

Responses from Management

General Enquiries of Management	
Auditor question	Response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2021/22?	McCloud remedy assumptions included in the IAS19 valuations LGPS IAS19 asset valuations – continued market uncertainty P,P&E valuations - continued market uncertainty Updated position on pensionability of allowances as still not fully resolved Unspent S31 grants (protection funding/Grenfell infrastructure/protection accreditation) cfwd via earmarked reserves Inflation rates impacting future PFI charges Year end debtor/reserve in respect of Business Rate reliefs
2. Have you considered the appropriateness of the accounting policies adopted by Lancashire Combined Fire authority?	Yes, accounting policy review carried out in March 2022 – slight clarification on treatment of capital receipts, but no policy changes required
Have there been any events or transactions that may cause you to change or adopt new accounting policies?	No
3. Is there any use of financial instruments, including derivatives?	No
4. Are you aware of any significant transaction outside the normal course of business?	No
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	No – an impairment review is being carried out as part of the annual valuation exercise.
6. Are you aware of any guarantee contracts?	No
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	No – we have an accrual relating to the backdating of pensionable allowances – this has not yet been resolved, but will be discussed further as part of year end audit.
8. Other than in house solicitors, can you provide details of those solicitors utilised by Lancashire Combined Fire Authority during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Analysis of legal fees paid during 2022 available at interim. We are involved in national issues such as the transitional pensions arrangement case but these are all done on a national basis with LFRS picking up a share of legal/advisor costs.

	<p>Other than that, solicitors are used to deal with Property matters, Insurance matters and Prosecutions.</p> <p>Details of contingent liabilities disclosed by directors and the in-house solicitor will be available at year end audit – but nothing material exists at the present time.</p>
9. Have any of Lancashire Combined Fire Authority's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	We have not used advisors to deal with any legal issues. Advisors are typically used to support Property issues (QS/architects/BREEAM etc)
Fraud Risk Assessment	
Auditor question	Response
<p>1. Have Lancashire Combined Fire Authority assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Authority's risk management processes link to financial reporting?</p>	<p>Due to the budget monitoring measures in place, and the reconciliation between DFM and the accounts, we assess ourselves to be at extremely low risk of the financial statements being materially misstated. Budgets are reviewed in detail at least quarterly with Finance/Dept Head/Director. Bi-annual departmental fraud risk assessments submitted to DoCS.</p> <p>During the year, quarterly check for duplicated AP transactions. Participation in the NFI, whistle blowing and anti-fraud policies. NFI checks ongoing, but nothing reportable as part of the audit yet.</p> <p>Financial risk is assessed as part of budget setting process, and incorporated into Reserves and Balances Policy Reduction in funding is one of the key risks on the corporate risk register</p>
2. What have you determined to be the classes of accounts, transactions, and disclosures most at risk to fraud?	<p>Potential areas of risk identified (same as previous year):</p> <ul style="list-style-type: none"> • Duplicated payments • Bank mandate fraud • Payroll • Pensions

	On that basis the NCoS and segmental reporting notes are most at risk of fraud.
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Lancashire Combined Authority as a whole or within specific departments since 1 April 2021?</p> <p>As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>No</p> <p>Via Audit Committee, i.e. Risk Management reported at each Audit Committee, outcomes of NFI considered by Audit Committee</p>
<p>4. Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Lancashire Combined Fire Authority where fraud is more likely to occur?</p>	<p>Potential areas of risk identified (same as previous year):</p> <ul style="list-style-type: none"> • Duplicated payments • Bank mandate fraud • Payroll • Pensions <p>No</p> <p>For the above risk areas – Headquarters departments (Finance, Procurement, HR/payroll), Local Pension Partnership (pensions provider), Greater Manchester Combined Authority (payroll provider)</p>
<p>5. What processes do Lancashire Combined Fire Authority have in place to identify and respond to risks of fraud?</p>	<p>Quarterly check for duplicate AP transactions, participation in NFI, whistle blowing and anti-fraud policies, induction process, employee code of conduct, agreed set of organisational values – STRIVE. Internal audit checks.</p>
<p>6. How do you assess the overall control environment for Lancashire Combined Fire Authority including:</p> <ul style="list-style-type: none"> • the existence of internal controls, including segregation of duties; and • the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p>	<p>We use internal audit annual reviews, in particular for our key financial systems. These reviews give substantial assurance.</p> <p>Quarterly check for duplicate AP transactions, participation in NFI, whistle blowing and anti-fraud policies, induction process, employee code of conduct, agreed set of organisational values – STRIVE.</p> <p>Quarterly budget monitoring review carried out with budget holder, director and head of</p>

<p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)?</p>	<p>finance. Overall financial position reported to Exec Board and Resources Committee roughly quarterly – differences between previous reports are reviewed and explained.</p> <p>No</p>
<p>7. Are there any areas where there is potential for misreporting?</p>	<p>No, not for material items – the size of the budget and the granular level of reporting make misreporting unlikely.</p>
<p>8. How do Lancashire Combined Fire Authority communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud?</p> <p>Have any significant issues been reported?</p>	<p>Induction process, employee code of conduct, agreed set of organisational values – STRIVE. Contractor terms and conditions.</p> <p>Whistle blowing & anti-fraud policies are on the intranet. They can also discuss with their manager or the Finance department.</p> <p>They are expected to report anything that doesn't 'feel right', so it can be investigated.</p> <p>No</p>
<p>9. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>LFRS do not have access to perform bank transactions (i.e. payments), other than an impress account with circa £40k balance, a prepaid debit card account with circa £10k balance. All other transactions must be actioned by LCC.</p> <p>Due to this, we do not consider that we have any high risk posts.</p>
<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>The Treasurer to the CFA is married to the Treasurer at Chorley & South Ribble Councils (note until the end of April 21 she was the Treasurer at Blackburn with Darwen Council), however transactions between LFRS and each council relate to Precepts, business rates income and property rates payments. All of this will be noted and evidenced in our RPT note and working papers.</p>

11. What arrangements are in place to report fraud issues and risks to the Audit Committee?	In the event of a fraud, contact would be made with the Chair and vice-chair of audit committee. Updates would be reported at the next available meeting.
How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?	Internal audit review reports are presented to Audit Committee at each meeting.
What has been the outcome of these arrangements so far this year?	No fraud or breaches of internal control in 21/22.
12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	No
13. Have any reports been made under the Bribery Act?	No
Laws and Regulations	
Auditor question	Response
1. How does management gain assurance that all relevant laws and regulations have been complied with?	Existence of the in-house solicitor and governance role of the Clerk to the CFA to provide guidance & advice
What arrangements does Lancashire Combined Fire Authority have in place to prevent and detect non-compliance with laws and regulations?	Prevention - Data protection policies and procedures; Environmental & H&S policies; HR policies Detection - Whistle blowing/anti fraud policies;
Are you aware of any changes to the Authority's regulatory environment that may have a significant impact on the Authority's financial statements?	No
2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?	Internal audit reviews and the annual governance report. Existence of the in-house solicitor and governance role of the Clerk to the CFA.
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2020 with an on-going impact on the 2021/22 financial statements?	No
4. Is there any actual or potential litigation or claims that would affect the financial statements?	Will be reviewing contingent liability position (& note) for all previously reported items. We request details of known items from

	<p>Directors and the solicitor at the end of March. We review all EL/PL insurance outstanding claims.</p> <p>The issue of pensionability of allowances has not yet been fully resolved, but will be discussed further as part of year end audit.</p>
5. What arrangements Lancashire Combined Fire Authority have in place to identify, evaluate and account for litigation or claims?	We request details of known items from Directors and the solicitor at the end of March. We review all EL/PL insurance outstanding claims. We also review the legal fees spend to identify any ongoing cases.
6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	No
Related Parties	
Auditor question	Response
<p>1. Have there been any changes in the related parties including those disclosed in Lancashire Combined Fire Authority's 2020/21 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and Lancashire Combined Fire Authority whether Lancashire Combined Fire Authority has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>No – we will issue the RPT disclosure form to all current CFA members this year. We gather evidence for any organisations disclosed. Not expected to be different to last year.</p> <p>CFA members constituent councils have business rates transactions, precepts etc, these will be gathered together for evidence as part of the year end WPs.</p>
2. What controls does Lancashire Combined Fire Authority have in place to identify, account for and disclose related party transactions and relationships?	We issue a questionnaire to all directors and CFA members at the end of March each year and analyse the disclosed organisations against AP/AR transactions.
3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	Significant transactions would largely be the precepts (CT and NNDR) income coming into LFRS – this is subject to the budget setting process and administered by LCC.
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	We don't have access to bank transactions outside of normal office hours, as LCC carry out these tasks on LFRS' behalf. There is no out of hours service.

Going Concern	
Auditor question	Response
<p>1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Lancashire Combined Fire Authority will no longer continue?</p>	<p>The annual budget setting process will identify whether we are able to continue to operate in the longer term, this includes our ability to set a balanced short and medium term budget, our assessment of the adequacy of reserves to meet short and medium term commitments, and the assessment of the robustness of our budget assumptions.</p> <p>The s151 officer has been able to set a balanced budget for 2022/23, negating the need for an unbalanced budget report to members in line with Section 114 of the Local Government Finance Act 1988 (England and Wales)</p> <p>The authority's forward financial planning arrangements indicate that the authority will be able to meet its obligations in the foreseeable future.</p> <p>There are no significant doubts about the forward financial planning arrangements of the authority, leading to uncertainty as to the projected financial position for the foreseeable future, as indicated by:</p> <ul style="list-style-type: none"> • We are currently forecasting a year end underspend of £0.2m, which will be reported to Resources Committee this month • The potential impacts of both Brexit and the Fair Funding review uncertainties were included in the assessment of reserves levels carried out for the 22/23 budget setting exercise concluded in February 2022 and are not considered to have changed significantly at this time • Our MTFS does not identify any funding gaps in future years, based on the assumption contained within it. • Our level of reserves and balances should be sufficient to cover any gaps that do occur in the short term, once future settlements have been announced. Providing sufficient time to implement permanent budget reductions, if required <p>In addition we produce an Annual Assurance Statement looking at operational, financial</p>

	<p>and governance issues which is reported to the Home Office, and this did not identify any significant gaps.</p> <p>The authority has not been subject to any external assessments that have identified that it is unsustainable. We are currently awaiting the outcome of the most recent round of inspections by HMICFRS, however no areas of concern were identified during this process.</p>
2. Are management aware of any factors which may mean for Lancashire Combined Fire Authority that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	No, we are not aware of any such factors
3. With regard to the statutory services currently provided by Lancashire Combined Fire Authority, does Lancashire Combined Fire Authority expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Lancashire Combined Fire Authority to cease to exist?	We expect to continue to deliver services for the foreseeable future,
4. Are management satisfied that the financial reporting framework permits Lancashire Combined Fire Authority to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes, we believe the statements should be prepared on a going concern basis and that doing so provides a faithful representation of the items in the financial statements
Accounting Estimates - General Enquiries of Management	
Auditor question	Response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	<p>PP&E – valuation, impairment & depreciation</p> <p>Pensions – valuation of liability & underlying assets</p> <p>Expenditure accruals – backdated pensionability £2.4m done 1920 accounts, this issue has not yet been fully resolved, hence we will provide an audit as part of the year end audit</p>

	Potential decision between accrual or contingent liability
2. How does the Authority's risk management process identify and addresses risks relating to accounting estimates?	Internal review of estimates and comparison to previous year position done by HoF and DoCS. This will be reporting to Audit Committee.
3. How do management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Use of the CIPFA code of practice for local govt accounts. Review of source data provided to external experts (PP&E, pensions) and comparison of assumptions and results between financial years.
4. How do management review the outcomes of previous accounting estimates?	Comparison of estimates to eventual actual transactions, use this to form future judgements. Use these to review and challenge current outcomes of estimates.
5. Were any changes made to the estimation processes in 2021/22 and, if so, what was the reason for these?	No changes made to the processes, however underlying assumptions are reviewed and potentially changed.
6. How do management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Review of skills held internally, and outsource identified gaps, using knowledge of reputable and appropriate experts.
7. How does the Authority determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	Review the underlying assumptions, and where there is material change, analyse to understand it and/or challenge the results.
8. How do management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	As per Q4 & Q7
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> • Management's process for making significant accounting estimates • The methods and models used • The resultant accounting estimates included in the financial statements 	Audit committee will have the estimates and bases of calculation reported to them for approval before the final accounts are produced.
10. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in the specific questions below)?	Will issue question to directors, at the same time as requesting RPT and CL information at the end of March. Responses required before end of April.
11. Are the management arrangements for the accounting estimates, as detailed in the specific questions below reasonable?	Yes

12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate?	From the new report they will receive, plus confidence from previous years' clean audit opinions.
Specific questions on key estimates Property, plant, and equipment valuation estimate	
Auditor question	Response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	As per 20/21 accounts - As at the valuation date, RICS consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. The emphasis is on the current degree of uncertainty, rather than adjusting those valuations. Review valuation for 21/22 for any similar risks of accuracy.
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used? Were any changes made to these methods or models in 2021/22, and if so what was the reason for the change?	The choice of valuation method applied to LFRS assets is prescribed by the Code dependent on use of asset In addition, the assets are subject to a rolling inspection valuation (or to value recent significant property works), with the intervening years being update by way of desktop valuation.– No changes made to the methods or models.
3. How do management select the assumptions used in respect of this accounting estimate? Were any changes made to these assumptions in 2021/22, and if so what was the reason for the change?	Asset life is an assumption, based on the condition of the building asset – these are compared to previous valuations to check for reasonableness. No changes to the basis of assumption in 21/22.
4. How do management select the source data used in respect of this accounting estimate? Were any changes made to this source data in 2021/22, and if so what was the reason for the change?	Valuers previous valuations + RICS indices for desktop valuations. Rolling inspections on the stock to ensure property information is up to date. No changes to the source data in 21/22
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	LFRS uses AMCAT Ltd (RICS qualified) for several years for property valuations, this arrangement is covered by an agreement, updated and signed annually. Appointed by direct appointment as the cost of the advice in line with procurement thresholds.

6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	Review the underlying assumptions, and where there is material change since the previous year, analyse to understand it and/or challenge the results with the expert.
7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Yes, adequate controls in place. Control effectiveness assessed by HoF/DoCS during year end process/statement of accounts review, and by external audit. Historically no control weaknesses identified.
8. Were any changes made to the key control activities this year? If so please provide details.	No
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	The estimate point (for this category either the value or asset life) is suggested by the expert as part of the valuation process. This suggestion is considered by HoF and DoCS as part of the year end process/statement of accounts review.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	For sensitivity analysis, we review both the valuation and the asset life point estimates and calculate (and disclose) what a shift in either would do to the overall carrying value.
Valuation of defined benefit net pension fund liabilities estimate	
Auditor question	Response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	The pensions accounting estimates are based on full membership data at a point in time, updated for recent membership numbers and cashflow activities in the year being valued. There is a risk of inaccurate cashflow and current member information being provided to each valuer (Mercers & GAD). These are addressed by use of pensions provider information verified against LFRS current payroll data. The cost of backdated pensionability, other than employers contributions and unauthorised tax charges, are assumed to fall on the Home office via the pensions Holding Account, however until such time as this issue is resolved there is a degree of uncertainty.
2. How do management select, or design, the methods, used in respect of this	The expert actuaries provide proposed assumptions prior to the valuation

<p>accounting estimate, including the models used?</p> <p>Were any changes made to these methods or models in 2021/22, and if so what was the reason for the change?</p>	<p>calculation, which are considered by management and adopted as part of the agreement. These assumptions can be amended by management, but historically have not been.</p> <p>No changes to the methods described for 21/22.</p>
<p>3. How do management select the assumptions used in respect of this accounting estimate?</p> <p>Were any changes made to these assumptions in 2021/22, and if so what was the reason for the change?</p>	<p>The expert actuaries provide proposed assumptions prior to the valuation calculation, which are considered by management and adopted as part of the agreement. These assumptions can be amended by management, but historically have not been.</p> <p>No changes to the methods described for 21/22.</p>
<p>4. How do management select the source data used in respect of this accounting estimate?</p> <p>Were any changes made to this source data in 2021/22, and if so what was the reason for the change?</p>	<p>LFRS provides cashflow data for the current year for both schemes – this data is based on the membership numbers provided by the pensions provider (Local Pension Partnership/LCC) and is cross referenced for reasonableness.</p> <p>No changes to the source data methods for 21/22</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>Yes, Mercers for LGPS scheme via LCC. GAD for the FF pension schemes (x4). Both are done by direct appointment as the cost of the advice in line with procurement thresholds.</p>
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>Review the underlying assumptions, and where there is material change since the previous year, analyse to understand it and/or challenge the results with the expert.</p>
<p>7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>Yes, adequate controls in place. Control effectiveness assessed by HoF/DoCS during year end process/statement of accounts review, and by external audit. Historically no control weaknesses identified.</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>No</p>

<p>9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?</p>	<p>The estimate point for various factors, such as discount rate, inflation, pay inflation and mortality rates are suggested by the experts as part of the valuation process. These factors affect the value of liabilities (of both schemes) or the LGPS assets. These suggestions are considered by HoF and DoCS as part of the year end process/statement of accounts review.</p>
<p>10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?</p>	<p>For sensitivity analysis, we review both the assumptions compared to the valuation estimate results and calculate (and disclose) what a shift in any of the factors disclosed above would do to the overall carrying value.</p>
<p>Income and Expenditure accruals estimate</p>	
<p>Auditor question</p>	<p>Response</p>
<p>1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?</p>	<p>Significant items: Pension liability re McCloud remedy assumed impacts – GAD have calculated an assumption about ‘better of’ benefits for affected members – as yet we do not have individual calculations to measure these against. In 19/20 this approach added £1.2m to current service costs, and £2.9m to past service costs. This approach remains in place. The cost of backdated pensionability, other than employers contributions and unauthorised tax charges, are assumed to fall on the Home Office via the pensions Holding Account, however until such time as this issue is resolved there is a degree of uncertainty. The service is currently carrying an accrual of £2.4m of the share of costs it will bear, the accuracy of this will be reviewed as part of the year end process. Due to the additional NNDR reliefs offered during 21/22 which had not been funded, billing authorities received S31 grant, part of which relates to precepting authorities but will only be paid to LFRS in Q4 22/23, but relates to 21/22. This amount will be accrued at year end, a balance of £1.1m has been allowed in the accounts. The method of estimating is broadly consistent with last year and reflects billing authorities best available data</p>

<p>2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?</p> <p>Were any changes made to these methods or models in 2021/22, and if so what was the reason for the change?</p>	<p>The methods used depend on the individual circumstances, as described above.</p> <p>No new methods applied for 21/22.</p>
<p>3. How do management select the assumptions used in respect of this accounting estimate?</p> <p>Were any changes made to these assumptions in 2021/22, and if so what was the reason for the change?</p>	<p>Reviewed on a case by case basis, by HoF and DoCS, comparison to the previous year, ensuring that relevant Code guidance is followed.</p> <p>No changes to assumptions in 21/22.</p>
<p>4. How do management select the source data used in respect of this accounting estimate?</p> <p>Were any changes made to this source data in 2021/22, and if so what was the reason for the change?</p>	<p>Use of actual data to perform calculations, verified back to financial monitoring.</p> <p>No changes to source data in 21/22.</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>No</p>
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>Review of the financial position reported to Resources Committee by DoCS. Comparison between financial monitoring and statement of accounts.</p>
<p>7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>Budgetary controls at department and organisational levels, variances reviewed and considered. Internal audit reviews of KFS and reporting – no control issues identified.</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>No</p>
<p>9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?</p>	<p>Different dependent on which estimation above – but these are based on actual data, with reduced estimation uncertainty as a result.</p>
<p>10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the</p>	<p>As the majority of the estimates in this section are based on actual amounts, there is limited sensitivity.</p>

range of reasonably possible outcomes for disclosure in the financial statements?	
Depreciation estimate	
Auditor question	Response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	The depreciation calculation relies on the amount of the valuation and the remaining life assigned by property. Although the life is the judgement of the expert (RICS qualified), there is no material risk of inaccuracy.
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used? Were any changes made to these methods or models in 2021/22, and if so what was the reason for the change?	The basis of depreciation is set out in our accounting policies, and is in line with current code requirements and best practice. No changes to methods 21/22.
3. How do management select the assumptions used in respect of this accounting estimate? Were any changes made to these assumptions in 2021/22, and if so what was the reason for the change?	The asset lives are compared to those in the previous year and any unexpected differences are reviewed and discussed with the valuer. No changes in 21/22.
4. How do management select the source data used in respect of this accounting estimate? Were any changes made to this source data in 2021/22, and if so what was the reason for the change?	The property asset register used each year is the final version from the previous year. No changes in 21/22.
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	LFRS has used AMCAT Ltd (RICS qualified) for several years for property valuations, this arrangement is covered by an agreement, updated and signed annually. Appointed by direct appointment as the cost of the advice in line with procurement thresholds.
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	Review the underlying assumptions, and where there is material change since the previous year, analyse to understand it and/or challenge the results with the expert.
7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is	Yes, adequate controls in place. Control effectiveness assessed by HoF/DoCS during year end process/statement of accounts review, and by external audit. Historically no control weaknesses identified.

the robustness of the key controls assessed?	
8. Were any changes made to the key control activities this year? If so please provide details.	No
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	The estimate point (for this category either the value or asset life) is suggested by the expert as part of the valuation process. This suggestion is considered by HoF and DoCS as part of the year end process/statement of accounts review.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	For sensitivity analysis, we review both the valuation and the asset life point estimates and calculate (and disclose) what a shift in either would do to the depreciation charge.