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**Ian Cummins,**  
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25 July 2019

Dear Sirs

**Merseyside Fire and Rescue Authority - Financial Statements for the year ended 31 March 2019**

This representation letter is provided in connection with the audit of the financial statements of Merseyside Fire and Rescue Authority for the year ended 31 March 2019 for the purpose of expressing an opinion as to whether the Authority's financial statements are presented fairly, in all material respects in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Financial Statements**

- i We have fulfilled our responsibilities for the preparation of the Authority's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- iii The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. However, in order to verify that the property valuations in the Balance Sheet are reasonable, as it is four years since the last full valuation, we have commenced a full property revaluation exercise. This will certify asset values as at 31<sup>st</sup> March

2019. As the review will not be completed before 31<sup>st</sup> July 2019 we propose to share the findings with you and if necessary make the necessary amendments to the financial statements. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. There are no other material judgements that need to be disclosed.

- vi Except as disclosed in the financial statements:
  - a there are no unrecorded liabilities, actual or contingent
  - b none of the assets of the Authority has been assigned, pledged or mortgaged
  - c there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. The decision of the Court of Appeal in the Sargeant/McCloud (McCloud) cases have ruled that the transitional protections afforded to older members when the Firefighter Pension Scheme(s), FPS, and Local Government Pension Scheme, LGPS, constituted unlawful age discrimination. On 27th June 2019 the Supreme Court denied the Government permission to appeal this decision. The Government Actuary's Department (GAD) has carried out some costings of the potential effect of McCloud on the FPS and LGPS as a whole. The Authority has received updated past service liability costs from the relevant actuaries and included these estimates in the financial statements. At this stage it is uncertain what the final compensation or remedy to be offered up by the Government to the Employment Tribunal will be. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- viii Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The Authority financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.

The 2017/18 accounts were constructed on the basis that the Local Government Pension Scheme (LGPS) employer's deficit payment was accounted for in total in 2017/18. However, the LGPS Pension valuations had spread this payment over three years. This prior year adjustment brings the pension valuations in line with the accounting entries for 2017/18.

In 2017/18 and prior, the accounts were constructed on the basis that in order to produce a separate Pension Fund Account cash would be the balancing item in order to disaggregate the transactions into separate entities. This has now been revised and a debtor has been used in the Fire Service Accounts with a corresponding creditor in the pension fund accounts.

The financial statements are free of material misstatements, including omissions.

- xi Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

- xii Except for the potential impact of the property asset revaluation exercise that is ongoing, we have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii We believe that the Authority's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Authority's needs. We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements.

### **Information Provided**

- xiv We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- xv We have communicated to you all deficiencies in internal control of which management is aware.
- xvi All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvii We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xviii We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or
  - c. others where the fraud could have a material effect on the financial statements.
- xix We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xx We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxi We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
- xxii We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

### **Annual Governance Statement**

- xxvi We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

**Narrative Report**

xxvii The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

**Approval**

The approval of this letter of representation was minuted by the Authority's Policy and Resources Committee at its meeting on 25 July 2019.

Yours faithfully

Name.....

Position – Director of Finance

Date 25<sup>th</sup> July 2019

Name.....

Position - Chair of Policy & Resources Committee

Date 25<sup>th</sup> July 2019

**Signed on behalf of Merseyside Fire and Rescue Authority**