li> <li>Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud</li> <li>Any other matters related to fraud, relevant to Scrutiny &amp; Audit Panel responsibility.</li> </ul>	Audit results report at the Scrutiny & Audit Panel meeting on 16 January 2025, <a href="#">and final ARR issued on 21 February 2025</a> .
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>Non-disclosure by management</li> <li>Inappropriate authorisation and approval of transactions</li> <li>Disagreement over disclosures</li> <li>Non-compliance with laws and regulations</li> <li>Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report at the Scrutiny & Audit Panel meeting on 16 January 2025, <a href="#">and final ARR issued on 21 February 2025</a> .

# Appendix B - Required communications with the Scrutiny & Audit Panel (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"><li>• The principal threats</li><li>• Safeguards adopted and their effectiveness</li><li>• An overall assessment of threats and safeguards</li><li>• Information about the general policies and process within the firm to maintain objectivity and independence</li></ul> <p>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit planning report at the Scrutiny &amp; Audit Panel meeting on 16 May 2024</p> <p>Audit results report at the Scrutiny &amp; Audit Panel meeting on 16 January 2025, <a href="#">and final ARR issued on 21 February 2025.</a></p>

# Appendix B - Required communications with the Scrutiny & Audit Panel (cont'd)

## Our Reporting to you

Required communications	What is reported?	When and where
External confirmations	<ul style="list-style-type: none"><li>• Management's refusal for us to request confirmations</li><li>• Inability to obtain relevant and reliable audit evidence from other procedures.</li></ul>	Audit results report at the Scrutiny & Audit Panel meeting on 16 January 2025, and final <a href="#">ARR issued on 21 February 2025</a> .
Consideration of laws and regulations	<ul style="list-style-type: none"><li>• Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur</li><li>• Enquiry of the Scrutiny &amp; Audit Panel into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Scrutiny &amp; Audit Panel may be aware of</li></ul>	Audit results report at the Scrutiny & Audit Panel meeting on 16 January 2025, and final <a href="#">ARR issued on 21 February 2025</a> .
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"><li>• Significant deficiencies in internal controls identified during the audit.</li></ul>	Audit results report at the Scrutiny & Audit Panel meeting on 16 January 2025, and final <a href="#">ARR issued on 21 February 2025</a> .



# Appendix B - Required communications with the Scrutiny & Audit Panel (cont'd)

## Our Reporting to you

Required communications	What is reported?	When and where
Group Audits	<ul style="list-style-type: none"> <li>An overview of the type of work to be performed on the financial information of the components</li> <li>An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components</li> <li>Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work</li> <li>Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted</li> <li>Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements.</li> </ul>	<p>Audit planning report at the Scrutiny &amp; Audit Panel meeting on 16 May 2024</p> <p>Audit results report at the Scrutiny &amp; Audit Panel meeting on 16 January 2025, <a href="#">and final ARR issued on 21 February 2025.</a></p>
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> <li>Written representations we are requesting from management and/or those charged with governance</li> </ul>	<p>Audit results report at the Scrutiny &amp; Audit Panel meeting on 16 January 2025, <a href="#">and final ARR issued on 21 February 2025.</a></p>
System of quality management	<ul style="list-style-type: none"> <li>How the system of quality management (SQM) supports the consistent performance of a quality audit</li> </ul>	<p>Audit results report at the Scrutiny &amp; Audit Panel meeting on 16 January 2025, <a href="#">and final ARR issued on 21 February 2025.</a></p>
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> <li>Material inconsistencies or misstatements of fact identified in other information which management has refused to revise</li> </ul>	<p>Audit results report at the Scrutiny &amp; Audit Panel meeting on 16 January 2025, <a href="#">and final ARR issued on 21 February 2025.</a></p>
Auditors report	<ul style="list-style-type: none"> <li>Key audit matters that we will include in our auditor's report</li> <li>Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	<p>Audit results report at the Scrutiny &amp; Audit Panel meeting on 16 January 2025, <a href="#">and final ARR issued on 21 February 2025.</a></p>

# Appendix C – Outstanding matters

## Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility
The audit file is subject to our manager and partner review and quality assurance processes	Final reviews to be completed	EY
Whole of Government Accounts	Assurance statement to be sent to the NAO after the audit has been completed and the accounts signed	EY
Management representation letter	Receipt of signed management representation letter	Management and Scrutiny & Audit Panel
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	EY and management

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion.

# Appendix D - Accounting and regulatory update

## Accounting and regulatory update

### Accounting update

Since the date of our last report to the Scrutiny & Audit Panel, a number of new accounting standards and interpretations have been issued. The following table provides a high level summary of those that have the potential to have the most significant impact on you:

Name	Summary of key measures	Impact on East Sussex Fire Authority
IFRS 16 Leases	<ul style="list-style-type: none"><li>• CIPFA have confirmed there will be no further delay of the introduction of the leases standard IFRS 16.</li><li>• Assets being used by the authority under operating leases are likely to be capitalised along with an associated lease liability.</li><li>• Lease liabilities and right of use assets will be subject to more frequent remeasurement.</li><li>• The standard must be adopted by 1 April 2024 at the latest</li></ul>	<ul style="list-style-type: none"><li>• We have assessed the Authority's readiness to implement IFRS 16 as part of our 2023/24 programme of work. That assessment considered:<ul style="list-style-type: none"><li>• The Authority's processes to collect the required data.</li><li>• Whether reasonable accounting policy choices had been made.</li><li>• Whether relevant finance staff are familiar with the requirements of the CIPFA Code in this area and training has been provided.</li><li>• The transitional and ongoing accounting arrangements that have been established.</li><li>• Systems and processes to establish and distinguish between lease remeasurements and modifications.</li></ul></li></ul> <p>Based on this assessment we have concluded that the Authority has reasonable arrangements in place to support the adoption of IFRS 16 in 2024/25.</p>



# Appendix E – Management representation letter

Draft Management representation letter

Draft Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

**Ernst & Young**  
**400 Capability Green,**  
**Luton,**  
**LU1 3LU**  
**United Kingdom**

**Dear Elizabeth**

This letter of representations is provided in connection with your audit of the financial statements of East Sussex Fire Authority ("the Authority") for the year ended 31 March 2024. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Authority's financial position of East Sussex Fire Authority as of 31 March 2024 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

## A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

2. We acknowledge, as members of management of the Authority, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and are free of material misstatements, including omissions. We have approved the financial statements.

3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

4. As members of management of the Authority, we believe that the Authority has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, that are free from material misstatement, whether due to fraud or error.

5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because [\[specify reasons for not correcting misstatement\]](#).

AKO

A draft letter of representation is on the Canvas file under 'Obtain management representation letter'. Please review that and then if you are happy with it, I can pop it on here.

Alison Kennett, 2024-12-10T19:46:30.220

# Appendix E – Management representation letter

## Draft Management representation letter (cont'd)

## Draft Management Rep Letter (cont'd)

6. We confirm the Authority does not have securities (debt or equity) listed on a recognized exchange .

### **B. Non-compliance with law and regulations, including fraud**

1. We acknowledge that we are responsible to determine that the Authority's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.

2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.

3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Authority (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:

- involving financial improprieties;
- related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Authority's financial statements;
- related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Authority's activities, its ability to continue to operate, or to avoid material penalties;

- involving management, or employees who have significant roles in internal controls, or others; or

- in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

### **C. Information Provided and Completeness of Information and Transactions**

1. We 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 matters;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

2. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

3. We have disclosed to you the use of all applications or tools using artificial intelligence, including generative artificial intelligence, that are reasonably likely to have a direct or indirect material effect in the financial statements.

4. We have made available to you all minutes of the meetings of the Authority and Scrutiny & Audit Panel and Policy & Resources Panel (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: [\[list date\]](#).

5. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the [period] end. These transactions have been appropriately accounted for and disclosed in the financial statements.



# Appendix E – Management representation letter

## Draft Management representation letter (cont'd)

## Draft Management Rep Letter (cont'd)

6. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

7. We have disclosed to you, and the Authority has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.

8. From 5 December 2024 through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount

### D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.

2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.

3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

## E. Going Concern

1. Note 1.ii to the financial statements discloses all the matters of which we are aware that are relevant to the Authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

## F. Subsequent Events

1. There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

## G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises Narrative Statement and Annual Governance Statement.

2. We confirm that the content contained within the other information is consistent with the financial statements.

3. We confirm that the Annual Governance Statement for 2023/24 is a true reflection, in all material respects, of the governance arrangements and the effectiveness of those arrangements in 2023/24 and includes disclosure of all significant governance issues and findings relating to that financial year, through to the date of this letter.

# Appendix E – Management representation letter

## Draft Management representation letter (cont'd)

## Draft Management Rep Letter (cont'd)

### H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered, including the impact resulting from the commitments made by the Authority, and reflected in the financial statements.

2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, aligned with the statements we have made in the other information or other public communications made by us.

### I. Ownership of Assets

1. Except for assets capitalised under finance leases, the Authority has satisfactory title to all assets appearing in the balance sheet(s), and there are no liens or encumbrances on the Authority's assets, nor has any asset been pledged as collateral, other than those that are disclosed in Note 12 to the financial statements. All assets to which the Authority has satisfactory title appear in the balance sheet.

2. All agreements and options to buy back assets previously sold have been properly recorded and adequately disclosed in the financial statements.

3. We have no plans to abandon lines of product or other plans or intentions that will result in any excess or obsolete inventory, and no inventory is stated at an amount in excess of net realisable value.

4. There are no formal or informal compensating balance arrangements with any of our cash and investment accounts. Except as disclosed in Note 13 to the financial statements, we have no other line of credit arrangements.

### J. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

### K. Use of the Work of a Specialist

When the Authority has used the work of a specialist, we may include the following representation:

1. We agree with the findings of the specialists that we engaged to evaluate the IAS 19 pension fund liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

### L. Estimates

i.) Revaluation of land and buildings classified as property, plant and equipment; and

ii.) Pension liability and Property, Plant and Equipment asset valuation

1. We confirm that the significant judgments made in making the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation have taken into account all relevant information of which we are aware.

2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation.

3. We confirm that the significant assumptions used in making the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation appropriately reflect our intent and ability to carry out these valuations on behalf of the entity.

# Appendix E – Management representation letter

Draft Management representation letter (cont'd)

Draft Management Rep Letter (cont'd)

4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

5. We confirm that appropriate specialized skills or expertise has been applied in making the revaluation of land and buildings classified as property, plant and equipment, and the pension liability and asset valuation.

6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements.

## **M. Retirement benefits**

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

*Yours faithfully,*

\_\_\_\_\_  
(Assistant Director Resources & Treasurer)

\_\_\_\_\_  
(Chairman of the Scrutiny and Audit Panel)

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