

Audit Progress Report

Merseyside Fire and Rescue Service

June 2024



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Section 01:
Audit Progress

Audit progress

Purpose of this report

This report provides the Audit Committee with information about progress in delivering our responsibilities as your external auditors for Merseyside Fire and Rescue Service.

As a result of the proposed backstop arrangements currently being considered by DLUHC, all audit suppliers are currently working towards a 30 September 2024 deadline for all audits for the 31 March 2023 financial year and earlier, where these are not yet complete. Although no formal decisions have been taken by Ministers, this proposal, if enacted, will impact on the delivery of the Merseyside Fire and Rescue Service audit for the year ended 31 March 2024.

In this context, we have had an initial discussion with management about the delivery of your audit. We are committed to the delivery of both high quality and timely audits and our expectation for delivery of the audit is as follows:

- Planning: October 2024
- Fieldwork: October – December 2024
- Completion: December 2024 / January 2025

This plan is subject to change should there be any changes to the expected backstop arrangement.

Our Audit Strategy Memorandum is the report which details our audit plan. We aim to present this to an Audit Committee later in the year.

2023/24 Financial Statements Audit

Notwithstanding the above timing, we have made a start on our initial planning processes to support your audit. This means we are undertaking our early risk assessment procedures to support us in developing our understanding of the fire and rescue service. We are also putting in place arrangements to review our predecessor auditor's file in order to gain assurance about your opening balances.

This work supports the development of our audit strategy in respect of your financial statements.

Audit progress

2023/24 Value for Money work

We have started our initial risk assessment work in respect of the arrangements in place in respect of:

- Financial sustainability: how the fire and rescue service plans and manages resources to ensure the continued delivery of services;
- Governance: how the fire and rescue service ensures decisions are informed and risks properly managed; and
- Improving economy, efficiency and effectiveness: how the fire and rescue service uses information about costs and performance to improve the way services are managed and delivered.

Our risk assessment procedures will continue throughout the audit.

Based on our work to date, we have not identified any risks of significant weakness in the arrangements to draw to your attention.

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Section 02:

National publications

National Publications

	Publication/update	Key points
Chartered Institute of Public Finance and Accountancy ('CIPFA')		
1	CIPFA Bulletins	CIPFA has recently issued two Bulletins to provide further guidance on the financial reporting requirements.
National Audit Office ('NAO')		
2	NAO report: Use of artificial intelligence in government	The NAO has published its report entitled "Use of artificial intelligence in government".
3	NAO good practice - Digital transformation in government: a guide for senior leaders and audit and risk committees	The NAO has published a guide for senior leaders and audit and risk committees on Digital transformation in government. The guide can support those tasked with overseeing large-scale digital change to understand the core issues and pitfalls to avoid.
His Majesty's Inspectorate of Constabulary and Fire & Rescue Services ('HMICFRS')		
4	Effectiveness, efficiency and people 2023/25 – Merseyside Fire and Rescue Service	This inspection contains HMICFRS's third assessment of Merseyside Fire and Rescue Service's effectiveness and efficiency, and how well it looks after its people
Home Office		
5	Fire statistics	The Home Office's collection of detailed information on incidents attended by Fire and Rescue Services.
6	Fire safety in the home	The Home Office's safety advice for different groups of people inside and outside the home.
7	Detailed analysis of non-fire incidents attended by fire and rescue services in England	National statistics on non-fire incidents attended by fire and rescue services in England.
8	Reforming our fire and rescue service	Outcome of proposals to introduce system-wide reform that will strengthen fire and rescue services in England.
Other		
9	Financial Reporting Council ('FRC') - FRC report on quality of major local audits	Report on the quality of major local audits

National Publications

1. CIPFA Bulletins

Bulletins issued by CIPFA, with the assistance of CIPFA panels, provide practitioners with topical guidance on specific issues and accounting and reporting developments. CIPFA has issued the following Bulletin's in recent months:

[CIPFA Bulletin 17 Closure of the 2023/24 Financial Statements](#)

This bulletin covers the closure of accounts for the 2023/24 year and provides further guidance and clarification to complement the 2023/24 Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners (Code Guidance Notes). It addresses, where relevant, frequently asked questions and other issues that have arisen since the publication of the 2023/24 Code Guidance Notes.

[CIPFA Bulletin 17 Closure of the 2023/24 Financial Statements](#)

[CIPFA Bulletin 16 Local audit delays and the publication of the annual governance statement](#)

CIPFA Bulletin 16 Local audit delays and the publication of the annual governance statement is intended to provided clarity to those authorities with at least one set of unaudited financial statements for prior years, and their external auditors, on the update of the annual governance statement ('AGS').

[CIPFA Bulletin 16 Local audit delays and the publication of the annual governance statement](#)

National Publications

2. NAO report: Use of artificial intelligence in government

The NAO has published its report entitled “Use of artificial intelligence in government”. The report considers how effectively the government has set itself up to maximise the opportunities and mitigate the risks of artificial intelligence (‘AI’) in providing public services.

The primary focus for this report is the role of the Cabinet Office and the Department for Science, Innovation & Technology (‘DSIT’) in supporting the adoption of AI in the public sector. Specifically, the report looks at:

- the government’s strategy and governance for AI use in public services (Part One).
- how government bodies are using AI and how government understands the opportunities (Part Two).
- central government’s plans for supporting the testing, piloting and scaling of AI; and progress in addressing barriers to AI adoption (Part Three).

<https://www.nao.org.uk/reports/use-of-artificial-intelligence-in-government/>

3. NAO good practice - Digital transformation in government: a guide for senior leaders and audit and risk committees

The NAO has published a guide for senior leaders and audit and risk committees on Digital transformation in government. The guide can support those tasked with overseeing large-scale digital change to understand the core issues and pitfalls to avoid. The guide identifies seven areas where the more persistent obstacles stand in the way of successful digital transformation in government and have grouped them into three themes:

- Constraints of the existing environment
- Under-estimating the scope of early work
- Lack of skills and leadership

<https://www.nao.org.uk/insights/digital-transformation-in-government-a-guide-for-senior-leaders-and-audit-and-risk-committees/>

National Publications

4. HMICFRS: Effectiveness, efficiency and people 2023/25 – Merseyside Fire and Rescue Service

The report published in October 2023 details the inspection carried out of Merseyside Fire and Rescue Service. This inspection assessed eleven areas, three were rated as outstanding, five as good and three as adequate. There were no areas identified as requiring improvement or inadequate.

[Effectiveness, efficiency and people 2023/25 – Merseyside Fire and Rescue Service - His Majesty's Inspectorate of Constabulary and Fire & Rescue Services \(justiceinspectorates.gov.uk\)](https://www.justiceinspectorates.gov.uk/hmicfrs/reports/2023/25-merseyside-fire-and-rescue-service/)

5. Home Office: Fire statistics

The Home Office collects detailed information on incidents attended by Fire and Rescue Services. This also includes information on the workforce, fire prevention work, health and safety and firefighter pensions.

[Detailed analysis of fires attended by fire and rescue services, England, April 2022 to March 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/detailed-analysis-of-fires-attended-by-fire-and-rescue-services-england-april-2022-to-march-2023)

6. Home Office: Fire Safety in the Home

The Home Office releases fire safety advice for different groups of people inside and outside the home. This includes:

- Making your home safe from fire
- Fire safety in flats
- Fire safety outdoors
- Fire safety in shared or rented accommodation

[Fire safety in the home - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/fire-safety-in-the-home)

National Publications

7. Home Office: Detailed analysis of non-fire incidents attended by fire and rescue services in England

The Home Office releases national statistics about non-fire incidents attended by Fire and Rescue Services in England on an annual basis. These statistics are sourced from the Home Office's online Incident Recording System and include statistics on all non-fire incidents and related fatalities and non-fatal casualties, with long term comparisons.

[Detailed analysis of non-fire incidents attended by fire and rescue services, England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/detailed-analysis-of-non-fire-incidents-attended-by-fire-and-rescue-services-in-england)

8. Home Office: Reforming our fire and rescue service

The December 2023 response to the fire reform white paper. The white paper considered reform being required across a variety of areas:

- People
- Professionalism
- Governance

The report summarises the consultation responses and sets out the Government's strategy for reform following a growing number of concerning national reports and the Grenfell Tower Inquiry.

[Reforming our fire and rescue service - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/reforming-our-fire-and-rescue-service)

National Publications

9. Financial Reporting Council ('FRC') - FRC report on quality of major local audits

The FRC has published its report on the quality of major local audits which summarises the FRC's regulatory approach for financial years up to and including the year ended 31 March 2023 and sets out the findings from the 2022-23 inspections cycle.

The FRC reviews in the 2022-23 inspection cycle comprised six health and four local government audits. The audits inspected had year-ends in March (or in one case May) 2021 (local government) and March 2022 (health). For local government audits, inspections were selected from those finished in the 2022 calendar year (regardless of the financial year the audit related to) due to the challenges brought on by the backlog. Therefore, more audits were inspected from the health sector and as a result, the findings in the report are more indicative of audit quality in the health sector. Across all suppliers, all financial statement audits were assessed as "good" or "limited improvements required". Areas requiring limited improvements included:

- Audit procedures regarding completeness and accuracy of expenditure.
- On the audit of one NHS Trust, the inspection concluded that audit procedures were not sufficiently tailored to address the impact of backlog maintenance on property, plant and equipment valuations.

In terms of value for money ('VfM') inspections, six related to health and three local government bodies. This is less than the number of financial statement audits inspected because the auditor's work on VfM arrangements was not complete on one audit that was inspected. All VfM inspections were assessed as good or limited improvements required. Areas requiring limited improvements included:

- Risk assessment procedures not being performed in a timely manner.
- Not considering the arrangements in place at the body to manage, monitor and oversee its subsidiaries.
- The audit team not updating their initial risk assessment or reporting to consider how the body had achieved its outturn financial position.

Examples of good practice have also been included in the report regarding risk assessment, execution of the audit, and audit completion and reporting.

[FRC publishes report on the quality of major local audits amid delays in local government](#)

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