



Audit Completion Report

Merseyside Fire and Rescue Authority – year ended 31 March 2025

February 2026

Members of the Audit Committee
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26 February 2026

Dear Committee Members,

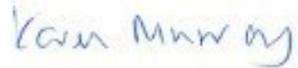
Audit Completion Report – Year ended 31 March 2025

We are pleased to present our Audit Completion Report for Merseyside Fire and Rescue Authority (Authority) for the year ended 31 March 2025. The purpose of this report is to summarise our audit findings and conclusions.

This report is intended solely for members of the Audit Committee for the purpose of communicating certain matters that, in our professional judgement, are relevant to your oversight of the financial reporting process. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

We appreciate the courtesy and co-operation extended to us by Merseyside Fire and Rescue Authority throughout our audit. We would be happy to discuss the contents of this report, or any other matters regarding our audit, with you in more detail.

Yours faithfully,



Karen Murray
Forvis Mazars LLP

Forvis Mazars LLP – www.forvismazars.com/uk

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Our reports are prepared in the context of the 'PSAA Statement of Responsibilities of Auditors and of Audited Bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. This document is to be regarded as confidential to Merseyside Fire and Rescue Authority. It has been prepared for the sole use of the Audit Committee as the appropriate sub-committee charged with governance. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

01

Executive Summary

Executive summary

Scope

We have been engaged to audit the financial statements of Merseyside Fire and Rescue Authority for the year ended 31 March 2025 which are prepared in accordance with the 2024/25 Code of Practice on Local Authority Accounting.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with the Code of Audit Practice.

Audit status

Our audit procedures are now substantially complete for the year ended 31 March 2025.

Please refer to the *'Status of our audit'* section for a list of significant audit matters outstanding at the date of this report. We will provide an update to members of the Audit Committee on completion of those outstanding matters by way of a follow-up letter.

Areas of focus and audit approach, and significant findings

We have not made any changes to our initial risk assessment and planned audit approach that was communicated to members of the Audit Committee in our Audit Strategy Memorandum.

Significant control deficiencies

We identified a significant deficiency in internal control. Please refer to the *'Significant control deficiencies'* section. The non-significant control observations that we have identified to date are set out in *'Appendix A: Internal control conclusions'*.

Audit misstatements

A summary of the adjusted and unadjusted misstatements above our reporting threshold we have identified to date is set out in the *'Summary of misstatements'* section.

Audit opinion

At the time of issuing this report and subject to the satisfactory conclusion of our remaining audit work, we anticipate issuing an unqualified opinion, without modification, as set out in Appendix C.

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 details have been provided in the *'Value for Money'* section of this report.

Wider reporting 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. We confirm no such correspondence from electors has been received.

Reporting to the group auditor

We have not yet received group instructions from the National Audit Office in respect of our work on the Authority's WGA submission. We are unable to commence our work in this area until such instructions have been received.

Executive summary

Qualitative aspects of Authority's accounting practices

We have reviewed the Authority's accounting policies and disclosures and conclude that they comply with the 2024/25 Code of Practice on Local Authority Accounting, appropriately tailored to the Authority's circumstances.

Draft accounts were received from the Authority on 2 July 2025. This was just after the statutory deadline of 30 June. As noted below and in section 06, we have identified a number of adjustments during the course of our audit.

We would like to place on record our thanks to the Authority's finance team for their support during the course of the audit. However, some responses to audit queries have been slower than we anticipated. There have also been delays in addressing some technical accounting matters, the resolution of which have required also extensive discussion with the audit team.

Significant matters discussed with management

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

Fully depreciated assets

Following audit challenge, the Authority identified £1.261m of Vehicles and Equipment assets that were fully depreciated but which were still in use at the year end. This means the Authority is holding assets providing service potential at nil net book value. Management commenced an exercise to review all assets still in use. This exercise also identified a number of Vehicles and Equipment assets still in use but which had been removed from the asset register and accounts in previous years.

The Authority is required to hold assets at the lower of their carrying amount or recoverable amount. The Authority has performed an exercise to assess the value of these assets and this has resulted in:

- Assets held at nil on the asset register – Value of £153k which has been shown as an in year adjustment to depreciation, please refer to page 28.

- Assets still in use but not on asset registers – Value of £411k which has been shown as an in year addition. These assets have been depreciated within 2024/25 and have a net book value at the year end of £300k. Please refer to page 27.

We have reported this matter as a significant deficiency in internal control on page 20.

IFRS 16 Implementation for PFI

The 2024/25 financial year included the introduction of a new accounting standard, IFRS 16. A significant element of the implementation of IFRS 16 in Local Government accounting has been the remeasurement of PFI schemes. Our initial review of the Authority's draft accounts noted the remeasurement of the PFI scheme held by the Authority was excluded from the financial statements. Work on the remeasurement of the PFI scheme was completed following our audit challenge. The impact of the remeasurement was material to the financial statements and is recorded on page 26. We have also reported this matter as a deficiency in internal control, please refer to page 36.

Accounts Preparation

As documented in section 06 of our report, a significant number of amendments were required to the draft financial statements submitted for audit. The audit team have spent a significant amount of additional time checking the amendments made by the Authority's finance team across multiple versions of the financial statements. The Authority is reminded of the importance of issuing good quality draft accounts for audit.

Significant difficulties during the audit

Apart from the issues set out above, we have not encountered any significant difficulties. There was effective co-operation and communication between Forvis Mazars, management, and members of the Audit Committee during our audit. All requested information and explanations were provided to us.

02

Status of the audit

Status of our audit

Our audit work is substantially complete, 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.

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.



Work on value for money arrangements

03

Audit approach and risk summary

Audit approach and risk summary

Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued on 2 October 2025.

Materiality

Our provisional materiality at the planning stage of our audit was set at £3m using a benchmark of 2% of gross operating expenditure as per the Audit Strategy Memorandum. There have been no changes to the materiality levels we communicated in the Audit Strategy Memorandum.

Audit approach and risk summary

	Audit risk/ key area of judgement	Fraud risk	Judgement	Error	Substantive audit procedures	Tests of controls	Misstatement identified	Control recommendations	Conclusion	Page ref to finding
Significant risks	Management override of controls	●	●	●	●	○	○	○	Risk satisfactorily addressed, we have no matters to report.	13
	Defined benefit pension liability/asset valuation	○	●	●	●	○	●	○	Risk is satisfactorily addressed. Disclosure amendments have been included within the revised financial statements, please refer to page 29.	14
	Valuation of Land and Buildings	○	●	●	●	○	●	○	Risk is satisfactorily addressed. Amendments have been included within the revised financial statements, please refer to pages 25 and 28.	15
	Implementation of IFRS 16	○	●	●	●	○	●	●	Risk is satisfactorily addressed. Amendments have been included within the revised financial statements, please refer to pages 24, 25, 26 and 28.	16

04

Significant findings

Significant findings

The significant findings from our audit include our conclusions regarding the significant risks we identified and other key areas of judgement, which are set out in this section.

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 through 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. We have not identified any matters which we are required to report to members of the Audit Committee.

Fraud in Revenue Recognition
Under International Auditing Standards there is a rebuttable presumed risk of fraud in revenue recognition on all audit engagements. We have considered the risk of fraud in revenue recognition at the Authority. We consider there to be little incentive to manipulate revenue recognition due to performance indicators and opportunities to manipulate revenue are limited given the Authority's strong control environment. We have therefore rebutted the presumed risk of fraud in revenue recognition.

Significant findings

Significant risks – continued

Defined benefit pension liability/asset valuation

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 and the Firefighters Pension Scheme.

The valuation of the pension schemes 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 2024/25.

How we addressed this risk

We have addressed this risk by:

- obtaining an understanding of the skills, experience, objectivity and independence of the Pension Fund's actuary;
- obtaining confirmation from the auditors of the Pension Fund that the Pension Fund have designed and implemented controls to prevent and detect material misstatement. This will include the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate;
- evaluating and challenging the work performed by the Pension Fund auditor on the Pension Fund investment assets, and considering whether the outcomes would materially impact our consideration of the Authority's share of Pension Fund assets;
- reviewing the actuarial allocation of Pension Fund/Scheme assets to the Authority including comparing the Authority's share of the assets to other corroborative information;
- reviewing the appropriateness of the Pension Liability valuation methodologies applied by the Pension Fund/Scheme Actuary, and the key assumptions included within the valuation. This will include comparing them to expected ranges and utilising information by the consulting actuary engaged by the National Audit Office; and
- agreeing the data in the IAS 19 valuation report provided by the Fund/Scheme Actuary for accounting purposes to the pension accounting entries and disclosures in the Authority's financial statements.

Audit conclusion

We have completed our procedures as planned.

From the work completed to date we have noted a number of changes to the disclosures within the accounts. These are detailed within section 06.

Significant findings

Significant risks – continued

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 have addressed this risk by:

- assessing the Authority's valuers' qualifications, objectivity and independence to carry out such valuations;
- reviewing the valuation methodology used for assets subject to revaluation in 2024/25, including testing the underlying data and assumptions;
- reviewing the approach the Authority has adopted to address the risk that those assets not subject to valuation in the 2024/25 are materially misstated and consider the robustness of that approach in light of the valuation information reported by the valuers; and
- considering movements in market indices between valuation dates and the year end in order to determine whether these indicate fair valuers have moved materially over that time.

Audit conclusion

We have completed our procedures as planned.

We have identified a misstatement which management have amended for in the financial statements, this is recorded on page 26.

Significant findings

Significant risks – continued

Implementation of IFRS 16

Description of the risk

The implementation of IFRS 16 in 2024/25 is expected to have a material impact on the Authority's balance sheet through the recognition of right of use assets and corresponding lease liabilities. This is a complex change in financial reporting which requires management judgements.

Within the 2023/24 financial statements, the total value of finance leased assets was £120k and operating lease liabilities was £184k. The Authority was also a lead on a North West PFI scheme. The total obligations in relation to this scheme in 2023/24 was £15.8m.

Due to the significant values involved and complex nature of this accounting change, we have identified this as an area of significant risk for our 2024/25 audit.

How we addressed this risk

We have addressed this risk by:

- reviewing the process and controls by management for collating information to ensure the completeness and accuracy of the data used in the IFRS 16 calculation and that all relevant leases have been identified;
- reviewing managements year end journal postings to ensure proper accounting treatment;
- reviewing any key judgements and estimates that management have made in respect of their IFRS 16 calculation;
- testing a sample of leases in place at the year end and ensure their disclosure is appropriate.

Audit conclusion

We have completed our procedures as planned.

We have identified various amendments to the financial statements, these have been recorded on pages 25, 26, 27 and 29.

We have also raised a control recommendation with regards to the implementation of IFRS 16. This has been recorded on page 36.

Significant findings

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 2024/25 audit.

05

Significant control deficiencies

Significant control deficiencies

As part of our audit, we obtained an understanding of the 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 the Authority's internal controls, we are required to communicate to members of 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 control that is necessary 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 the 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 the 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.

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.

The significant deficiencies in the Authority's internal controls that we have identified as at the date of this report are in set out on the following pages.

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.

The other control deficiencies that we have identified as at the date of this report are set out in '*Appendix A: Internal control conclusions*'.

Significant control deficiencies

In our view, the deficiencies in internal control set out in this section result in a potential for financial loss, damage to reputation, a loss of information or result in material adjustments to the financial statements and associated disclosures. This may have implications for the achievement of business strategic objectives. Our recommendations should be considered for immediate action.

Fully Depreciated Assets

Description of deficiency

The Authority's Fixed Asset Register included a number of Vehicles and Equipment assets with a nil net book value but which were still in use at the year end. The gross book value of these assets together with the accumulated depreciation (both £1.261m) were reflected in the note to the Statement of Financial Position. Following audit challenge, management have completed an assessment of the value of these assets at the year end which is £153k.

Management have carried out a review of all assets and identified some assets which had been removed for the fixed asset register in previous years but which are still in use at the balance sheet date. Following audit challenge, management have completed an assessment of the value of these assets at the year end which is £300k.

IAS16 governs accounting for PPE. The Code of Practice requires the Authority to follow this, adaptations and interpretations are not related to asset lives. As a result, the Authority is required to carry assets at the lower of their carrying amount and recoverable amount, where the recoverable amount is the higher of the assets fair value less costs to sell and the assets value in use.

The standard sets out that, typically, for low value and low life assets, it can be appropriate to deem the current value in use to be the historic cost less depreciation. However, the standard requires management to assess, at least at the end of every financial year, the useful lives allocated to ensure these remain appropriate and to adjust the valuations accordingly. Management has not undertaken these reviews and as a result, has not identified those assets where the allocated useful life was incorrect such that the current value in use is not being accounted for in line with IAS16.

Potential effects

If assets are not reviewed in line with IAS 16 requirements, there is a risk the Authority's financial statements will not reflect the value in use of all of its PPE and in year depreciation charges could be incorrect. Furthermore, the Authority's accounting policy in respect of asset lives may be incorrect.

Recommendation

The Authority should ensure it complies with IAS16 and the Code by undertaking an annual review of assets in use to ensure the allocated asset lives are appropriate, depreciation is being properly charged and assets are properly reflect the current value in use.

Significant control deficiencies

Fully Depreciated Assets - continued

Management response

Management accepts the audit finding regarding the valuation of fully depreciated assets. We recognise that while many of our operational assets are maintained to a high standard to ensure emergency response readiness, the failure to formally reassess their useful economic lives resulted in an undervaluation of the Authority's Property, Plant and Equipment.

In direct response to the audit challenge, a joint review was conducted between the Finance Department and the Fleet Manager. The retrospective adjustments have been made to the Year-End accounts:

To prevent recurrence and ensure full compliance with the IFRS Accounting Standard IAS 16 and the Code of Practice, when closing the 2025/26 Accounts and future years we will:

- Work in collaboration with the Fleet Manager to implement a formal year-end procedure to review the remaining useful lives of all significant asset classes.
 - Work in collaboration with departmental leads and review the Authority's Accounting Policy regarding depreciation and asset lives to ensure the default life cycles remain realistic for the types of equipment and vehicles currently in use.
 - Introduce a new internal control to ensure that assets reaching the end of their predicted life are physically verified before being treated as nil-value, ensuring the "Value in Use" is accurately reflected
 - Monitor progress on these improvements to ensuring that the financial reporting controls remain robust.
-

06

Summary of misstatements

Summary of misstatements

Unadjusted misstatements

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Strategy Memorandum, issued on 2 October 2025. Any subsequent changes to those figures are set out in the 'Audit approach and risk summary' section of this report.

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 members of the Audit Committee unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Description	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Short term debtors Cr: Other service expenses <i>We identified a misstatement of £4.6k related to expenditure recorded in 2024/25 but relating to 2025/26. This misstatement was extrapolated across the untested population.</i>	<i>Extrapolated</i>		-187	187	
Dr: Fees, charges and Government grants revenue income Cr: Short Term Debtors <i>We identified a misstatement noted of £44k related to income recorded in 2024/25 but relating to 2025/26. This misstatement was extrapolated across the untested population.</i>	<i>Extrapolated</i>	288			-288
Aggregate effect of unadjusted misstatements					

Summary of misstatements

Unadjusted misstatements - continued

Description	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr : Short Term Debtors	<i>Extrapolated</i>			192	
Cr: Other services expenses			-192		
<i>We identified a misstatement of £901 related to expenditure recorded in 2024/25 but relating to 2025/26. This misstatement was extrapolated across the untested population.</i>					
Aggregate effect of unadjusted misstatements		288	-379	379	-288

We will obtain written representations confirming that, after considering the unadjusted disclosure misstatements, both individually and in aggregate, in the context of the annual report and financial statements taken as a whole, no adjustments are required.

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 have identified during our audit and management have adjusted for, and any other misstatements we believe members of the Audit Committee should be made aware of.

Description	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Fees, charges and other income Cr: Grants and Government Contributions <i>The classification adjustment in the EFA between Government grants and fees charges and other income.</i>	<i>Factual</i>	33,065	-33,065		
Dr: Pension Interest cost Cr: Remeasurement of net defined benefit liability <i>The adjustment to charge the interest on the asset ceiling to Financing and Investment Income and Expenditure when previously charged to Other Comprehensive Income.</i>	<i>Factual</i>	255	-255		
Dr: Long term creditors Cr: Other long term liabilities <i>The reclassification of the PFI liabilities from long-term creditors on the Balance Sheet.</i>	<i>Factual</i>			14,559	-14,559

Summary of misstatements

Adjusted misstatements - continued

Description	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Surplus or deficit on revaluation of Property, Plant and Equipment Cr: Revaluation Reserve <i>We identified a misstatement in PPE valuations. This adjustment transfers the revaluation movement to the CIES from the revaluation reserve.</i>	<i>Factual</i>	81			-81
Dr: Short Term Borrowing Dr: Depreciation, Amortisation and Impairment Dr: Land and Buildings - PFI assets Cr: Land and Buildings - Accumulated depreciation Cr: Other Long Term Liabilities (PFI Liability) Cr: Interest Payable <i>The adjustments required to the financial statements for the remeasurement of the PFI scheme following the implementation of IFRS 16.</i>	<i>Factual</i>	2,580	-2,580 -86	23 2,580	-2,517

Summary of misstatements

Adjusted misstatements - continued

Description	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Right of Use Assets Cr: Total Comprehensive Income and Expenditure <i>The recognition of a peppercorn lease following audit challenge on the implementation of IFRS 16.</i>	<i>Factual</i>		-120	120	
Dr: Right of Use Assets Dr: Depreciation, Amortisation and Impairment Dr: Other Long Term Liabilities Cr: Other Expenses – Lease Payments <i>The adjustment to right of use assets and the lease liability following the implementation of IFRS 16.</i>	<i>Factual</i>	92	-86	145	-151
Dr: Vehicles and Equipment Cr: Vehicles and Equipment - Depreciation Cr: Cost of Services <i>The in year addition of assets not included on the Authority's asset register.</i>	<i>Factual</i>		-300	411	-111

Summary of misstatements

Adjusted misstatements - continued

Description	Nature	Comprehensive Income and Expenditure Statement		Balance Sheet	
		Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Vehicles and Equipment - Depreciation Cr: Depreciation Expense <i>The adjustment to accumulated depreciation following audit challenge of assets held at nil netbook value but still being used by the Authority.</i>	<i>Factual</i>		-153	153	
Dr: Capital Adjustment Account Cr: Revaluation Reserve Cr: General Fund <i>Being the adjustment to the reserves following all the amended adjustments impacting PPE, leases and PFI. The net impact on the General Fund is nil following the other amendments to the CIES.</i>	<i>Factual</i>			3,925	-1,912 -2,013
Aggregate effect of adjusted misstatements		36,073	-36,645	21,916	-21,344
Net effect of adjusted misstatements			-572	572	

Summary of misstatements

Disclosure misstatements

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

- **Cashflow Statement** – The figures in the Cashflow Statement have been amended following audit challenge to ensure consistency with the rest of the accounts.
- **Note 1. Accounting Policies** – Various narrative amendments have been made to the Accounting Policies to ensure financial reporting compliance. This has included amendments to Going Concern, Pensions, PPE and the implementation of IFRS 16 for PFI and leases.
- **Note 3. Critical Judgements** – Amendments to this note have been made following audit challenge on the critical judgements originally included.
- **Note 4. Estimation Uncertainty** – A number of amendments have been made to this note to enhance understandability, readability and clarity of the note.
- **Note 5. Events After the Reporting Date** – This disclosure has been amended to comply with IAS 10.
- **Note 6. Adjustments between Accounting Basis and Funding Basis under Regulations** – A number of amendments have been made to this note to ensure consistency with the rest of the accounts.
- **Note 11. Property Plant and Equipment** – Various amendments have been made to this note. This includes additional expenditure being charged to assets under construction before reclassification had been included in land and buildings and the inclusion of a comparator for the revaluation and impairment disclosure table.
- **Note 13. Financial Instruments** – Various amendments have been made to align figures to adjusted amounts in other areas of the accounts and narrative amendments to enhance users of the accounts understanding.
- **Note 17. Assets Held for Sale** – Disclosure amendment made to remove non-current column.
- **Notes 22-25. Cash Flow Statement** – Disclosure amendments have been made to these notes to ensure consistency with the rest of the financial statements.
- **Note 29. Senior Officers Remuneration** – Disclosure amended to include the name of all individuals paid >£150k, as per Code requirements.
- **Note 32. Related Parties** – Disclosure regarding precepts have been removed, as per Code requirements.
- **Note 33. Capital Financing Requirement** – Disclosure has been amended to include the impact of IFRS 16 along with other adjustments to ensure consistency with the rest of the accounts.
- **Note 34. Leases** – Various amendments to ensure compliance with the Code following the implementation of IFRS 16.
- **Note 35. Private Finance Initiatives** – Various amendments to the disclosure to ensure compliance with the Code following the implementation of IFRS 16.

Summary of misstatements

Disclosure misstatements - continued

- **Note 39. Defined Benefit Pensions** – Various amendments have been made to the pensions disclosure. This includes values for demographic measurement in the CIES, disclosures regarding the Virgin Media case and Matthews Second Option have also been included.
- **Note 40. Nature and Extent of Risks Arising from Financial Instruments** – Various amendments made to the note to enhance users of the financial statements understanding.
- **Other** – Various small amendments of a grammatical and consistency nature have been made to the accounts following audit review.

We identified the following disclosure misstatements during our audit that have not been corrected by management:

- **Note 39. Defined Benefit Pensions** – We identified a difference of £120k between the retirement lump sum figure used by the actuary in preparing their valuation and reported to us by the pension fund auditor.

07

Fraud considerations

Fraud considerations

We have a responsibility to plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error.

Your responsibilities

Management has primary responsibility for the prevention and detection of fraud. It is important that management, with members of the Audit Committee oversight, place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behaviour which is reinforced by members of the Audit Committee's active oversight.

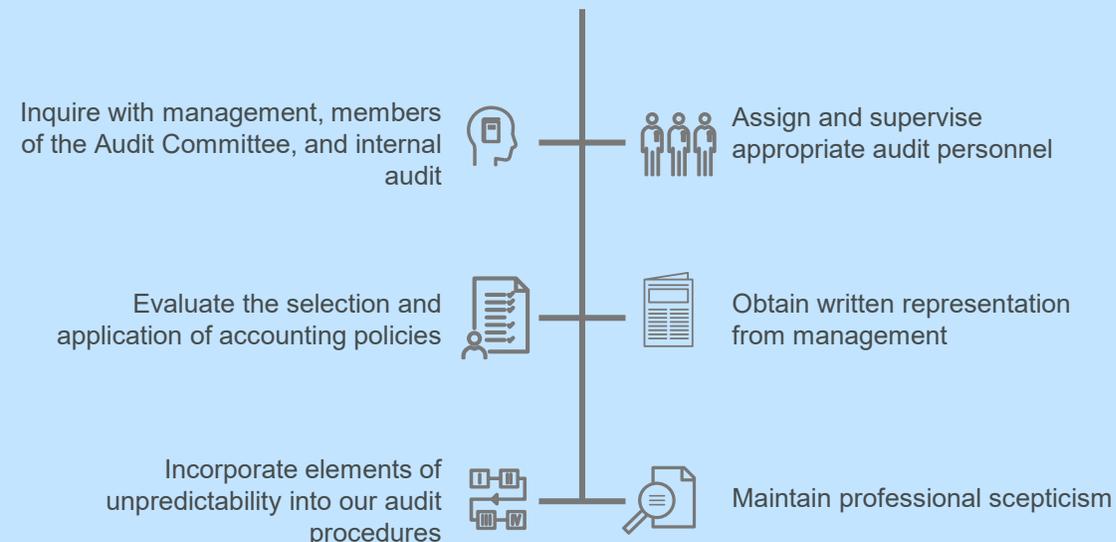
Our responsibilities

We have a responsibility for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in a misstatement is intentional or unintentional. Two types of intentional misstatements are relevant to us – misstatements resulting from fraudulent financial reporting, and misstatements resulting from the misappropriation of assets.

ISA presumed fraud risks

As set out in the 'Audit approach and risk summary' section, the risks of fraud in management override of controls was identified as significant risks.

Our overall approach to fraud



Our overall conclusion

We did not identify any actual or suspected fraud involving management, employees with significant roles in internal control or others, where the fraud resulted in a material misstatement in the financial statements.

08

Value for Money

Value for Money

Approach to Value for Money

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

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

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

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

- **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; and
- **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.

At the planning stage of the audit, we undertake work to understand the arrangements that the Authority has in place under each of the reporting criteria and we identify risks

of significant weaknesses in those arrangements. 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 significant weaknesses in arrangements exist.

The table overleaf outlines the risks of significant weaknesses in arrangements that we have identified, the risk-based procedures we have undertaken, and the results of our work.

Where our risk-based procedures identify actual significant weaknesses in arrangements we are required to report these and make recommendations for improvement. Where such significant weaknesses are identified, we report these in the audit report by exception. We will also highlight emerging issues or other matters that do not represent significant weaknesses but still require attention from the Authority.

The primary output of our work on the Authority arrangements is the commentary on those arrangements that forms part of the Auditor's Annual Report. This commentary will provide a summary of the work we have undertaken and our judgements against each of the specified reporting criteria. We intend to issue the Auditor's Annual Report by 27 February 2026.

Status of our work

We have completed our work in respect of the Authority's arrangements for the year ended 31 March 2025 and we have not identified any significant weaknesses in arrangements that have required us to make a recommendation. Our draft audit report at Appendix C confirms that we have no matters to report in respect of significant weaknesses. As noted above, our commentary on the Authority's arrangements will be provided in the Auditor's Annual Report.

Appendices

A: Internal control conclusions

B: Draft management representation letter

C: Draft audit report

D: Confirmation of our independence

E: Other communications

Appendix A: Internal control conclusions

Other deficiencies in internal control

This Appendix sets out the internal control observations that we have identified as at the date of this report. These control observations are not, in our view, significant control deficiencies but have been reported to management directly and are included in this report for your information. In our view, there is a need to address the deficiencies in internal control set out in this section to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

Implementation of IFRS 16

Description of deficiency

During our review of the Authority's draft accounts, it was identified that the remeasurement of the Authority's PFI schemes under IFRS 16 had not been completed. Additionally, the lease disclosures presented were not fully compliant with the requirements per the Code and IFRS 16. These issues have been resolved as a result of audit challenge and extensive discussions between the audit and finance team.

The implementation of IFRS 16 is a technically complicated area of accounting but the Authority should have prepared for the transition.

Potential effects

Failure to prepare draft financial statements that are compliant with statutory reporting standards increases the risk of material misstatement, audit challenge and delays to financial statements completion.

Recommendation

The Authority should ensure they strengthen their financial reporting control framework. This could be achieved by enhancing the technical capabilities within the finance function, staying up to date with changes and emerging issues in the sector and carrying out appropriate preparations in advance of any changes to accounting standards.

The Authority should embed a comprehensive review into their draft financial statement closedown process and provide additional training and guidance to the finance function where appropriate.

Appendix A: Internal control conclusions

Other deficiencies in internal control - continued

Implementation of IFRS 16

Management response

Management acknowledges the audit findings regarding the implementation of IFRS 16 and the remeasurement of Private Finance Initiative (PFI) fire station contracts. We recognise that the complexities of the new standard, particularly concerning the transition of embedded leases and PFI liabilities, were not fully addressed in the initial draft 2024/25 Statement of Accounts.

Following consultation with the external auditors, the Finance Team has completed the necessary remeasurements and updated the lease disclosures. The final Statement of Accounts now fully complies with the CIPFA Code of Practice on Local Authority Accounting.

To prevent recurrence and ensure full compliance with the Code of Practice when closing the 2025/26 Accounts and future years we will:

- Strengthen our financial reporting control framework by integrating a formal technical standards review stage for complex accounting standards within the annual closedown process.
 - Invest in additional CIPFA training and professional development for the finance function, focusing on emerging regulatory changes and technically demanding areas like IFRS
 - To mitigate future risks, the Finance team will establish a technical working group tasked with evaluating the impact of new accounting standards well in advance of implementation deadlines.
 - Monitor progress on these improvements to ensure that the financial reporting controls remain robust against current and future regulatory changes.
-

Appendix B: Draft management representation letter

TO BE PROVIDED ON CLIENT LETTERHEAD

Dear Karen,

Merseyside Fire and Rescue Authority - Audit for Year Ended 31 March 2025

This representation letter is provided in connection with your audit of the financial statements of Merseyside Fire and Rescue Authority (the Authority) for the year ended 31 March 2025 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 2024/25 (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 myself 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 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.

I confirm that there is no information provided to you as part of the audit that I consider legally privileged.

Appendix B: 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 the 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 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 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 applicable law.

Appendix B: Draft management representation letter

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.

The Authority has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

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 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.

Appendix B: Draft management representation letter

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 2024/25 in relation to the Authority's service concession arrangements that you have not been made aware of.

Subsequent events

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by 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.

Appendix B: Draft management representation letter

Tariffs

I confirm that I have carried out an assessment of the potential impact of changes in US trade policy in respect of tariffs, including the impact of reciprocal tariffs by other countries, including the impact of mitigation measures and uncertainties, and that the disclosure in the Narrative Report and the subsequent events note to the financial statements 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

I 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.

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,

[Signature]

Director of Finance and Procurement

[Date]

Appendix C: Draft audit report

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

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of Merseyside Fire and Rescue Authority (the Authority) for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, Firefighters Pension Fund Accounts 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 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31st March 2025 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 2024/25.

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 for the audit of the financial statements" 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 Director of Finance and Procurement's 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 2024/25, 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.

Appendix C: Draft audit 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.

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 for the financial statements

As explained more fully in the Statement of the Director of Finance and Procurement's 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 2024/25, 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 2024/25 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. The 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.

Appendix C: Draft audit report

Based on our understanding of the Authority, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, data protection, environmental protection, corruption and anti-bribery.

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 :

- gaining an understanding of the legal and regulatory framework applicable to the Authority, the environment in which it operates, and the structure of the Authority, and considering the risk of acts by the Authority which were contrary to the applicable laws and regulations, including fraud;
- 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;
- inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- reviewing relevant meeting minutes in the year;
- 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 also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as 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.

In addition, we evaluated management'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, Head of Internal Audit and the Audit 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;
- 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 both 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 statements and regularity of public sector bodies in the United Kingdom, (Revised 2024) and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

Guidance: The procedures below are those minimum procedures that teams are expected to have carried out. The bullets should be tailored to the specific work undertaken and teams should ensure that they do not list any procedure that have not been undertaken and evidenced on file.

Appendix C: Draft audit report

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 2025.

We have nothing to report in this respect.

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 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.

Appendix C: Draft audit report

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have received confirmation from the NAO that the group audit of the Whole of Government Account has been completed and that no further work is required to be completed by us.

[Signature]

Karen Murray, Key Audit Partner
For and on behalf of Forvis Mazars LLP (Local Auditor)

One St Peters Square
Manchester
M2 3DE

[Date]

Appendix D: Confirmation of our independence

We communicate any matters which we believe may have a bearing on the independence or the objectivity of Forvis Mazars LLP and the audit team. 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 confirm that no new threats to independence have been identified since issuing our Audit Strategy Memorandum and therefore we remain independent.

Appendix E: Other communications

Other communication	Response
 Compliance with Laws and Regulations	<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>
 External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
 Related parties	<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> <ol style="list-style-type: none"> they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
 Going Concern	<p>We have not identified any evidence to cause us to disagree with the Director of Finance and Procurement that the Authority will be a going concern, and therefore we have not identified any evidence to cause us to consider that the use of the going concern assumption in preparation of the financial statements is not appropriate.</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 E: 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>Our audit was designed to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. Please refer to the section titled ‘Fraud considerations’ for our fraud considerations and conclusion.</p> <p>We will obtain written representations from management and, where appropriate, members of the Audit Committee, confirming that</p> <ol 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: <ol 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.

Appendix E: Other communications

Other communication	Response
 <p>System of Quality Management</p>	<p>To address the requirements of ISQM (UK) 1, our firm’s System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm’s System of Quality Management, including:</p> <ul style="list-style-type: none"> • Ensuring there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership • Establishing and reviewing quality objectives each year, ensuring ISQM (UK) 1 objectives align with our firm's strategies and priorities • Identifying, reviewing, and updating quality risks each quarter, taking into consideration a number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.) • Identifying, designing, and implementing responses as part of the process to strengthen our firm's internal control environment and overall quality • Evaluating responses and remediating control gaps or deficiencies <p>We perform an evaluation of our system of quality management on an annual basis. Our latest evaluation was performed as of 31 August 2024. Details of that assessment and our conclusion are set out in our 2023/2024 Transparency Report, which is available on our website here.</p>

Appendix E: Other communications

Fees for work as the Authority's appointed auditor

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

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

Area of work	2024-25 Proposed Fee	2023-24 Actual Fee
Code Audit Work	£107,717	£97,117
Increase in audit requirement of revised ISA 315 and ISA 240	-	£7,058
Additional audit work relating to the pension asset ceiling	£7,500	£7,500
Additional work required on prior period adjustment	-	£3,800
Additional work in respect of National Resilience	-	£8,000
Additional work in respect of the implementation of IFRS 16	£12,400	-
Additional work in respect of fully depreciated assets	£5,800	-
Additional work in relation to the quality and preparation of accounts including in relation to PFI remeasurement and the other amendments required to the draft financial statements	£68,100	-
Total fee	£201,517	£123,475

Contact

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