



Audit Completion Report

Merseyside Fire and Rescue Authority – year ended 31 March 2024

February 2025

Audit Committee
Merseyside Fire and Rescue Service
Fire Service Headquarters
Bridle Road
Bootle
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Forvis Mazars
One St Peters Square
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M2 3DE

Dear Committee Members,

Audit Completion Report – Year ended 31 March 2024

We are pleased to present our Audit Completion Report for the year ended 31 March 2024. The purpose of this document is to summarise our audit conclusions. The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 26th September 2024.

We have reviewed our Audit Strategy Memorandum and concluded that the significant audit risks and other key judgement areas set out in that report remain appropriate.

We would like to express our thanks for the assistance of your team during our audit. If you would like to discuss any matters in more detail then please do not hesitate to contact me on 07721 234 043

Yours faithfully



Karen Murray

Forvis Mazars LLP

Contents

01	Executive summary
02	Status of the audit
03	Audit approach
04	Significant findings
05	Internal control conclusions
06	Summary of misstatements
07	Value for Money
A	Appendix A: Draft management representation letter
B	Appendix B: Draft audit report
C	Appendix C: Confirmation of our independence
D	Appendix D: Other communications

01

Executive Summary

Executive summary

Principal conclusions and significant findings

The detailed scope of our work as your appointed auditor for 2023/24 is set out in the National Audit Office's (NAO) Code of Audit Practice. Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 and as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

In section 4 of this report, we have set out our conclusions and significant findings from our audit. This section includes our conclusions on the audit risks and areas of management judgement in our Audit Strategy Memorandum, which include:

- management override of controls; and
- Valuation of the net defined benefit pension liability
- Valuation of property, plant and equipment

Misstatements and internal control recommendations

Section 5 sets out internal control recommendations and section 6 sets out audit misstatements; unadjusted misstatements total £458k. Section 7 outlines our work on the Authority's arrangements to achieve economy, efficiency and effectiveness in its use of resources.

Status and audit opinion

We have substantially completed our audit in respect of the financial statements for the year ended 31 March 2024.

At the time of preparing this report, significant matters remaining outstanding as outlined in section 2.

We will provide an update to you in relation to the significant matters outstanding through issuance of a follow up letter.

Subject to the satisfactory conclusion of the remaining audit work, we have the following conclusions:



Audit opinion

We anticipate issuing an unqualified opinion, without modification, on the financial statements. Our proposed audit opinion is included in the draft auditor's report in Appendix B.



Value for Money

We anticipate having no significant weaknesses in arrangements to report in relation to the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources. Further detail on our Value for Money work is provided in section 7 of this report.



Whole of Government Accounts (WGA)

We cannot formally conclude the audit and issue an audit certificate until the National Audit Office has communicated the work we are required to undertake as component auditors for the Whole of Government Accounts.



Wider Powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Authority and to consider any objection made to the accounts.

02

Status of the audit

Status of our audit

Our audit work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the satisfactory resolution of the outstanding matters set out below.

Journals

We are finalising our work on our journals testing following receiving responses from management.



National Resilience

We are awaiting a response from management on a query we have raised regarding the “Agent vs Principal” treatment of the agreement.



Derecognition Property, Plant and Equipment

We are finalising our work on the derecognition of assets following receiving a response from management.



Investments

We are awaiting direct confirmations from third parties on two of our investment sample.



Fire fighters pensions

We are awaiting evidence with regards to membership data, benefits payable and employer’s contributions for the Fire Fighters Pension Scheme.



IT audit

We are finalising our IT audit work following receiving responses from management.



Quality control review

Our audit work is subject to manager and key audit partner review.



Signed Financial Statements, Annual Governance Statement and Letter of Representation

We will complete our final review of the financial statements upon receipt of the signed version of accounts and letter of representation



Status



Likely to result in a material adjustment or a significant change to disclosures in the financial statements.



Potential to result in a material adjustment or a significant change to disclosures in the financial statements.



Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.

03

Audit Approach

Audit Approach

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued on 26/09/24.

Materiality

Our provisional materiality at the planning stage of the audit was set at £2.5m using a benchmark of 1.8% of gross operating expenditure.

There have been no changes to the materiality levels we communicated in the Audit Strategy Memorandum.

Use of experts

On carrying out our initial audit work on the Authority's pension liability and property, plant and equipment valuations, we made use of experts to assist us with audit work.

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	Audit team has sufficient knowledge and experience to audit the property, plant and equipment valuations.

Service organisations

International Auditing Standards (UK) (ISAs) define service organisations as third-party organisations that provide services to Merseyside Fire and Rescue Service 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 organization used by the authority and our audit approach.

Item of Account	Service organisation	Audit approach
Treasury Management/Internal Audit Services	Liverpool City Council	Sufficient and appropriate audit evidence has been obtained from records held by the Authority.

04

Significant findings

Significant findings

Significant findings, including key areas of management judgement

In this section we outline the significant findings from our audit. These findings include:

- our audit conclusions regarding significant risks and key areas of management judgement outlined in the Audit Strategy Memorandum;
- our comments in respect of the accounting policies and disclosures that you have adopted in the financial statements. On page [X] we have concluded whether the financial statements have been prepared in accordance with the financial reporting framework and commented on any significant accounting policy changes that have been made during the year;
- any further significant matters discussed with management;
- any significant difficulties we experienced during the audit; and

Significant Risks

Management override of controls

Description of the risk

In 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, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

How we addressed this risk

We addressed this risk by performing audit work over:

- accounting estimates impacting amounts included in the financial statements;
- consideration of identified significant transactions outside the normal course of business; and
- journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements

Audit conclusion

We have completed our procedures as planned. There are no matters to bring to the Committee's attention in respect of our work on management override of controls.

Significant findings

Valuation of the net defined benefit pension liability

Description of the risk

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.

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.

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 2023/24.

How we addressed this risk

We addressed this risk by performing audit work over:

- obtaining an understanding of the skills, experience, objectivity and independence of the Pension Fund's actuary;
- obtaining confirmation from the auditors of Merseyside Pension Fund that the Pension Fund have designed and implemented controls to prevent and detect material misstatement. This included 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;
- evaluated and challenged the work performed by the Merseyside Pension Fund auditor on the Pension Fund investment assets, and considered whether the outcomes would materially impact our consideration of the Authority's share of Pension Fund assets;
- reviewed the actuarial allocation of Pension Fund assets to the Authority including comparing the Authority's share of the assets to other corroborative information;
- reviewed the appropriateness of the Pension Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges and utilising information by the consulting actuary engaged by the National Audit Office; and
- agreed 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

Audit conclusion

Our work is still on-going.

From the completed work to date, we have identified two errors.

The first relates to a misstatement in the Merseyside Pension Fund accounts as reported to us by the Pension Fund auditor. Based on the Authority's share of the Pension Fund assets we have estimated the impact of this error on the Authority's valuation of pension assets to be immaterial. Further detail is provided in section 06.

The second relates to the reduction in the Local Government Pension Scheme (LGPS) asset following the Authority obtaining an asset ceiling report from their actuary. Management have amended the accounts for this error. Further details are recorded in section 06.

Significant findings

Valuation of land and buildings

Description of the risk

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.

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.

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.

How we addressed this risk

We addressed this risk through performing audit work over:

- we assessed the Authority's valuers' qualifications, objectivity and independence to carry out such valuations;
- reviewed the valuation methodology used for assets subject to revaluation in 2023/24, including testing the underlying data and assumptions;
- reviewed the approach the Authority has adopted to address the risk that those assets not subject to valuation in the 2023/24 are materially misstated and considered the robustness of that approach in light of the valuation information reported by the valuers.

Audit conclusion

We have completed our procedures as planned. There are no matters to bring to the Committee's attention in respect of our work on the valuation of land and buildings.

Significant findings

Qualitative aspects of the Authority's accounting practices

We have reviewed the Authority's accounting policies and disclosures and concluded they comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 appropriately tailored to the Authority circumstances. We have suggested some updates as part of our audit work to ensure that the Authority fully complies.

Draft accounts were received from the Authority on 31 May 2024 and were of a good quality. There have been some adjustments and disclosure changes arising from our audit. These do not indicate a weakness of the Authority's closedown processes or control framework. The Authority finance team have provided us with timely responses to queries which have assisted with audit progress.

Draft accounts were received from the Authority on 31 May 2024 and were of a good quality.

Significant matters discussed with management

During our audit we communicated the following significant matters to management:

National Resilience Programme

MFRA is the lead for the National Resilience Programme funded by the Home Office. Within the draft accounts the Authority recognised assets and a corresponding creditor for a number of vehicles that were part complete at the year end and due to be issued to other fire authorities. We have had discussions with management on this accounting treatment. As a result, we have agreed the assets should not be recognised by MFRA because it did not have appropriate control over them.

We have also had a number of discussions with management on "Agent vs Principal" accounting treatment of the National Resilience Programme. This work is still ongoing, as set out in section 2.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2023/24 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

Internal control conclusions

Internal control conclusions

Overview of engagement

As part of our audit, we obtained an understanding of Authority's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of Authority's internal controls, we are required to communicate to the Audit Committee any significant deficiencies in internal controls that we identified in during our audit.

Deficiencies in internal control

A deficiency in internal control exists if:

- a control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/or correct potential misstatements in the financial statements; or
- a necessary control to prevent, detect, and/or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered Authority's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

We have not identified any deficiencies in the Authority's internal controls as at the date of this report.

Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of the Audit Committee.

We have not identified any significant deficiencies in the Authority's internal controls as at the date of this report.

Other observations

We also record our observations on the Authority's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

We do not have any other internal control observations to bring to your attention as at the date of this report.

Whether internal control observations merit attention by the Audit Committee and/or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

06

Summary of misstatements

Summary of misstatements

We set out below and on the following pages a summary of the misstatements we identified during our audit, above the trivial threshold for adjustment of £75k. .

The first table in this section sets out the misstatements we identified which management has assessed as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. The second table outlines the misstatements we identified that have been adjusted by management.

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued on 26/09/2024. Any subsequent changes to those figures are set out in the section 3 of this report.

Unadjusted misstatements

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Pension Reserve Cr: Pension Liability The Pension Fund auditor reported an understatement of the assets held by Merseyside Pension Fund. Our estimate of the impact of this on the Authority's pension liability, based on its share of the Pension Fund assets is £458k.			458	(458)
Aggregate effect of unadjusted misstatements (£'000)	-	-	458	458

Summary of misstatements

Adjusted misstatements

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe the Audit Committee should be made aware of.

Details of adjustment	Comprehensive Income and Expenditure Statement		Balance Sheet	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
<p>Dr: Short term investments</p> <p>Cr: Cash and cash equivalents</p> <p>During our testing of investments we identified an error relating to the misclassification of a number of items recorded as cash and cash equivalents but with a maturity date longer than three months. These have been reclassified to short-term investments to align with the Authority's accounting policy</p>			9,765	9,765
<p>Dr: Creditors</p> <p>Cr: Property, plant and equipment</p> <p>During our testing of property, plant and equipment and creditors we identified an error in relation to assets that were purchased under the National Resilience Programme and were under construction at the year end. The assets were subsequently distributed to other Authorities across the country. These assets were incorrectly recorded on the Authority's balance sheet.</p>			6,110	(6,110)
<p>Dr Pension Reserve</p> <p>Cr: Pension Asset</p> <p>The Authority received an asset ceiling calculation from their actuary. This adjustment reduces the LGPS asset in line with this report.</p>			5,194	(5,194)
<p>Dr: Short-term creditors</p> <p>Cr: Grants received in advance</p> <p>Audit testing identified there was a misclassification between short-term creditors and grants received in advance. This adjustment correctly splits the liabilities.</p>			16,628	(16,628)
Aggregate effect of adjusted misstatements			37,697	(37,697)

Summary of misstatements

Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- Financial Instruments – This disclosure has been amended to ensure consistent with the debtors, creditors and cash note.
- Audit fees – This disclosure note has been amended to remove predecessor auditor fees.
- Pensions – The defined benefit pension scheme notes have been amended to reflect the asset ceiling report being obtained.

07

Value for Money

VFM arrangements

Overall Summary



VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider 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 and sets out the reporting criteria that we are required to consider. The reporting criteria are:



Financial sustainability - How the Authority plans and manages its resources to ensure it can continue to deliver its services.



Governance - How the Authority ensures that it makes informed decisions and properly manages its risks.



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 work is carried out in three main phases.

Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Authority has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- 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 officers

Although we describe this work as planning work, we keep our understanding of arrangements under review and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.




We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Authority. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements** - we make these recommendations for improvement where we have identified a significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.
- **Other recommendations** - we make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant, but which still require action to be taken.

The table on the following page summarises the outcome of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements, or made other recommendations.

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	25-27	No	No	No
 Governance	28-30	No	No	No
 Improving economy, efficiency and effectiveness	31-32	No	No	No

VFM arrangements

Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Background to the LG financing regime in 2023/24

During 2023/24, Merseyside Fire and Rescue Authority (the Authority) continued to face significant challenges, against a backdrop of an adverse national economy and a cost-of-living crisis. The financial impact of the pandemic on the Authority continues to feature with a continuation of one year Government Settlements and additional costs. The Authority has continued to work to understand the longer-term impact of the pandemic, and to adapt its financial plans over the medium term.

In response to these pressures it is essential the Authority has timely and accurate financial reporting to members and senior management, and decision makers make prompt decisions to maintain the financial sustainability of the Authority.

2023/24 Financial statement performance

We have undertaken a high level analysis of the audited financial statements, including the Movement in Reserves Statement and the Balance Sheet.

The Authority's balance sheet has seen some significant movements within the year. Overall, the Authority's net liabilities have decreased from £756.6m to £740.8m at 31 March 2024. The most significant changes in the balance sheet relate to movements on the Authority's defined benefit pension asset/liability. There has also been an increase in the value of the Authority's property, plant and equipment portfolio compared to the prior year. It is not unusual to see material movements in the net pension disclosures and this is consistent with our experience at other similar bodies. The movements in property values are anticipated movements due to the regularity of asset valuations and market trends.

The Authority's useable reserves have decreased from £38.5m at 31 March 2023 to £30.9m at 31 March 2024. The Authority has a strong reserves position with earmarked reserves of £12.2m and a general fund balance of £3.7m at 31 March 2024. These reserves provide some mitigation against future financial challenges. The movements in earmarked reserves are consistent with the reserves policy set by the Authority in year. The Authority's reserves policy identifies the purpose of each reserve, for example whether the reserve is linked to the Authority's strategic priorities or to support budget resilience. The policy sets out the approval process for drawing down reserves. The approval process is determined by the type of reserve and involves Officers of sufficient seniority in the decision to drawn down the reserve.

The Authority's financial planning and monitoring arrangements

In February 2023 the Authority set a balanced budget for the 2023/24 financial year. The total net expenditure budget for Authority services was approved at £67.9m with an increase in precept of £5 (6%) for Band D properties. We have reviewed the Authority's budget setting papers for 2023/24 and confirmed the budget is linked to the Medium Term Financial Plan (MTFP). It includes details of key underlying assumptions including levels of government funding, inflation and pay increases.

During the budget setting process members are kept fully up-to-date on developments in local government finance, and we have seen evidence of officers proactively engaging members in the process. Examples of this include the annual budget day, held in January 2023, allowing key officers and members the opportunity to come together to discuss the upcoming financial year. This also included reflections on 2022/23, what went well and any lessons learned.

Merseyside Fire and Rescue Authority reported its balanced revenue outturn position for the 2023/24 year and achieved an additional in year underspend of £3.3m. The Authority notes the significant pressures continued to be experienced in the sector but recognise the results achieved in year.

During the year the Authority regularly reported its financial position to the Policy and Resources Committee. We have reviewed a sample of the reports presented for the 2023/24 year. These reports contain appropriate detail of the significant variances to budget and provide an update on the delivery against savings targets. They also contain appropriate information on the delivery of the approved capital programme, including explanations for both over and under spends against the budget profile.

Arrangements for the identification, management and monitoring of funding gaps and savings

The MTFP is a five-year plan which sets out the resources available to deliver the Authority's overall commitment to provide services that meet the needs of the local community and represent good value for money.

A key part of the MTFP is to highlight budget issues that will need to be addressed by the Authority in each of the years it covers. This means it includes assumptions to allow forecasting of the level of available resources

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

together with the budget pressures relating to both capital and revenue spending. It also assesses the adequacy of reserves and provisions held for past events which may impact the Authority's resources. The Authority has in place a clear and well-established budget setting process. The Authority holds an annual Budget Strategy Day where senior officers and members discuss the assumptions and principles on which the budget is to be based. As part of the budget process, the Authority explicitly identifies its savings gap for the following year. Once the gap has been identified, a savings programme is determined. Reports are provided to members through Authority and Policy and Resource Committee.

The savings gaps identified in the MTFP for 2024/25 and 2025/26 are £683k and £847k respectively. The Authority has a strong track record of delivery against savings programmes to bridge the budget gaps in recent years. Earmarked reserves have been set aside to fund expenditure included in the plans relating to specific objectives. The annual financial process includes consideration of overall reserve balances and review to ensure that these remain in line with the reserves policy. The draw on reserves, as in previous years, is directly matched to non-recurring expenditure; reserves are not being used to balance the budget.

Arrangements and approach to the 2024/25 financial planning

The arrangements of the 2024/25 budget setting process have largely followed the arrangements in place for 2023/24.

The budget for 2024/25 was approved at the February 2024 Authority meeting. At the start of the budget setting process an initial savings gap of £683k was identified. Using the methodology described above, the Authority was able to eliminate this gap as part of the budget setting process and to set a balanced budget for 2024/25. The budget gap was eliminated by updated for the 2024/25 Government Settlement Funding Assessment and an increasing precepts by 2.98%.

We have reviewed the quarter two financial report for 2024/25. This is currently forecasting a £800k underspend for the year. This is largely due to an anticipated reduction in employee costs caused by staff recruitment pressures together with some changes to the funding provided.

We have reviewed the 2024/25 budget papers and confirmed that the budget assumptions appear to be comprehensive, realistic and properly applied.

Based on the above considerations we are satisfied that there is not a significant weakness in Merseyside Fire and Rescue Authority's arrangement in relation to financial sustainability.

VFM arrangements

Governance

How the body ensures that it makes informed decisions and properly manages its risks



VFM arrangements – Governance

Overall commentary on Governance

Risk management and monitoring arrangements

Merseyside Fire and Rescue Authority had a comprehensive risk management system in place for 2023/24. It is embedded in the governance structure of the organisation.

The Authority's risk management framework includes the risk management policy statement and risk management strategy. This policy sets out how risks and opportunities will be managed effectively. The Authority's Business Continuity Management policy statement and strategy are also used within risk management, to assess and review the effectiveness of business continuity within the organisation.

The Director of Strategy and Procurement (s151 Officer) maintains a Corporate Risk Register in collaboration with other members of the Senior Leadership Team. The Director of Strategy and Procurement reports on these matters directly to the Chief Fire Officer. The Corporate Risk Register is reviewed and considered bi-annually by the Authority committee. We have reviewed an example register and confirmed it is sufficiently detailed to allow for effective risk management. Each risk has an assigned risk owner and a risk score based on a probability and impact matrix. Where mitigating actions are identified they are also assigned an owner and a due date to ensure there is appropriate accountability. This allows for effective oversight of the risks.

Internal control and Internal Audit

The Internal Audit team provide assurance over the effectiveness of internal controls. The annual Internal Audit plan is agreed with management at the start of the financial year and is reviewed by the Audit Committee prior to final approval. The 2023/24 Internal Audit plan was approved by the Audit Committee in May 2023.

The Internal Audit Service is provided by Liverpool City Council under an SLA with MFRA.

The audit plan is based on an assessment of risks the Authority faces and is determined to ensure there is assurance on the overall adequacy and effectiveness of the Authority's framework of governance, risk management and internal control. The planned work is supplemented by ad hoc reviews in respect of suspected irregularities and other work commissioned by officers and members to respond to emerging risks and issues. We have reviewed the Internal Audit plans for 2023/24 and 2024/25 and confirmed they are consistent with the risk based approach.

Internal Audit progress reports are presented to each Audit Committee meeting including follow up reporting on recommendations from previous Internal Audit reports. From our attendance at meetings, we are satisfied this allows the Committee to effectively hold management to account. At the end of each financial year the Head of Internal Audit provides an opinion based on the work completed during the year. For 2023/24 the Head of Internal Audit concluded that a substantial level of assurance can be given that the Authority's overall framework of governance, risk management and control remains appropriate and has been complied with.

Since our engagement commenced we have attended all Audit Committee meetings. Through attendance at these meetings we have confirmed the committee receives regular updates on both internal audit progress and risk management in the form of risk registers. We have seen active member engagement from the Audit Committee who challenge the papers and reports which they receive from officers, internal audit and external audit.

We have also reviewed meeting minutes from the Authority meeting which evidence an appropriate level of member engagement and challenge.

Arrangements for budget setting and budgetary control

The Authority has an approved set of budget principles which are used during the budget setting process. The key budget principles are:

- The budget is initially prepared on the basis that current resources support existing service levels, with the exception of known changes.
- Salary budgets are prepared with reference to the previous budget and are adjusted for pay awards, increments, approved service changes, savings and other approved variations.
- Resources are redirected towards the Authority's priority areas where possible.

We have reviewed the budget assumptions and consider these to be appropriate and are consistently applied.

Budget monitoring is the responsibility of budget managers with the support of the finance service. Each budget has a named budget manager and responsibilities are clear. Monthly budget position statements are issued for all cost centres and regular meetings are held to alert budget managers to any potential variances. Significant variances against budget are investigated, budget managers along with the Senior Leadership Team are required to identify and agree the corrective actions to be taken. We have reviewed a sample of the finance reports which have been prepared throughout the 2023/24 year which evidence that an appropriate level of detail is included to keep budget managers, the Senior Leadership Team and members informed of any actual or potential overspends, including detail on how these areas are being managed.

Decision making arrangements and control framework

Merseyside Fire and Rescue Authority has an established governance structure in place which is set out within its Annual Governance Statement. This is supported by the Authority's Integrated Risk Management Plan (IRMP), the Constitution and the People Plan.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

The IRMP 2021/24 sets out the duties and responsibilities Merseyside Fire and Rescue Authority has by linking through to key legal frameworks, these include: The Fire and Rescue Service Act 2004, The Civil Contingencies Act 2004, Fire Safety Order 2005 and the National Framework 2018. The Authority's aims are clearly established within the IRMP; to protect, prevent, prepare and respond. This plan provides a link between risk management and the legal framework in which the Authority operates, providing a key document to make informed decisions.

The Constitution sets out responsibilities for decision making by the Authority, its Committees, any Sub-Committees and Officers. Key decisions, in line with the Constitution, must be made by the Authority and cannot be delegated. The Constitution also sets out that decisions made by Officers must be within their authorised remit and in accordance with the terms of the Scheme of Delegation.

The People Plan links with other key documents, including the IRMP and MTFP, to establish the ethical principals of employees and key leadership messages. The People Plan uses benchmarking statistics to assess the Authority's performance against other Fire and Rescue Services. This plan demonstrates Merseyside Fire and Rescue Authority's commitment to provide services to the Merseyside community.

Regulators

We reviewed the most recent HMICFRS Inspection report issued to the Authority in 2023. The report assessed the Authority's performance across eleven areas, rating three as outstanding, five as good and three areas as adequate. The Authority received no 'requires improvement' or 'inadequate' ratings. The report highlights the positive progress the Authority has made since the previous inspection in 2021.

Based on the above considerations we are satisfied there is not a significant weakness in Merseyside Fire and Rescue Authority's arrangements in relation to governance.

VFM arrangements

Improving Economy, Efficiency and Effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Performance Management

We confirmed, through observation, that arrangements are in place to measure the quality of services, to ensure they are delivered in line with the objectives of the Authority and for ensuring they provide value for money. Performance management arrangements are in place. Key Performance Indicators (KPIs) are aligned to the data reported via the Home Office and HMICFRS and assessed on a monthly basis. Quarterly Service Delivery Plans are produced alongside the finance updates and reported to members via the Policy and Resources Committee.

We confirmed that financial performance is monitored by the Senior Leadership Team (SLT). Review of reporting to SLT shows detailed information is shared including latest financial position, forecast financial outturn and commentary on key pressures/underspends.

Alongside the performance framework the output from regulator is also considered to evaluate performance and identify areas for improvement. The output from regulators feed into the risk management arrangements in place. The Authority is subject to inspection by His Majesty's Inspectorate Constabulary and Fire & Rescue Services (HMICFRS). HMICFRS carry out inspections of fire and rescue services to assess and report on three key areas: effectiveness, efficiency, and people.

Partnerships and Commissioning

The Authority is open to considering all options to deliver services. This means it commissions from other organisations where it is appropriate, and where it can achieve the same or better outcomes at reduced cost. The Authority actively seeks to commission jointly with other public service agencies where possible.

The Authority operates as the lead authority for the National Resilience Assurance Team (NRAT). The NRAT initiative was established in response to the 2001 terrorist attacks in New York and Washington and seeks to enhance the capabilities of Fire and Rescue Services nationally by investing in a range of bespoke appliances. In taking this lead role, Merseyside Fire and Rescue Authority works closely with both the Home Office and fire services throughout the country to ensure appropriate funding and distribution assets.

Merseyside Fire and Rescue also operates within partnership arrangements through their work on Urban Search and Rescue (USAR). This establishes a highly trained team, responsible for supporting operational crews in challenging incidents. This team is one a number that makes up the National USAR, meaning they can be called upon to respond to incidents throughout the country. In addition to their responsibilities within the UK, the USAR provide support to incidents across the globe such as earthquakes, tsunamis and large

scale flooding; operating as part of the United Kingdom International Search and Rescue team. This partnership involves building good relationships with international partners, to improve technical skills. This contributes to improved services delivered both on Merseyside and more widely.

The Authority continues to work alongside key partners, such as Merseyside Police and NHS bodies. Merseyside Fire and Rescue Authority has a number of station facilities that are jointly shared with ambulance and police services, enabling cost sharing across emergency responders.

Based on the above considerations we are satisfied there is not a significant weakness in Mersey Side Fire and Rescue Authority's arrangements in relation to improving economy, efficiency and effectiveness.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

D: Other communications

Appendix A: Draft management representation letter

Forvis Mazars

One St Peters Square
Manchester
M2 3DE

(Date)

Dear Karen,

Merseyside Fire and Rescue - Audit for Year Ended 31 March 2024

This representation letter is provided in connection with your audit of the financial statements of Merseyside Fire and rescue the Authority for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy ourselves that I can properly make each of the following representations to you.

My responsibility for the financial statements and accounting information

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by the Code and applicable law.

My responsibility to provide and disclose relevant information

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material;
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Authority you determined it was necessary to contact in order to obtain audit evidence.

I confirm as Director of Finance and procurement that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

Appendix A: Draft management representation letter

Accounting records

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Authority and committee meetings, have been made available to you.

Accounting policies

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Authority's financial position, financial performance and cash flows.

Accounting estimates, including those measured at current and or fair value

I confirm that the methods, significant assumptions and the data used by the Authority in making the accounting estimates, including those measured at current and or fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

Contingencies

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired, or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Authority have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by the Code and applicable law.

Laws and regulations

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

Appendix A: Draft management representation letter

Fraud and error

I acknowledge my responsibility as Director of Finance and procurement for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Authority involving:
 - management and those charged with governance;
 - employees who have significant roles in internal control; and
 - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

Related party transactions

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended by the Code and applicable law.

I have disclosed to you the identity of the Authority's related parties and all related party relationships and transactions of which I am aware.

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and intangible assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

All the Authority's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments

The Authority has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2023/24 in relation to the Authority's service concession arrangements that you have not been made aware of.

Appendix A: Draft management representation letter

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by the Code and applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

Impacts of Russian Forces entering Ukraine

I confirm that I have carried out an assessment of the potential impact of Russian Forces entering Ukraine on the Authority, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events after reporting period note to the financial statements fairly reflects that assessment

Covid-19

I confirm that I have carried out an assessment of the potential impact of the Covid-19 Virus pandemic on the business, including the impact of mitigation measures and uncertainties, and that the disclosure in the Annual Report and the subsequent events after reporting period note to the financial statements fairly reflects that assessment.

Brexit

I confirm that I have carried out an assessment of the impact of the United Kingdom leaving the European Union, including the impact of the Trade and Cooperation Agreement, and that the disclosure in the Annual Report fairly reflects that assessment.

Going concern

To the best of my knowledge there is nothing to indicate that the Authority will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

Annual Governance Statement

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

Narrative Report

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

Unadjusted misstatements

We confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Appendix A: Draft management representation letter

Arrangements to achieve economy, effectiveness and efficiency in Use of Resources (Value for Money arrangements).

I confirm that I have disclosed to you all findings and correspondence from regulators for previous and ongoing inspections of which I am aware. In addition, I have disclosed to you any other information that would be considered relevant to your work on value for money arrangements.

Yours faithfully,

Mike Rea

Director of Finance and procurement

Appendix B: Draft audit report

Independent auditor's report to the members of Merseyside Fire and Rescue

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Merseyside Fire and Rescue ("the Authority") for the year ended 31 March 2024, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31st March 2024 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance and Procurement with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Finance and Procurement is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Appendix B: Draft audit report

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Director of Finance and Procurement and for the financial statements

As explained more fully in the Statement of the Director of Finance and Procurement Responsibilities, the Director of Finance and Procurement is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Director of Finance and Procurement is also responsible for such internal control as the Director of Finance and Procurement determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance and Procurement is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future. Director of Finance and Procurement is responsible for assessing each year whether or not it is appropriate for the Authority to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Authority, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015, and we considered the extent to which non-compliance might have a material effect on the financial statements.

Appendix B: Draft audit report

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Audit Committee, as to whether the Authority is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Authority which were contrary to applicable laws and regulations, including fraud.

We evaluated the of the Director of Finance and Procurement's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

- Our audit procedures in relation to fraud included but were not limited to:
- making enquiries of management and the Audit and Governance Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- reviewing the reasonableness of estimates made by management;
- enquiring and ascertaining whether there have been any unusual transactions during the year;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Director of Finance and Procurement use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on the Authority's arrangements for securing economy, efficiency, and effectiveness in its use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view we are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

Appendix B: Draft audit report

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the members of Merseyside Fire and Rescue Authority, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the members of the Authority those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members of the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the National Audit Office has communicated the work we are required to undertake as component auditors for the Whole of Government Accounts.

Signature

Karen Murray, Key Audit Partner
For and on behalf of Forvis Mazars LLP

Forvis Mazars
One St Peters Square
Manchester
M2 3DE
United Kingdom

Date

Appendix C: Confirmation of our independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We can confirm that no new threats to independence have been identified since issuing the Audit Strategy Memorandum and therefore we remain independent.

Appendix D: Other communications

Other communication	Response
<p>Compliance with Laws and Regulations</p>	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
<p>External confirmations</p>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
<p>Related parties</p>	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ul style="list-style-type: none"> a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
<p>Going Concern</p>	<p>We have not identified any evidence to cause us to disagree with the Director of Finance and Procurement that Authority will be a going concern, and therefore we consider that the use of the going concern assumption is appropriate in the preparation of the financial statements..</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

Appendix D: Other communications

Other communication	Response
<p>Subsequent events</p>	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
<p>Matters related to fraud</p>	<p>We have designed our audit approach to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. In addition to the work performed by us, we will obtain written representations from management, and where appropriate the Audit Committee, confirming that</p> <ul style="list-style-type: none"> a) they acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud; b) they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud; c) they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ul style="list-style-type: none"> i. management; ii. employees who have significant roles in internal control; or iii. others where the fraud could have a material effect on the financial statements; and d) they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.

Contact

Forvis Mazars

Karen Murray

Partner

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karen.murray@mazars.co.uk

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