

Public Document Pack



To: All Members of the Audit Committee

R. Groves
Monitoring Officer

Tel: 0151 296 4000
Extn: 4124 Ally Kirby

Our ref AK/RG

Date: 24 September 2025

Dear All,

You are invited to attend a meeting of the **AUDIT COMMITTEE** to be held at **13:00** on **THURSDAY, 2ND OCTOBER 2025** in the Liverpool Suite at Merseyside Fire and Rescue Service Headquarters, Bridle Road, Bootle.

The meeting will be available to watch via YouTube on the following link:

<https://youtube.com/live/D90Jk6FUyEs?feature=share>

Yours faithfully,

PP – A Kirby

Monitoring Officer

Encl.

MERSEYSIDE FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

2 OCTOBER 2025

AGENDA

Members

Councillor Jeanie Bell (Chair)
Councillor Sam Gorst
Councillor Andrew Makinson
Councillor Grahame McManus
Councillor Lynn O'Keeffe
Councillor Chris Page
Co-opted Member Anthony Boyle

1. Apologies

To consider any apologies for absence.

2. Declarations of Interest

To consider any declarations of interest in relation to any item on the agenda.

3. Minutes of the Last Meeting (Pages 3 - 10)

To consider the minutes of the last meeting held on 26th June 2025.

4. Forvis Mazars (MFRA External Auditors) Audit Strategy Memorandum 2024/25 (Pages 11 - 50)

To consider the Forvis Mazars (MFRA External Auditors) Audit Strategy Memorandum 2024/25 (DFP/10/2526).

MERSEYSIDE FIRE AND RESCUE AUTHORITY

AUDIT COMMITTEE

26 JUNE 2025

MINUTES

Present: **Councillors Jeanie Bell (Chair)**, Sam Gorst, Andrew Makinson, Grahame McManus, Lynn O'Keeffe and Chris Page

Also Present:	Chief Fire Officer	Nick Searle
	Director of Finance and Procurement	Mike Rea
	Monitoring Officer	Ria Groves

1. Apologies for Absence

Apologies for absence were received from Co-opted Member, Mr Anthony Boyle.

2. Declarations of Interest

There were no declarations of interest in relation to any item on the agenda.

3. Minutes of the Last Meeting

RESOLVED that the minutes of the last meeting held on 25th February 2025 be agreed as accurate record.

4. Treasury Management 2024-25 Annual Report

Director of Finance and Procurement, Mike Rea introduced the report, informing Members of the activities of the Treasury Management operations and actual performance against the agreed Prudential Indicators in 2024/25.

Members noted that the Treasury Management Strategy as part of the 2024/25 Budget and Medium-Term Financial Plan was approved during the Authority Budget meeting held in February 2024.

Mike Rea highlighted that Members had received consistent updates regarding the Treasury Management performance against the strategy, as part of the quarterly financial reviews and the interim Treasury Management reports throughout 2024/25. The report also informed Members of the outturn position for Treasury Management operational activities and its performance for 2024/25.

Members' attention was drawn to paragraph 8, page 13 of the report where it was verified that the Treasury Management for the year had adhered with the

approved strategy and remained within the borrowing and Treasury Management limits set by the Authority at the beginning of the year.

Members were drawn to Appendix A, pages 17-22, which summarised the Treasury Management activity for 2024/25. Mike Rea confirmed that there was no new borrowing arranged within the year. The outstanding debt remained at £33.7 million and that the Authority's investments rose from £26 million to £47 million.

Mike Rea confirmed that all Treasury Management activities had been executed in accordance with the applicable Codes and Statutes, and within the borrowing and Treasury Management limits set by the Authority under the prudential code.

Councillor McManus queried whether the Authority's outstanding debt was a rolling debt. Mike Rea stated that it was a long-term debt that would not be completely paid off for a further 10 years. It was noted that the Finance department had looked into restructuring the debt to a lower interest rate, but since the debt was with the Public Works Loan Board, the payments to settle the debt would stay just as high for the current interest charges under the agreement.

RESOLVED that the Treasury Management Annual Report 2024/25 (attached as Appendix A) be noted.

5. Annual Governance Statement 2024-25

Director of Finance and Procurement, Mike Rea introduced the report, advising Members that the Authority was required to produce an Annual Governance Statement reviewing the governance arrangements and systems of internal control for the reporting year. Attention was drawn to the Statement (Appendix A) noting that the requirement had been met.

Mike Rea highlighted Section 3.0 (pages 30 to 33) which outlined key elements of the governance and internal control systems and processes that were in place, while Section 4.0 (pages 33 to 39) considered the effectiveness of these systems and processes.

Members noted that the year-end review confirmed that the current governance and internal control arrangements continued to be regarded as fit for purpose and in accordance with the governance framework highlighting assurance overall of the effectiveness of the Authority's system of internal control.

Councillor Bell drew attention to page 31, where the People Plan 2024-27 was detailed and it was requested for the plan to be recirculated to Members.

RESOLVED that the 2024/25 Annual Governance Statement be approved.

6. Forvis Mazars Audit Strategy Memorandum 2024-25

Director of Finance and Procurement, Mike Rea introduced the report noting its purpose to present to Members the Forvis Mazars Audit Strategy Memorandum,

which outlined the auditing approach to the Authority's 2024/25 Financial Statements.

It was advised that the plan considered the risks, materiality and other matters Forvis Mazars had identified in their audit planning process, and the value for money work to be carried out.

Katie Kingston, Senior Audit Manager at Forvis Mazars, presented the draft Audit Strategy Memorandum for 2024/25 to Members which outlined the external auditor's risk-based planning approach. Members noted that it was still in draft form pending a few planning confirmations. It was highlighted that there were no significant changes expected before the final version would be issued.

Highlighting that the plan was risk based, it was confirmed that initial planning had begun, with main audit fieldwork scheduled from October 2025 and the audit opinion expected before year-end, ahead of the statutory deadline for the Authority to publish the audited accounts, February 2026.

Katie Kingston noted that the materiality had been provisionally set at £2.5 million (1.8% of the Authority's gross revenue expenditure), based on prior year figures, which may be adjusted once updated financial data was received from officers.

Members were advised that three areas of significant audit risks had been identified: the presumed risk of management override of controls, and the valuations of both the defined benefit pension scheme and valuation of property plant and equipment. There were highlighted as areas which involved high value figures, that required complex judgement.

Katie Kingston highlighted that no risks of significant weaknesses had been identified in relation to value for money work, which was now required to be completed by the end of November 2025. It was noted that the timeline preceded the completion of the financial audit publishing, but it was emphasised that it was not expected to cause any issues.

Katie Kingston noted that an increase to the core audit fee had been proposed to reflect recurring additional work. It was highlighted that the remainder of the report contained standard content required under auditing standards.

Councillor Page referred to the risk-based approach diagram on page 55 and queried whether the identified key risk areas, beyond the standard risk of management override, were informed by findings specific to Merseyside Fire and Rescue Authority (MFRA), whether these were prescribed risks common across the Fire and Rescue Services or if they reflected in generic risk categories.

Katie Kingston explained that the audit team at Forvis Mazars held regular discussions with Officers to identify any changes or new developments throughout the year. Members were advised that the key risks identified remained consistent with the previous year. While management override was a standard presumed risk, the other risks relating to the valuation of the defined

benefit pension scheme and property, plant, and equipment were not prescribed but were common across the sector. It was noted that the plan remained risk-based and would be adjusted if new information emerged.

Councillor Bell asked whether Mike Rea and his team were confident they had mitigated the risks identified in the audit document, particularly regarding potential delays in providing information. Councillor Bell referred specifically to the section on page 67 and requested a brief overview.

In response, Mike Rea confirmed that the Finance Team had updated the year end process as part of the Finance Functional Plan. It was noted that the format and presentation of the Statement of Accounts had been revised, along with improvements to the supporting working papers. Members noted that the Chief Accountant of Finance, had prepared comprehensive working papers to be shared at the start of the audit and would address all other requests for information in a timely manner. Mike Rea also highlighted an application which was used within the Finance Department to manage audit requests and responses, allowing for clear tracking and prompt communication throughout the process in a timely manner. Katie Kingston clarified that the wording on the referenced page indicated that any issues arising during the audit would be reported to Members. She confirmed that this did not imply any past issues with the Authority, stating clearly that no such issues had been experienced.

RESOLVED that the Forvis Mazars 2024/2025 Audit Strategy Memorandum and the timing of the Authority's 2024/2025 audit of the financial statements be noted.

7. 2024/25 Annual Year-End Internal Audit Report and Opinion

Director of Finance and Procurement, Mike Rea, introduced the report providing Members with the Annual Year-End Internal Audit Report and Opinion for 2024/25. Members were reminded that the internal audit function was provided by Liverpool City Council. It was noted that Internal auditors had been on site in recent months completing the planned audits.

Jonathan Brookman, the lead Audit Manager, from Liverpool City Council presented the Internal Audit Annual Report. It was noted that the overall opinion, detailed on page 88 confirmed substantial assurance that systems of internal control within the Authority were operating effectively for 2024/25.

Members were drawn to page 90, which highlighted the fundamental system audits, including areas such as payroll and creditors. It was noted that the results of two strategic audits were also detailed within the report.

Jonathan Brookman noted that page 92 displayed five new recommendations, which would be followed up as they became due, and that 21 recommendations from previous audits remained outstanding and would be actively followed up over the next year.

It was highlighted that the Internal Audit Charter had been revised to reflect new global internal auditing standards effective from 1 April 2025, which was outlined on pages 103 of the report.

Councillor Bell discussed the internal audit opinion on page 88, welcoming positive progress in standard reporting, incident management, and resource use. However, Councillor Bell explained that further attention was needed on enforcement powers, embedding values and behaviours across all levels, and improving leadership, values and diversity. Councillor Bell queried how these issues would be addressed and how feedback would be used to support continuous improvement.

The Chief Fire Officer, Nick Searle discussed culture within the sector and emphasised that the Authority had implemented significant changes over the past 12 months. It was noted that these changes were driven by the Authority's Cultural Action Plan which was informed by HMICFRS's Misconduct in the Fire Service Report

Chief Fire Officer, Nick Searle highlighted that the Service was actively addressing room for improvement and that the Authority took the approach to culture seriously. Members' attention was drawn to notable improvements implemented in recruitment, training, and the review of disciplinary and grievance procedures.

Councillor Bell sought clarification on the Authority's use of enforcement powers. Monitoring Officer, Ria Groves advised that the Authority were utilising the powers from the Fire Safety Order to review all enforcement of premises. Members were advised that a review of processes had been undertaken, and Members were assured that if efforts failed to ensure fire safety the Authority had processes in place to prosecute those responsible.

Monitoring Officer, Ria Groves reminded Members that Culture and Enforcement and Prosecution were part of the Scrutiny Forward Work Plan 2025-26 and would be scrutinised effectively.

Councillor O'Keeffe highlighted the outstanding 21 recommendations on page 92, from past years. She queried what the timeline was for these recommendations and if it was usual to carry 21 over to the next year. Johnathan Brookman clarified that specific recommendations were assigned to individual Officers including, consumable stores orders, change of Officers and a restructure within the Finance department.

Mike Rea mentioned that the Authority had performed well in past audits. However, some recommendations may not be relevant as processes change, for example changes had been made regarding the store's audit, highlighting that several recommendations were implemented during COVID-19. It was reported that the Authority had held a surplus of stock for various reasons, which was why an adjustment had been made to this year's audit plan to review it and Members noted that many processes had been put into action as per the recommendations.

Councillor Bell requested clarification of the sanction outlined in section 3.8, stating that it was not easily understood. She requested a simplified explanation, assurance on how the matter was being addressed, and what measures were in place. Mike Rea clarified that section 3.8 related to an expenses audit and noted that the current Service Instruction (SI) for claiming expenses lacked detail on the consequences of noncompliance with procedure.

Members noted that the risk identified was that failure to follow the SI could lead to procedural breaches. The recommendation was to revise the SI to include a clear statement that non-compliance may result in disciplinary action, and that deliberate falsification of claims or supporting evidence would be treated as gross misconduct. Mike Rea advised Members that internal management accepted the recommendation, and that the SI would be updated within the current financial year.

Mike Rea focused on another recommendation regarding instances where scale rate allowances were exceeded without recorded justification. It was suggested that this raised a risk that value for money may not be obtained. It was reported that the recommendation outlined that Officers should be reminded to provide clear justification whenever a claim exceeds the standard scale rate.

It was reported that internal management accepted the recommendation and that where scale rates were exceeded, employees would be required to support their claims with receipts.

RESOLVED that the contents of the Internal Audit report for 2024/25 be noted.

8. 2025/26 Internal Audit Plan

Director of Finance and Procurement, Mike Rea introduced the report and presented the Internal Audit Plan for 2025/26.

Members were advised that the report included a review of fundamental financial systems to provide assurance to the Authority, the Director of Finance & Procurement, and the External Auditors that appropriate financial administration and internal control standards had been met. It was noted that 40 audit days had been allocated to complete this work.

Additionally, it was reported that a further 38 audit days had been assigned to five strategic reviews for 2025/26 which had been agreed by Internal Audit and the Strategic Leadership Team (SLT). Members noted that the remaining audit days would cover contingency work, including investigations, advice and assistance, a follow-up of previous audit recommendations, and audit management.

Councillor Page referred to Appendix A and raised the importance of Business Continuity, questioning whether it was subject to regular minor reviews in addition to the proposed Audit plan scheduled for next year, which would scrutinise the Authority's Business Continuity. Chief Fire Officer, Nick Searle, clarified that the current audit focused on internal Business Continuity. He confirmed that in the event of an incident, such as a loss of power at Service

Headquarters, a Business Continuity team was in place, with departmental champions who regularly conducted exercises. Members were advised that Business Continuity arrangements were subject to ongoing scrutiny across all departments.

Councillor Makinson referred to Item 5 in Appendix A, questioning the need for continued focus on cash management processes, given the limited extent of cash handling within the Service. Mike Rea explained that this was a new area of focus following the Service's lead role in International Search and Rescue (UKISAR) deployments with the Foreign, Commonwealth & Development Office. In such deployments, cash would be provided in advance, requiring the establishment of new processes and secure storage. Mike Rea assured Members that Internal Audit would review the internal controls to ensure proper oversight of cash inflows and outflows.

The Chief Fire Officer added that, as lead for UKISAR, the Service may be deployed anywhere globally, often requiring the use of US dollars or other local cash equivalents, making robust cash management essential.

Councillor McManus queried the inclusion of a section on the implementation of previous audit recommendations in Appendix A, asking whether this was a new addition and expressing concern about not having previously been aware of any backlog. Mike Rea clarified that previous audit recommendations were reviewed on an ongoing basis. It was noted that the accounting team regularly contacted audit leads for updates, which were then shared with Internal Audit for verification. It was highlighted that this process covered both current and prior year recommendations.

Jonathan Brookman, the lead Internal Auditor advised that some recommendations were closed throughout the year following assessment of the information submitted by managers. It was also noted that Internal Audit determined whether the action taken was sufficient to close the recommendation or if further work was required.

Councillor Bell requested that, when reporting back on the year-end report, reference to be made regarding the standards set out by the Fire Standards Board under Audit and Governance to demonstrate compliance.

RESOLVED that Members;

- a) any comments or opinions they might have on the proposed audit plan be considered; and
- b) the 2025/26 Internal Audit Plan be approved.

Close

Date of next meeting, Thursday, 2nd October 2025.

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MERSEYSIDE FIRE AND RESCUE AUTHORITY			
MEETING OF THE:	AUDIT COMMITTEE		
DATE:	02 OCTOBER 2025	REPORT NO:	DFP/10/2526
PRESENTING OFFICER	DIRECTOR OF FINANCE AND PROCUREMENT, MIKE REA		
RESPONSIBLE OFFICER:	DIRECTOR OF FINANCE AND PROCUREMENT, MIKE REA	REPORT AUTHOR:	DIRECTOR OF FINANCE AND PROCUREMENT, MIKE REA
OFFICERS CONSULTED:	STRATEGIC LEADERSHIP TEAM		
TITLE OF REPORT:	FORVIS MAZARS (MFRA EXTERNAL AUDITORS) AUDIT STRATEGY MEMORANDUM 2024/2025		

APPENDICES:	APPENDIX A: FORVIS MAZARS AUDIT STRATEGY MEMORANDUM FOR YEAR ENDING 2024/25
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Purpose of Report

1. To present to Members the updated Forvis Mazars Audit Strategy Memorandum that outlines the Auditor's approach to auditing the Authority's 2024/2025 financial statements.

Recommendation

2. It is recommended that Members note the updated Forvis Mazars 2024/2025 Audit Strategy Memorandum and the updated timing of the Authority's 2024/2025 audit of the financial statements.

Introduction and Background

3. The Authority is required to prepare a set of financial statements annually as required by the relevant codes and regulations. The deadline for the production of the 2024/25 unaudited financial statements is the end of June 2025.
4. The financial statements must then be audited by an independent auditor, who will then issue an opinion on the statements. Members will be aware that the Authority chose to opt into the Public Sector Audit Appointments (PSAA) national scheme for the appointment of the Authority's Auditors. Forvis Mazars were appointed as the Authority's Auditor.
5. Between 8th February and 7th March 2024 the then Department for Levelling-Up Housing and Communities (DLUHC) consulted on amending the Accounts and Audit Regulations 2015 as part of measures to tackle the backlog of unaudited

local body accounts in England. The proposals consulted upon included setting a statutory backstop date to clear the backlog of unaudited accounts up-to-and-including financial year 2022/23. They also included setting backstop dates for financial years 2024/25 to 2027/28 to enable the local audit system to recover.

6. Following the consultation the government set the following statutory deadlines for these years:
 - 2024/25: 27th February 2026
 - 2025/26: 31st January 2027
 - 2026/27: 30th November 2027
 - 2027/28: 30th November 2028
7. It is the aspiration of the government and key local audit system partners that, in the public interest, local audit recovers as early in this five-year period as possible.
8. For financial years 2024/25 to 2027/28, the date by which MFRA should publish 'draft' (unaudited) accounts will change from 31st May to 30th June following the financial year to which they relate.
9. Forvis Mazars presented their draft Audit Strategy Memorandum to Members at the Audit Committee on the 26th June 2025 (DFP/05/2526). The Audit Strategy Memorandum has been updated for the following:
 - a. The Audit Team Assistant Manager change to Karen Makusha – page 7
 - b. Updated timetable – page 12
 - c. Updated materiality – page 15
 - d. Updated significant risks to include IFRS 16 – page 21
10. Members are asked to note Forvis Mazars Audit Strategy Memorandum Report as attached to this report as Appendix A.

Equality and Diversity Implications

11. There are no equality and diversity implications contained within this report.

Staff Implications

12. There are no staff implications contained within this report.

Legal Implications

13. The regulations require the unaudited financial statements for 2024/25 to be prepared by 30th June 2025, and the statements to be audited by 27th February 2026.

Financial Implications & Value for Money

14. The 2024/2025 external audit fee, £107,717 has been included within the budget.

Risk Management and Health & Safety Implications

15. Failure to prepare the financial statements or have them audited within the statutory deadlines may have an adverse impact on the Authority's financial management reputation.

Environmental Implications

16. There are no environmental implications contained within this report.

Contribution to Our Vision: To be the best Fire & Rescue Service in the UK.

Our Purpose: Here to serve, Here to protect, Here to keep you safe.

17. The achievement of sound financial administration and value for money arrangements is essential if the Service is to achieve the Authority's vision.

BACKGROUND PAPERS

DFP/05/2526 FORVIS MAZARS (MFRA EXTERNAL AUDITORS) AUDIT STRATEGY
MEMORANDUM 2024/2025 DRAFT

GLOSSARY OF TERMS

DLUHC	Department for L evelling U p, H ousing and C ommunities
MFRA	M erseyside F ire and R escue A uthority
PSAA	P ublic S ector A udit A ppointments

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Audit Strategy Memorandum

Merseyside Fire and Rescue Authority– Year ending 31 March 2025

October 2025

Audit Committee
Merseyside Fire and Rescue Authority
Fire Service Headquarters
Bridle Road
Bootle
L30 4YD

Forvis Mazars
One St Peters Square
Manchester
M2 3DE

2 October 2025

Dear Audit Committee Members,

Audit Strategy Memorandum – Year ending 31 March 2025

We are pleased to present our Audit Strategy Memorandum for Merseyside Fire and Resue Authority for the year ending 31 March 2025.

This report summarises our audit approach, including the significant audit risks and areas of key judgement we have identified, and provides details of our audit team. In addition, as it is a fundamental requirement that an auditor is, and is seen to be, independent of an audited entity, the section of the report titled '*Confirmation of our independence*' summarises our considerations and conclusions on our independence as auditors.

Two-way communication with you is key to a successful audit and is important in:

- Reaching a mutual understanding of the scope of the audit and our respective responsibilities;
- Sharing information to assist each of us to fulfil our respective responsibilities;
- Providing you with constructive observations arising during the audit process; and
- Ensuring that we, as external auditors, gain an understanding of your attitude and views in respect of the internal and external operational, financial, compliance, and other risks facing Authority which may affect the audit, including the likelihood of those risks materialising and how they are monitored and managed.

With that in mind, this report, which has been prepared following our initial planning discussions with management, facilitates a discussion with you on our audit approach. We welcome any questions, concerns, or input you may have on our approach or role as auditor.

This report also contains appendices that outline our key communications with you during the audit.

Providing a high-quality service is extremely important to us and we strive to provide technical excellence with the highest level of service quality, together with continuous improvement to exceed your expectations. If you have any concerns or comments about this report or our audit approach, please contact me on 0161 238 9248.

This report was prepared solely for the use and benefit of the members of the Audit Committee and to the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

Yours faithfully



Karen Murray

Forvis Mazars

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	Appendix B – Current year updates, forthcoming accounting and other issues

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This document is to be regarded as confidential to Merseyside Fire and Rescue Authority. It has been prepared for the sole use of the Audit Committee as the appropriate sub-committee charged with governance. No responsibility is accepted to any other person in respect of the whole or part of its contents.

Engagement and responsibilities summary

Engagement and responsibilities summary

We are appointed to perform the external audit of Merseyside Fire and Rescue Authority (the Authority) for the year to 31 March 2025. The scope of our engagement is set out in the Statement of Responsibilities of Auditors and Audited Bodies, issued by Public Sector Audit Appointments Ltd (PSAA) available from the PSAA website: [Statement of responsibilities of auditors and audited bodies from 2023/24](#). Our responsibilities are principally derived from the Local Audit and Accountability Act 2014 (the 2014 Act) and the Code of Audit Practice issued by the National Audit Office (NAO), as outlined below.

Audit opinion

We are responsible for forming and expressing an opinion on whether the financial statements are prepared, in all material respects, in accordance with the Code of Practice on Local Authority Accounting.

Our audit does not relieve management or the Audit Committee, as those charged with governance, of their responsibilities.

The Director of Finance & Procurement is responsible for the assessment of Merseyside Fire and Rescue Authority's ability to continue as a going concern. As auditors, we are required to obtain sufficient, appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists, and
- the appropriateness of the Director of Finance & Procurement's use of the going concern basis of accounting in the preparation of the financial statements.

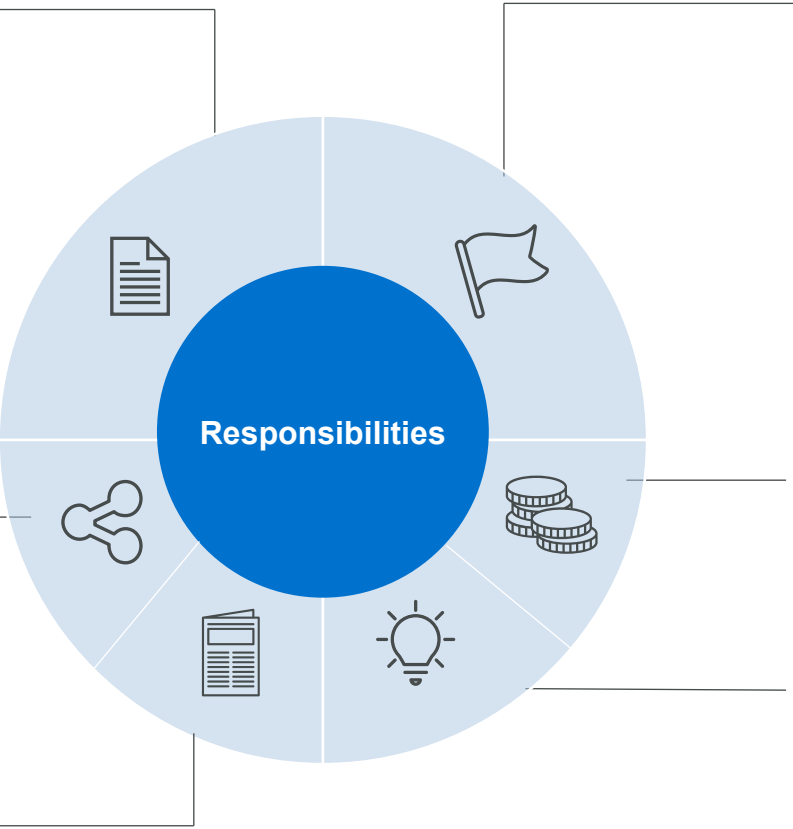
Internal control

Management is responsible for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We are responsible for obtaining an understanding of internal control relevant to our audit and the preparation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Merseyside Fire and Rescue Authority's internal control.

Whole of Government Accounts

We report to the NAO on the consistency of the Authority's financial statements with its Whole of Government Accounts (WGA) submission.



Fraud

The responsibility for safeguarding assets and for the prevention and detection of fraud, error, and non-compliance with law or regulations rests with both you and management. This includes establishing and maintaining internal controls over asset protection, compliance with relevant laws and regulations, and the reliability of financial reporting.

As part of our audit procedures in relation to fraud, we are required to inquire of you and key management personnel on their knowledge of instances of fraud, and their views on the risks of fraud and on internal controls that mitigate those risks. In accordance with International Standards on Auditing (UK), we plan and perform our audit to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. However, our audit should not be relied upon to identify all such misstatements.

Value for money

We are also responsible for forming a view on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources. We discuss our approach to Value for Money work further in the 'Value for Money' section of this report.

Wider reporting and electors' rights

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounts of the Authority and consider objections made to the accounts. We also have a broad range of reporting responsibilities and powers that are unique to the audit of local authorities in the United Kingdom.

02

Your audit team

Your audit team

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Karen Murray
Audit Partner

Email: karen.murray@mazars.co.uk
Telephone: +44 (0)161 238 9248



Katie Kingston
Senior Manager

Email: katie.Kingston@mazars.co.uk
Telephone: +44 (0)161 238 9253



Karen Makusha
Assistant Manager

Email: karen.makusha@mazars.co.uk
Telephone: +44 (0)161 238 9102

03

Audit scope, approach, and timeline

Audit scope, approach, and timeline

Risk-based Approach



Audit scope, approach, and timeline

Audit scope

Our audit is designed to provide an audit that complies with all professional requirements.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with Code of Audit Practice. Our work is focused on those aspects of your business which we consider to have a higher risk of material misstatement, such as those impacted by management judgement and estimation, application of new accounting standards, changes of accounting policy, changes to operations, or areas found to contain material errors in the past.

Audit approach

Our audit approach is risk-based. The nature, extent, and timing of our audit procedures are primarily driven by the areas of the financial statements we consider to be more susceptible to material misstatement. Following our risk assessment where we assess inherent risk factors (subjectivity, complexity, uncertainty, change and susceptibility to misstatement due to management bias or fraud), we develop our audit strategy and design audit procedures to respond to the risks we have identified.

If we conclude appropriately-designed controls are in place, we may plan to test and rely on those controls. If we decide controls are not appropriately designed, or we decide it would be more efficient to do so, we may take a wholly substantive approach to our audit testing where, in our professional judgement, substantive procedures alone will provide sufficient appropriate audit evidence. Substantive procedures are audit procedures designed to detect material misstatements at the assertion level and comprise tests of detail (of classes of transaction, account balances, and disclosures), and substantive analytical procedures. Irrespective of our assessed risks of material misstatement, which takes account of our evaluation of the operating effectiveness of controls, we are required to design and perform substantive procedures for each material class of transaction, account balance, and disclosure.

Our audit has been planned and will be performed to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. The concept of materiality and how we define a misstatement is explained in the *'Materiality and misstatements'* section of this report.

The diagram on the previous page outlines the procedures we perform at the different stages of our audit.

Management's and our experts

Management makes use of experts in specific areas when preparing the Authority's financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of account.

Item of account	Management's expert	Our expert
Pension liability	Mercers/GAD	PwC as the NAO's consulting actuary.
Property, plant and equipment valuations	MC & Co Chartered Surveyors	We have the option of engaging our internal property valuation expert to support our work on the valuation of property, plant and equipment. At this stage we do not plan to engage our internal property valuation expert. However, we will revise our approach should we determine it to be appropriate to engage our expert.

Audit scope, approach, and timeline

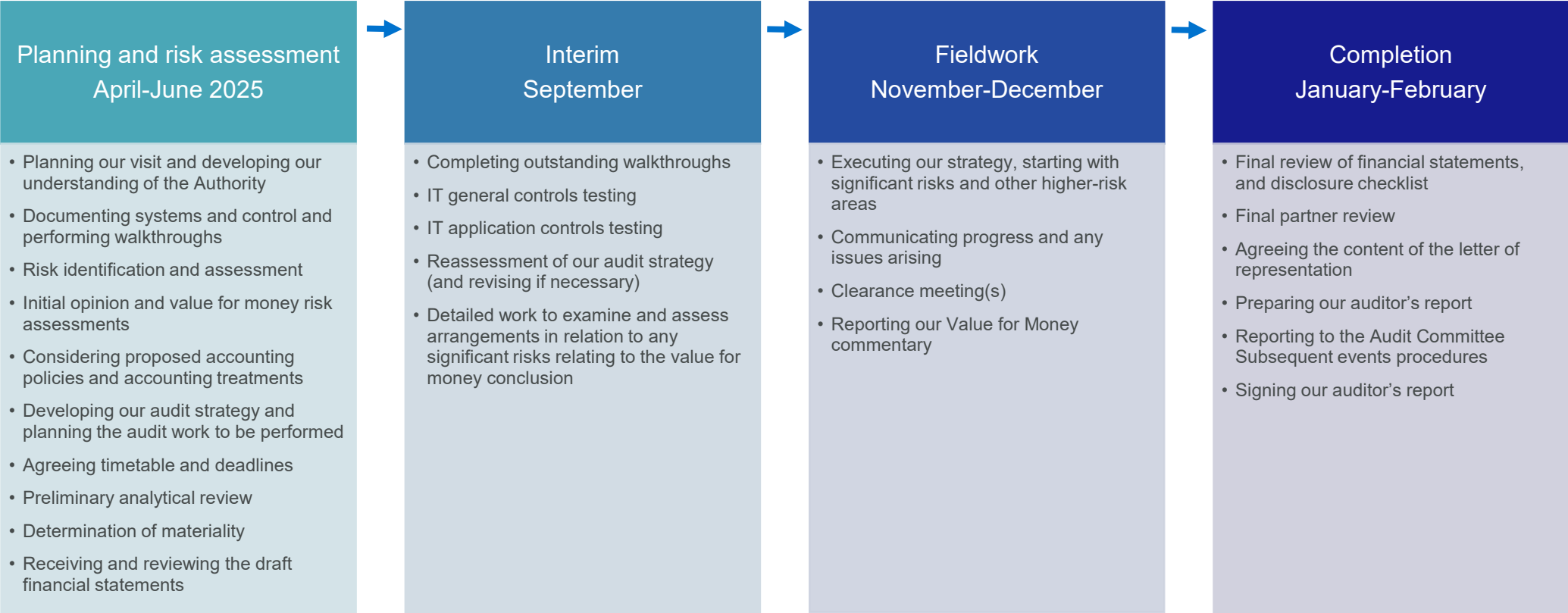
Service organisations

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

Item of account	Service organisation	Audit approach
Treasury Management	Liverpool City Council	Sufficient and appropriate audit evidence will be obtained from records held by the Authority.

Audit scope, approach, and timeline

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Materiality and misstatements

Materiality and misstatements

Definitions

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Misstatements in the financial statements are considered to be material if they could, individually or in aggregate, reasonably be expected to influence the economic decisions of users based on the financial statements.

Materiality

We determine materiality for the financial statements as a whole (overall materiality) using a benchmark that, in our professional judgement, is most appropriate to entity. We also determine an amount less than materiality (performance materiality), which is applied when we carry out our audit procedures and is designed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Further, we set a threshold above which all misstatements we identify during our audit (adjusted and unadjusted) will be reported to the Audit Committee.

Judgements on materiality are made in light of surrounding circumstances and are affected by the size and nature of a misstatement, or a combination of both. Judgements about materiality are based on a consideration of the common financial information needs of users as a group and not on specific individual users.

An assessment of what is material is a matter of professional judgement and is affected by our perception of the financial information needs of the users of the financial statements. In making our assessment we assume that users:

- Have a reasonable knowledge of business, economic activities, and accounts;
- Have a willingness to study the information in the financial statements with reasonable diligence;
- Understand that financial statements are prepared, presented, and audited to levels of materiality;
- Recognise the uncertainties inherent in the measurement of amounts based on the use of estimates, judgement, and consideration of future events; and
- Will make reasonable economic decisions based on the information in the financial statements.

We consider overall materiality and performance materiality while planning and performing our audit based on quantitative and qualitative factors.

When planning our audit, we make judgements about the size of misstatements we consider to be material. This provides a basis for our risk assessment procedures, including identifying and assessing the risks of material misstatement, and determining the nature, timing and extent of our responses to those risks.

The overall materiality and performance materiality that we determine does not necessarily mean that uncorrected misstatements that are below materiality, individually or in aggregate, will be considered immaterial.

We revise materiality as our audit progresses should we become aware of information that would have caused us to determine a different amount had we been aware of that information at the planning stage.

Materiality and misstatements

Materiality (continued)

We consider that gross expenditure at surplus/deficit level is the key focus of users of the financial statements and, as such, we base our materiality levels around this benchmark.

We expect to set a materiality threshold of 2% of gross revenue expenditure at surplus/deficit level.

As set out in the table below, based on currently available information (prior year audited accounts) we anticipate overall materiality for the year ended 31 March 2025 to be in the region of £3m (£2.5m in the prior year), and performance materiality to be in the region of £2.4m (£1.5m in the prior year).

We will continue to monitor materiality throughout our audit to ensure it is set at an appropriate level.

	2024-25 £'000s	2023-24 £'000s
Overall materiality	£3,000	£2,500
Performance materiality	£2,400	£1,500
Clearly trivial	£90	£75
Specific materiality – Senior Officers Remuneration	£5	£5

Misstatements

We will accumulate misstatements identified during our audit that are above our determined clearly trivial threshold.

We have set a clearly trivial threshold for individual misstatements we identify (a reporting threshold) for reporting to you and management that is consistent with a threshold where misstatements below that amount would not need to be accumulated because we expect that the accumulation of such amounts would not have a material effect on the financial statements.

Based on our preliminary assessment of overall materiality, our proposed clearly trivial threshold is £90k, based on 3% of overall materiality. If you have any queries about this, please raise these with me.

Each misstatement above the reporting threshold that we identify will be classified as:

- **Adjusted:** Those misstatements that we identify and are corrected by management.
- **Unadjusted:** Those misstatements that we identify that are not corrected by management.

We will report all misstatements above the reporting threshold to management and request that they are corrected. If they are not corrected, we will report each misstatement to you as unadjusted misstatements and, if they remain uncorrected, we will communicate the effect that they may have individually, or in aggregate, on our audit opinion.

Misstatements also cover qualitative misstatements and include quantitative and qualitative misstatements and omissions relating to the notes of the financial statements.

Reporting

In summary, we will categorise and report misstatements above the reporting threshold to you as follows:

- Adjusted misstatements;
- Unadjusted misstatements; and
- Disclosure misstatements (adjusted and unadjusted).

Significant risks and other key judgement areas

Significant risks and other key judgement areas

Following the risk assessment approach set out in the *'Audit scope, approach, and timeline'* section, we have identified the risks of material misstatement in the financial statements. These risks are categorised as significant, enhanced, or standard. The definitions of these risk ratings are set out below.

Significant risk

A risk that is assessed as being at or close to the upper end of the spectrum of inherent risk, based on a combination of the likelihood of a misstatement occurring and the magnitude of any potential misstatement. As required by auditing standards, a fraud risk is always assessed as a significant risk.

Enhanced risk

An area with an elevated risk of material misstatement at the assertion level, other than a significant risk, based on factors/ information inherent to that area. Enhanced risks require additional consideration but do not rise to the level of a significant risk. These include but are not limited to:

- Key areas of management judgement and estimation uncertainty, including accounting estimates related to material classes of transaction, account balances, and disclosures but which are not considered to give rise to a significant risk of material misstatement; and
- Risks relating to other assertions and arising from significant events or transactions that occurred during the period.

Standard risk

A risk related to assertions over classes of transaction, account balances, and disclosures that are relatively routine, non-complex, tend to be subject to systematic processing, and require little or no management judgement/ estimation. Although it is considered that there is a risk of material misstatement, there are no elevated or special factors related to the nature of the financial statement area, the likely magnitude of potential misstatements, or the likelihood of a risk occurring.

Significant risks and other key judgement areas

Audit risks and planned responses

In this section, we have set out the risks that we deem to be significant and enhanced, and our planned response. An audit is a dynamic process, and should we change our view of risk and/ or our approach to address those risks during our audit, we will report this to the Audit Committee.

Significant risks

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
1	Management override of controls (a mandatory significant risk for all entities).	●	○	●	Management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur there is a risk of material misstatement due to fraud on all audits. You should assess this risk as part of your oversight of the financial reporting process.	In line with our methodology, we plan to address the management override of controls risk by performing audit work over: <ul style="list-style-type: none">• accounting estimates;• journal entries; and• significant transactions outside the normal course of business or otherwise unusual.

Significant risks and other key judgement areas

Significant risks - continued

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
2	Defined benefit pension liability valuation 2023/24 – £856,086k	○	●	●	<p>The net pension liability represents a material element of the Authority's balance sheet. The Authority is an admitted body of Merseyside Pension Fund, which had its last triennial valuation completed as at 31 March 2022.</p> <p>The valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions, and actuarial methodology which results in the Authority's overall valuation. There are financial assumptions and demographic assumptions used in the calculation of the Authority's valuation, such as the discount rate, inflation rates and mortality rates. The assumptions should also reflect the profile of the Authority's employees, and should be based on appropriate data. The basis of the assumptions is derived on a consistent basis year to year, or updated to reflect any changes.</p> <p>There is a risk that the assumptions and methodology used in valuing the Authority's pension obligation are not reasonable or appropriate to the Authority's circumstances. This could have a material impact to the net pension liability in 2024/25.</p>	To address this risk, we will: <ul style="list-style-type: none"> • obtain an understanding of the skills, experience, objectivity and independence of the Pension Fund's actuary; • obtain confirmation from the auditors of Merseyside Pension Fund that the Pension Fund have designed and implemented controls to prevent and detect material misstatement. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate; • evaluate and challenge the work performed by the Merseyside Pension Fund auditor on the Pension Fund investment assets, and considering whether the outcomes would materially impact our consideration of the Authority's share of Pension Fund assets; • review the actuarial allocation of Pension Fund assets to the Authority including comparing the Authority's share of the assets to other corroborative information; • review the appropriateness of the Pension Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges and utilising information by the consulting actuary engaged by the National Audit Office; and • agree the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Authority's financial statements.

Significant risks and other key judgement areas

Significant risks - continued

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
3	Valuation of Land and Buildings 2023/24 - £146,024k	○	●	●	<p>The CIPFA Code requires that where assets are subject to revaluation, their year-end carrying value should reflect the fair value at that date. The Authority has adopted a rolling revaluation model which sees all land and buildings revalued in a five-year cycle.</p> <p>The valuation of property, plant & equipment involves the use of management experts, and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process which reflect the significant impact of the valuation judgements and assumptions and the degree of estimation uncertainty.</p> <p>As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to three years are not valued at their materially correct fair value.</p>	<p>To address this risk, we will:</p> <ul style="list-style-type: none">• assess the Authority’s valuers’ qualifications, objectivity and independence to carry out such valuations;• review the valuation methodology used for assets subject to revaluation in 2024/25, including testing the underlying data and assumptions;• review the approach the Authority has adopted to address the risk that those assets not subject to valuation in the 2024/25 are materially misstated and consider the robustness of that approach in light of the valuation information reported by the valuers; and• consider movements in market indices between valuation dates and the year end in order to determine whether these indicate fair valuers have moved materially over that time.

Significant risks and other key judgement areas

Significant risks - continued

	Risk name	Fraud	Error	Judgement	Risk description	Planned response
4	Implementation of IFRS 16	○	●	●	<p>The implementation of IFRS 16 in 2024/25 is expected to have a material impact on the Authority's balance sheet through the recognition of right of use assets and corresponding lease liabilities. This is a complex change in financial reporting which requires management judgements.</p> <p>Within the 2023/24 financial statements, the total value of finance leased assets was £2.9m and operating lease liabilities was £184k. The Authority was also a lead on a North West PFI scheme. The total obligations in relation to this scheme in 2023/24 was £49.7m.</p> <p>Due to the significant values involved and complex nature of this accounting change, we have identified this as an area of significant risk for our 2024/25 audit.</p>	<p>Our work will include, but will not be limited to:</p> <ul style="list-style-type: none">• reviewing the process and controls by management for collating information to ensure the completeness and accuracy of the data used in the IFRS 16 calculation and that all relevant leases have been identified;• reviewing managements year end journal postings to ensure proper accounting treatment;• reviewing any key judgements and estimates that management have made in respect of their IFRS 16 calculation;• test a sample of leases in place at the year end and ensure their disclosure is appropriate.

Significant risks and other key judgement areas

Other considerations

In consideration of ISA (UK) 260 *Communication with Those Charged with Governance*, we would like to seek your views/ knowledge of the following matters:

- Did you identify any other risks (business, laws & regulation, fraud, going concern etc.) that may result in material misstatements?
- Are you aware of any significant communications between Merseyside Fire and Rescue Authority and regulators?
- Are there any matters that you consider warrant particular attention during the course of our audit, and any areas where you would like additional procedures to be undertaken?

We plan to do this by formal letter to the Audit Committee which we will obtain prior to completing our audit.

Internal audit function

We do not expect to use the work of the internal audit function for the purpose of our audit.

Nonetheless, we will obtain a copy of the reports issued by internal audit relating to the financial period under audit, to determine whether any findings will have an impact on our risk assessment and planned audit procedures.

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Significant difficulties encountered during the course of audit

In accordance with ISA (UK) 260 *Communication with Those Charged with Governance*, we are required to communicate certain matters to you which include, but are not limited to, significant difficulties, if any, that are encountered during our audit. Such difficulties may include matters such as:

- Significant delays in management providing information that we require to perform our audit.
- An unnecessarily brief time within which to complete our audit.
- Extensive and unexpected effort to obtain sufficient appropriate audit evidence.
- Unavailability of expected information.
- Restrictions imposed on us by management.
- Unwillingness by management to make or extend their assessment of an entity's ability to continue as a going concern when requested.

We will highlight to you on a timely basis should we encounter any such difficulties (if our audit process is unduly impeded, this could require us to issue a modified auditor's report).

06

Value for Money

Value for money

The framework for value for money work

We are required to form a view as to whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out in order to form our view and sets out the overall criterion and sub-criteria that we are required to consider.

This will be the first audit year where we are undertaking our value for money (VFM) work under the full 2024 Code of Audit Practice (the Code). Our responsibility remains to be satisfied that the Authority has proper arrangements in place, and to report in the auditor's report where we are not satisfied that arrangements are in place. Where we have issued a recommendation in relation to a significant weaknesses this indicates we are not satisfied that arrangements are in place. Separately we provide a commentary on the Authority's arrangements in the Auditor's Annual Report.

A key change in the 2024 Code of Audit Practice is the requirement for us to issue our Auditor's Annual Report for the year ending 31st March 2025 to you in draft by the 30th November 2025. This is required whether our audit is complete or not. Should our work not be complete, we will report the status of our work and any findings to up to that point (and since the issue of our previous Auditor's Annual Report). Further information will be provided in Appendix A.

Specified reporting criteria

The Code requires us to structure our commentary to report under three specified criteria:

1. **Financial sustainability** – how the Authority plans and manages its resources to ensure it can continue to deliver its services;
2. **Governance** – how the Authority ensures that it makes informed decisions and properly manages its risks; and
3. **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.

Our approach

Our work falls into three primary phases as outlined opposite. We gather sufficient evidence to support our commentary on the Authority's arrangements and to identify and report on any significant weaknesses in arrangements. Where significant weaknesses are identified, we are required to report these to the Authority and make recommendations for improvement. Such recommendations can be made at any point during the audit cycle, and we are not expected to wait until issuing our overall commentary to do so.

Planning	<p>Obtaining an understanding of the Authority's arrangements for each specified reporting criteria. Relevant information sources will include:</p> <ul style="list-style-type: none">• NAO guidance and supporting information• Information from internal and external sources including regulators• Knowledge from previous audits and other audit work undertaken in the year• Interviews and discussions with staff and members
Additional risk based procedures and evaluation	<p>Where our planning work identifies risks of significant weaknesses, we will undertake additional procedures to determine whether there is a significant weakness.</p>
Reporting	<p>We will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria as part of our commentary on arrangements which forms part of the Auditor's Annual Report.</p> <p>Our commentary will also highlight:</p> <ul style="list-style-type: none">• Significant weaknesses identified and our recommendations for improvement; and• Emerging issues or other matters that do not represent significant weaknesses but still require attention from the Authority.

07

Audit fees and other services

Audit fees and other services

Fees for work as the Authority’s appointed auditor

Our fees (exclusive of VAT and disbursements) as the Authority’s appointed for the year ended 31 March 2025 are outlined below.

Our fees are designed to reflect the time, professional experience, and expertise required to perform our audit.

At this stage of the audit, we are not planning any divergence from the scale fees set by PSAA.

Area of work	2024-25 Proposed Fee	2023-24 Actual Fee
Code Audit Work	£107,717	£97,117
Increase in audit requirement of revised ISA 315 and ISA 240	-	£7,058
Additional audit work relating to the pension asset ceiling		£7,500
Additional work required on prior period adjustment	-	£3,800
Additional work in respect of National Resilience		£8,000
Total fee	TBC	£123,475

Confirmation of our independence

Confirmation of our independence

Requirements

We comply with the International Code of Ethics for Professional Accountants, including International Independence Standards issued by the International Ethics Standards Board for Accountants together with the ethical requirements that are relevant to our audit of the financial statements in the UK reflected in the ICAEW Code of Ethics and the FRC Revised Ethical Standard.

Compliance

We are not aware of any relationship between Forvis Mazars and Merseyside Fire and Rescue Authority that, in our professional judgement, may reasonably be thought to impair our independence.

We are independent of Merseyside Fire and Rescue Authority and have fulfilled our independence and ethical responsibilities in accordance with the requirements applicable to our audit.

Non-audit and Audit fees

We have set out a summary of the non-audit services provided by Forvis Mazars (with related fees) to Merseyside Fire and Rescue Authority, together with our audit fees and independence assessment.

We are committed to independence and confirm that we comply with the FRC's Revised Ethical Standard. In addition, we have set out in this section any matters or relationships we believe may have a bearing on our independence or the objectivity of our audit team.

Based on the information provided by you and our own internal procedures to safeguard our independence as auditors, we confirm that in our professional judgement there are no relationships between us and any of our related or subsidiary entities, and you and your related entities, that create any unacceptable threats to our independence within the regulatory or professional requirements governing us as your auditors.

We have policies and procedures in place that are designed to ensure that we carry out our work with integrity, objectivity, and independence. These policies include:

- All partners and staff are required to complete an annual independence declaration.
- All new partners and staff are required to complete an independence confirmation and complete annual ethical training.
- Rotation policies covering audit engagement partners and other key members of the audit team.
- Use by managers and partners of our client and engagement acceptance system, which requires all non-audit services to be approved in advance by the audit engagement partner.

We confirm, as at the date of this report, that the engagement team and others in the firm as appropriate, Forvis Mazars LLP are independent and comply with relevant ethical requirements. However, if at any time you have concerns or questions about our integrity, objectivity or independence, please discuss these with me in the first instance.

Prior to the provision of any non-audit services, I will undertake appropriate procedures to consider and fully assess the impact that providing the service may have on our independence as auditor.

Principal threats to our independence and the associated safeguards we have identified and/ or put in place are set out in Terms of Appointment issued by PSAA available from the PSAA website: [Terms of Appointment from 1 July 2021 - PSAA](#). Any emerging independence threats and associated identified safeguards will be communicated in our Audit Completion Report.

Appendices

A: Key communication points

B: Current year updates, forthcoming accounting and other issues

Appendix A: Key communication points

We value communication with the Audit Committee, as a two-way feedback process is at the heart of our client service commitment. The Code of Audit Practice as well as ISA (UK) 260 *Communication with Those Charged with Governance* and ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* specifically require us to communicate a number of matters with you. We meet these requirements, principally, through presenting the following documents to you:

- Our Audit Strategy Memorandum;
- Our Audit Completion Report; and
- Our Auditor’s Annual Report.

These documents will be discussed with management prior to being presented to you and their comments will be incorporated as appropriate.

Relevant points that need to be communicated with you at each stage of the audit are outlined below.

Key communication points at the planning stage as included in this Audit Strategy Memorandum

- Our responsibilities in relation to the audit of the financial statements;
- The planned scope and timing of the audit;
- Significant audit risks and areas of management judgement;
- Our commitment to independence;
- Responsibilities for preventing and detecting errors;
- Materiality and misstatements; and
- Fees for audit and other services.

Key communication points at the completion stage to be included in our Audit Completion Report

- Significant deficiencies in internal control;
- Significant findings from the audit;
- Significant matters discussed with management;
- Significant difficulties, if any, encountered during the audit;
- Qualitative aspects of the entity’s accounting practices, including accounting policies, accounting estimates and financial statement disclosures;
- Our conclusions on the significant audit risks and areas of management judgement;
- Summary of misstatements;
- Management representation letter;
- Our proposed draft audit report; and
- Independence.

Changes introduced by the 2024 Code of Audit Practice

The 2024 Code now requires the auditor to issue the draft Auditor’s Annual Report by 30th November following each year end. For the 2024/25 audit, this means that we must issue our draft Auditor’s Annual Report by 30 November 2025, whether our audit is complete or not.

In instances where our audit work is not complete by 30 November for any given year, the 2024 Code requires us to provide a summary of the status of the audit at the time of issuance and should reflect the work completed to date since we issued our previous Auditor’s Annual Report. In such instances, we will issue an Interim Auditor’s Annual Report to meet the 30 November deadline. On completion of any outstanding financial statement audit work or Value for Money arrangements work, we will re-issue the Auditor’s Annual Report which will include an updated commentary on Value for Money arrangements.

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Appendix A: Key communication points

ISA (UK) 260 *Communication with Those Charged with Governance*, ISA (UK) 265 *Communicating Deficiencies In Internal Control To Those Charged With Governance And Management* and other ISAs (UK) specifically require us to communicate the following:

Required communication	Where addressed
Our responsibilities in relation to the financial statement audit and those of management and Those Charged with Governance.	Audit Strategy Memorandum
The planned scope and timing of the audit including any limitations, specifically including with respect to significant risks.	Audit Strategy Memorandum
With respect to misstatements: <ul style="list-style-type: none">• Uncorrected misstatements and their effect on our audit opinion;• The effect of uncorrected misstatements related to prior periods;• A request that any uncorrected misstatement is corrected; and• In writing, corrected misstatements that are significant.	Audit Completion Report
With respect to fraud communications: <ul style="list-style-type: none">• Inquiries with the Audit Committee to determine whether you have knowledge of any actual, suspected, or alleged fraud affecting the entity;• Any fraud that we have identified or information we have obtained that indicates that fraud may exist; and• A discussion of any other matters related to fraud.	Audit Completion Report and discussion at Audit Committee meeting(s), audit planning meeting(s), and audit clearance meeting(s)

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Appendix A: Key communication points

Required communication	Where addressed
Significant matters arising during the audit in connection with the entity’s related parties including, when applicable: <ul style="list-style-type: none">• Non-disclosure by management;• Inappropriate authorisation and approval of transactions;• Disagreement over disclosures;• Non-compliance with laws and regulations; and• Difficulty in identifying the party that ultimately controls the entity.	Audit Completion Report
Significant findings from the audit including: <ul style="list-style-type: none">• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;• Significant difficulties, if any, encountered during the audit;• Significant matters, if any, arising from the audit that were discussed with management or were the subject of correspondence with management;• Written representations that we are seeking;• Expected modifications to the audit report; and• Other matters, if any, significant to the oversight of the financial reporting process or otherwise identified in the course of the audit that we believe will be relevant to the Authority or the Audit Committee in the context of fulfilling your responsibilities.	Audit Completion Report

Appendix A: Key communication points

Required communication	Where addressed
Significant deficiencies in internal controls identified during the audit.	Audit Completion Report
Where relevant, any issues identified with respect to authority to obtain external confirmations or inability to obtain relevant and reliable audit evidence from other procedures.	Audit Completion Report
Audit findings regarding non-compliance with laws and regulations where the non-compliance is material and believed to be intentional (subject to compliance with legislation on tipping off) and inquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements that the Audit Committee may be aware of.	Audit Completion Report and Audit Committee meeting(s)
With respect to going concern, events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none">Whether the events or conditions constitute a material uncertainty;Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements; andThe adequacy of related disclosures in the financial statements.	Audit Completion Report
Communication regarding our system of quality management, compliant with ISQM (UK) 1, developed to support the consistent performance of quality audit engagements. To address the requirements of ISQM (UK) 1, our firm's System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm's System of Quality Management: <ul style="list-style-type: none">Ensure there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across LeadershipEstablish and review quality objectives each year, ensuring ISQM (UK) 1 objectives align with the firm's strategies and prioritiesIdentify, review, and update quality risks each quarter, taking into consideration the number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm's root cause analysis and remediation functions, etc.)Identify, design, and implement responses as part of the process to strengthen our firm's internal control environment and overall qualityEvaluate responses and remediate control gaps or deficiencies We perform an evaluation of our system of quality management on an annual basis. Our first evaluation was performed as of 31 August 2023. Details of that assessment and our conclusion are set out in our 2022/2023 Transparency Report, which is available on our website here . The details of our evaluation of our system of quality management as of 31 August 2024, and our conclusion, set out in our 2023/24 Transparency Report, which is available on our website here .	Audit Strategy Memorandum

Appendix B: Current year updates, forthcoming accounting & other issues

Current and forthcoming accounting issues

New standards and amendments

Effective for accounting periods beginning on or after 1 January 2019

IFRS 16 Leases (Issued January 2016)

- IFRS 16 Leases (IFRS 16) will replace the existing leasing standard, IAS 17, and will introduce significant changes, particularly for lessees. The requirements for lessors will be largely unchanged from the position in IAS 17. Lessees will need to recognise right of use assets and associated lease liabilities for all leases (except short-life or low-value leases) as the distinction between operating leases and finance leases is removed. Subsequent to initial recognition, a service concession arrangement liability will subsequently measured following the principles set out in IFRS 16. The introduction of this standard is likely to lead to significant work being required in order to identify all leases and service concession arrangements to which the Authority are party to. There will also be consequential impacts upon capital financing arrangements at many authorities which will need to be identified and addressed. IFRS 16 was adopted by the Code of Practice on Local Authority Accounting in 2024/25.

Effective for accounting periods beginning on or after 1 January 2023

IFRS 18 Presentation and Disclosure in Financial Statements (Issued April 2024)

IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) is a new standard that replaces IAS 1 Presentation of Financial Statements. The new standard aims to increase the comparability, transparency and usefulness of information about companies' financial performance. It introduces three key new requirements focusing on the presentation of information in the statement of profit or loss and enhancing certain guidance on disclosures within the financial statements. As IFRS 18 was only issued in April 2024 it has yet to be adopted by the Code of Practice on Local Authority Accounting in 2024/25 therefore the applicability to local government is to be determined.

Contact

Forvis Mazars

Karen Murray
Partner
Tel: +44 (0)7721 234 043
karen.murray@mazars.co.uk

Katie Kingston
Senior Manager
Tel: +44 (0)7580 414 565
katie.kingston@mazars.co.uk

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