

Audit Completion Report

Merseyside Fire and Rescue Authority

Year ended 31 March 2026

November 2026

forvis mazars

Members of the Audit Committee,
Merseyside Fire and Rescue Authority,
Fire Service Headquarters,
Bridle Road,
Bootle,
L30 4YD

24 November 2026

Dear Committee Members,

I am pleased to present our Audit Completion Report ("ACR") for Merseyside Fire and Rescue Authority ("the Authority") for the year ended 31 March 2026. 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.

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
Forvis Mazars LLP is the UK firm of Forvis Mazars Group, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

Contents

01 Executive summary
02 Status of our audit
03 Audit approach and risk summary
04 Significant findings
05 Significant control deficiencies
06 Summary of misstatements
07 Fraud considerations
08 Value for Money
09 Auditor communication

A Appendix A: Internal control conclusions
B Appendix B: Draft management representation letter
C Appendix C: Draft audit report
D Appendix D: Confirmation of our independence
E Appendix E: Other communications

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 members of the Audit Committee as the appropriate sub-committee charged with governance. 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.

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 2026 which are prepared in accordance with the 2025/26 Code of Practice on Local Authority Accounting.

We have conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs'), relevant ethical and professional standards, our own audit methodology and an accordance with the Code of Audit Practice.

Audit status

Our audit procedures are now substantially complete.

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 you 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 you in our Audit Strategy Memorandum.

Our significant risks and other areas of focus are set out in the *'Audit approach and risk summary'* section, with a summary of our audit approach over those areas. Significant findings from our audit are set out in the *'Significant findings'* section.

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.

Significant control deficiencies

We did not identify any significant deficiencies in internal control.

The non-significant control observations that we have identified to date are set out in *'Appendix A: Internal control conclusions'*.

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

Local Audit and Accountability Act 2014 ('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. 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 the Authority's accounting practices

We have reviewed the Authority's accounting policies and disclosures and conclude they comply with the 2025/26 Code of Practice on Local Authority Accounting, appropriately tailored to the Authority's circumstances.

Draft accounts were received from the Authority on 30 June 2026, the statutory deadline for publication. The accounts were of a good quality and were supported by appropriate working papers.

Significant matters discussed with management

During our audit, we communicated with management in respect of one significant matter in respect of Property Plant and Equipment asset valuations. The 2025/26 financial year was the first year of the application of indexation to non-investment assets.

MFRA's approach was discussed with management before and during the audit because indexation has not been applied to the land element MFRA's asset portfolio. This is on the basis that management considers there to be no appropriate local index available. Following audit challenge, we deemed management's judgement on land indexation to be reasonable.

Discussions were held between the audit team and management throughout the audit to challenge this judgement and the appropriateness of indices applied to buildings previously valued at depreciated replacement cost (DRC).

Other matters of significance

We did not encounter any significant difficulties during our audit and we had no significant disagreements with management. There was effective co-operation and communication between Forvis Mazars, management, and you during our audit. All requested information and explanations were provided to us.

Other matters we are required by ISA (UK) 260 *Communication with Those Charged with Governance* to communicate to you have been set out in Appendix E.

02

Status of the audit

Status of our audit

Likelihood to result in a material adjustment or significant change to disclosures			Value For Money
Likely	Potentially	Not considered likely	Work on VFM arrangements
●	●	●	●

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.

Item outstanding	Action to resolve	Forvis Mazars	Audit Committee	Management
Management override of controls	We are finalising the documentation of responses to several queries on our journals sample testing.	●		●
Property, plant and equipment	We are waiting for responses to our audit challenge of the external valuer regarding the valuation of the Authority's asset portfolio.	●		●
Defined benefit pension liability	On the LGPS liability, we are finalising our work on the pensionable pay data feeding into the Actuary's report. All other work is complete, and a summary of findings are outlined on page 16. On the Firefighters Pension Fund, we are finalising our work on the testing of membership data used in the actuarial valuation, and finalising our work on benefits payable testing.	●		●
Unrecorded liabilities	We are finalising our documentation of responses to queries on several sample items selected for our testing of unrecorded liabilities.	●		●
Cashflow Statement	We are finalising our documentation of responses to our queries on the Cashflow Statement.	●		●
Movement in Reserves Statement	We are finalising our internal consistency checks on the Movement in Reserves Statement.	●		●

forvis mazars

Status of our audit (continued)

Item outstanding	Action to resolve	Forvis Mazars	Audit Committee	Management
Final manager and RI review	Final review of audit work by the audit manager and RI is underway, and any review points identified are being addressed by the team.	●		
VFM	A draft copy of our Value for Money commentary has been shared with management for review. We will issue the commentary in final as part of the Auditors' Annual Report.	●		●
Subsequent events review	Completion of subsequent events review up to the date of signing the Audit Report	●		
Financial Statements	To be approved and signed at the meeting of the Audit Committee.		●	
Management Representation Letter	To be approved and signed at the meeting of the Audit Committee.		●	●
Audit Report	To be issued on receipt of the signed financial statements.	●		

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 in June 2026.

Materiality

Our provisional materiality at the planning stage of our audit was £3,000k based on 2% of gross expenditure at surplus/deficit level. There have been no changes to the materiality levels we communicated in the Audit Strategy Memorandum.

The specific materiality level we set Senior Officer Remuneration was £5k.

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	●	●	●	●	○	○	○	Items outstanding still to be completed – refer to the section titled 'Status of our audit'.	14
	Valuation of Land and Buildings	○	●	●	●	○	●	○	Items outstanding still to be completed – refer to the section titled 'Status of our audit'.	15
	Defined benefit pension liability valuation	○	●	●	●	○	●	○	Items outstanding still to be completed – refer to the section titled 'Status of our audit'.	16
Enhanced risks	IFRS 16	○	●	●	●	○	○	○	Risk satisfactorily addressed.	17

forvis mazars

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 In line with our methodology, we addressed the management override of controls risk through performing audit work over: • Accounting estimates; • Journal entries; and • Significant transactions outside the normal course of business or otherwise unusual.
	Audit conclusion Our work on accounting estimates is substantially complete other than in relation to the valuation of land and buildings and the defined benefit pension liability. Based on the work completed to date, there are no matters to bring to your attention. Subject to the completion of our work as reported in the 'Status of our audit' section, we have no matters to report to in respect of journals. We have not identified any significant transactions outside the normal course of business or otherwise unusual.

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 MFRA's land and buildings 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. The Code has been amended in 2025/26 and now requires land and buildings to be valued once every five years with annual indexation applied to assets during the intervening years. CIPFA have not prescribed the index to be applied, and the Authority has applied judgement in relation to the appropriate indices to use based on asset type.
	How we addressed this risk To address this risk, we have: • 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 2025/26, including testing the underlying data and assumptions; • Gained an understanding of the indexation approach taken by the Authority; and • Considered the reasonableness of the indices used by comparing them to market trends.
	Audit conclusion Our work on Property, Plant and Equipment valuation is nearing completion – see 'status of our audit' section for details of outstanding items. We have identified one error of 240k for the use of an incorrect floor area in the valuation of one of the Authority's fire stations. See page 24 for details. From our work to date, we have not identified any other issues above our reporting threshold on the valuation of land and buildings.

forvis mazars

Significant findings

Significant risks (continued)

Valuation of 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 and the Firefighters pension scheme. 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 2025/26.
	How we addressed this risk To address this risk, we have: • Obtained an understanding of the skills, experience, objectivity and independence of the Pension Fund's actuary; • Obtained 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; • Evaluated and challenged 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; • 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 will include 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 on the defined benefit pension liability is in progress– see 'status of our audit' section for details of outstanding items. 2025 was a triennial valuation year, meaning the 2025/26 actuarial valuation incorporated updated membership data. For the Firefighters Pension Fund, we have undertaken testing to confirm the accuracy of the underlying data used in the valuation. We are still completing our work in this area. From the work completed to date, we have identified one unadjusted disclosure misstatement of £1,125k to reflect MFRA's share of the overstatement of assets in Merseyside Pension Fund's accounts. See page 25 for details. We have no other matters to report at this stage.

forvis mazars

Significant findings

Other key areas of management judgement and enhanced risks

IFRS 16	
	Description of the risk The implementation of IFRS 16 in 2024/25 was a challenging area of accounting for the Authority and there were a number of audit adjustments required to the 2024/25 draft accounts. Due to the significant values involved, particularly in the Authority's PFI scheme, the complex nature of this accounting change and the issues identified in the prior year, we have identified this as an enhanced risk for the 2025/26 audit.
	How we addressed this risk To address this risk, we have: • reviewed the key judgements and estimates that management have made in respect of their IFRS 16 calculation; • reviewed the PFI models and satisfied ourselves that appropriate inputs have been included; and • tested a sample of leases in place at the year end and ensured appropriate disclosure in the accounts.
	Audit conclusion Our work on IFRS 16 is now complete, subject to final manager and RI review. We are satisfied that management have remeasured the Authority's IFRS16 liabilities where required, using appropriate inputs. We have no matters to report to you.

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 2025/26 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.

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 you 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 your attention.

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.

We have not identified any such control deficiencies as at the date of this report. However, an update on the significant deficiency identified in the 2024/25 Audit Completion Report is provided overleaf.

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'*.

forvis mazars

Significant control deficiencies

Follow up on significant deficiencies in internal controls identified on prior year audits

Set out below is an update on the action taken by the Authority to address significant deficiencies in internal control identified on prior audits, that were not resolved on commencement of our audit.

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. 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 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 properly reflect the current value in use.

Current year update

Management confirmed that the actions identified in the 2024/25 Audit Completion Report were implemented as part of the 2025/26 financial year-end process and have been incorporated into the Authority's wider financial reporting and closedown arrangements.

In particular, Finance officers worked with the relevant officers, including the Fleet Manager and departmental leads, to review asset lives and the accounting treatment of assets approaching or exceeding their expected useful economic lives. This included consideration of assets that remained operational beyond their original accounting lives, to ensure that the asset register and associated depreciation charges continued to appropriately reflect their expected use.

Our review of fully depreciated assets has identified no further issues for 2025/26. Management have committed to continually monitor and develop the controls around fully depreciated assets. Therefore, we consider the matter closed.

06

Summary of misstatements

Summary of misstatements

Unadjusted misstatements

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Summary Memorandum, issued in June 2026. Any subsequent changes to those figures are set out in the *'Executive 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 you unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

Unadjusted misstatements		Comprehensive Income and Expenditure Statement		Balance Sheet	
Description	**Nature**	**Dr (£ '000)**	**Cr (£ '000)**	**Dr (£ '000)**	**Cr (£ '000)**
Dr: CIES – gross income Cr: Current debtors Testing of debtors identified one sample (value: £14k) included in the year end balance that related to 2026/27 income, so was included in the incorrect financial year. The extrapolated value of this error is £304k.	Extrapolated	304			304
Aggregate effect of unadjusted misstatements		**304**			**304**

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

Summary of misstatements

Adjusted misstatements

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 you should be made aware of.

Adjusted misstatements		Comprehensive Income and Expenditure Statement		Balance Sheet	
Description	**Nature**	**Dr (£ '000)**	**Cr (£ '000)**	**Dr (£ '000)**	**Cr (£ '000)**
Cr: Property, Plant and Equipment – 240k Dr: Revaluation Reserve – 240k Testing of Property, Plant and Equipment valuations identified that the external valuer had used an incorrect site area in their valuation of one fire station. This resulted in an overstatement of PPE by 240k, with the corresponding entry impacting the Revaluation Reserve.	Factual			240	240
Aggregate effect of adjusted misstatements				**240**	**240**

Summary of misstatements

Disclosure misstatements

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

- **Note 3 – Critical Judgements in Applying Accounting Policies** – this note has been updated to reflect changes to the Code for indexation of property, plant and equipment. Additional detail has been added on which indices management deems appropriate for DRC assets.
- **Note 11 – Property, Plant and Equipment -** the narrative of this note has been updated to include the carrying value of assets held under finance leases.
- **Note 32 – Capital Expenditure and Financing** – a line for the remeasurement of PFI liabilities has been added to note 32 to more accurately reflect the Authority's capital financing requirement.
- **General –** several minor amendments have been made to narrative disclosures within the notes to improve presentation, accuracy or understandability.

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.

We identified the following disclosure misstatement during our audit that has not been corrected by management:

- **Note 38 – Defined Benefit Pension Schemes** – MFRA is an admitted body of the Merseyside Pension Fund. The auditor of the Pension Fund identified a net overstatement of pension assets in the Pension Fund accounts of £116.5m. MFRA's share of this error is £1,125k. As an asset ceiling is applied, there would be an equal and opposite adjustment of £1,125k to plan assets and the asset ceiling, resulting in nil impact on the Balance Sheet.

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 your 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 your 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 risk of fraud in management override of controls was identified as a significant risk.

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

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 staff and directors

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.

VFM arrangements – Overall summary

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. 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 throughout 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 outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

forvis mazars

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	32-34	No	No	No
Governance	35-37	No	No	No
Improving economy, efficiency and effectiveness	38-40	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

During 2025-26, Merseyside Fire and Rescue Authority continued to face the difficulties of a challenging national economic landscape, with real-term budget reductions of approximately 50% since 2011. It remains the Authority's priority to exercise prudence and discipline in their financial management, with resource allocation prioritised to the frontline services considered necessary to maintain a high-quality service.

For 2025-26, the budget was prepared based on a single-year financial settlement. However, in November 2025, the Government published its Local Government Finance Policy Statement for 2026-27 to 2028-29, marking the first multi-year financial settlement in over a decade. This enables the Authority to plan its finances for the longer term, as the funding envelopes are confirmed for the next three financial years.

While multi-year financial settlements improve the longer-term financial planning, it remains essential the Authority has accurate and timely financial reporting to members and senior officers in order to ensure prompt action can be taken on emerging financial pressures that threaten the financial sustainability of the Authority.

2025/26 financial 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 experienced some significant movements within the year. The most significant relates to the Authority's defined benefit pension liability, which has reduced from £775m to £757m. This is not unexpected given the nature of actuarial valuations and is in line with our experience at other similar bodies.

There has also been a significant increase in short term investments (£36m to £48m), cash and cash equivalents (£12m to £22m) and usable reserves (£32m to 60m). This is due to the receipt of capital grants from the Ministry of Housing, Communities and Local Government for the procurement of National Resilience assets, which have not yet been applied to meet capital expenditure.

The Authority has a robust reserves position and has made a £0.6m contribution to earmarked reserves. This was in line with the plan for the year and increased the balance on earmarked reserves at 31 March 2026 to £15.5m.

The Authority also made a £0.4m contribution to the General Fund Reserve, which stood at £4.3m at the year end. This contribution represents 5% of the net revenue budget for the year. The Chief Finance Officer sets a minimum level of General Fund balances to be held each year as part of the budget process. For 2025/26 the minimum level was £3.7m (although this was subsequently increased to £3.9m). As at 31 March 2026, the General Fund was therefore comfortably above this minimum, which provides comfort there is a buffer against unexpected costs as well as some mitigation against future financial pressures.

The Authority's financial planning and monitoring arrangements

The Authority set a balanced budget for the 2025-26 financial year, including total net expenditure of £77.9m. This meant an increase to the precept of £5 for Band D properties. The budget papers include a Medium Term Financial Plan (MTFP), which is updated annually to reflect assumptions about the Authority's finances for the next five years. The budget was approved at an Authority meeting on 27 February 2025.

In preparation for the budget, the Authority holds a budget strategy day, which gives members and officers an opportunity to discuss key assumptions on the upcoming financial year including pay awards, inflation, borrowing costs and future funding. We have reviewed the Authority's budget papers and confirmed the key assumptions are set out in sufficient detail for scrutiny during the annual budget meeting.

One of the most significant assumptions underpinning the 2025-26 budget was an annual pay award of 2.5%. It was subsequently reported to the Policy and Resources Committee in March 2026 that the actual award would exceed this, following the agreement of a 3.2% firefighter and local government staff pay award. This resulted in pay award costs exceeding the initial assumption by £0.348m in 2025/26 and £0.430m in 2026-27. However, the 2025-26 additional costs could be contained within the wider employee budget due to savings arising elsewhere, particularly from vacancy management.

VFM arrangements – Financial Sustainability (continued)

Internal Audit undertook specific work to assess the robustness of the budget-setting process and the preparation and integrity of the MTFP. Their report on the 2025-26 MTFP offered substantial assurance, confirming the plan was approved by members, forecasts and assumptions underpinning the plan were reasonable and the plan supports the delivery of key aims and priorities. This demonstrates that financial plans are congruent with wider strategic priorities, including those set out in the Authority's Community Risk Management Plan (CRMP).

Encouragingly, HMICFRS reported the Authority's medium term financial planning assumptions are relatively robust and realistic. They take account of the wider external environment, including assumptions based on inflation forecasts, pay awards and future funding.

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 2025-26 year. These reports contain appropriate detail of the significant variances to budget and provide an update on the delivery against savings targets. They provide appropriate information on the delivery of the approved capital programme, including explanations for both over and under spends against the budget profile. This enables meaningful scrutiny and identifies any areas of concern to respond to at an early stage of intervention.

Merseyside Fire and Rescue Authority reported its revenue outturn position for the 2025-26 year as an underspend of £2.402m, after accounting for £0.596m of planned reserves transfers. This has primarily been caused by underspends in employee costs of £0.316m, and £1.439m additional income for National Resilience and International Search and Rescue work, rents and interest earned on investments, among several other smaller favourable variances.

The capital outturn shows capital spend of £15.283m, against a budget of £44.687m. Of this £29.404m variance, £28.430m was linked to timing and has been re-phased. After allowing for timing, a net underspend of £0.974m was achieved. Of the re-phased capital expenditure, the majority relates to National Resilience assets (£24.962m).

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

A key part of the MTFP is to highlight budget issues needing 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 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.

Budget managers are encouraged to look for savings where possible, and an efficiency target is included in the budget papers requiring a 2% non-pay efficiency saving for fire and rescue services.

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 Resources Committee.

The savings gaps identified in the 2025-26 MTFP, covering the period to 2029-30, totalled £4.1m. This was subsequently revised in the 2026-27 budget to a savings gap of £2.3m up to 2030-31 following the Local Government Finance Policy Statement in November 2025.

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 to ensure 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.

In the latest assessment of Merseyside Fire and Rescue Service, His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) noted the Authority consistently achieves the savings identified in its financial and efficiency plans, and through its approach to value for money has identified efficiencies without negatively impacting the service provided. This includes working with partners such as North West Ambulance Service to reduce costs while still providing an efficient service.

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

MFRA has a systematic approach to identifying, assessing, and managing risk. Risk management is embedded into the governance structure of the organisation and is detailed in the Authority's risk management policy statement and risk management strategy.

Overall, the Authority applies a conservative risk appetite to making decisions on strategic priorities. All reports progressing through boards, SLT and committees are required to include a clear consideration of risk impacts to support informed decision-making by officers and Members.

The Director of Strategy and Performance reports directly to the Chief Fire Officer on matters relating to corporate risk management and maintains a risk register in collaboration with other members of the SLT. The corporate risk register is subject to bi-annual review and updates to ensure it remains reflective of emerging risks.

We have reviewed a copy of the risk register in 2025-26 and confirmed risks are appropriately grouped into categories based on their nature and severity, with a responsible officer allocated as the risk owner. Each risk owner can then be held to account for the mitigating actions identified against each strategic risk. The register obtained provides an update for the April-September 2025 period, demonstrating regular review of risks to identify any potential areas for escalation.

Decision making and control framework

Risk management is a key thread in the Authority's decision-making and control framework. This is laid out in the Authority's Annual Governance Statement (AGS), which reviews the effectiveness of the governance framework and how the Authority has met its obligations under the Code of Corporate Governance.

The AGS is reviewed annually and was approved at the June 2026 Audit Committee. We have reviewed the 2025-26 AGS and are satisfied it has been prepared in line with CIPFA requirements.

The AGS notes a robust Constitution is central to the Authority's governance framework. The Constitution sets out responsibilities for decision making by the Authority, it's Committees, any Sub-Committees and Officers. 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 Constitution establishes a link between risk management and the legal framework in which the Authority operates, providing a key document to make informed decisions. All other plans, including the People Plan, MTFP and CRMP, are developed under the overarching governance principles laid out in the Constitution.

The Constitution is approved annually at the Annual General Meeting, ensuring the document is up-to-date with best practice and adapted for developing issues. The 2025-26 Constitution was approved by Authority members on 12th June 2025. Our review of the Constitution confirms the document clearly sets out the responsibilities of each senior officer and the procedures and standing orders to be followed by all staff, including financial regulations.

Once decisions have been taken, the Authority operates through a number of standing committees, each with clearly defined terms of reference, to provide scrutiny and challenge to senior officers over key judgements underpinning their decisions. This includes the Policy and Resources Committee, Scrutiny Committee and Audit committee.

Committee meetings are conducted in public, supporting transparency and accountability. All decisions are formally recorded in meeting minutes, which are approved by Members and published on the Authority's website.

Our review of the minutes of a sample of Policy and Resources and Scrutiny meetings conducted in 2025/26 confirms that a robust network of challenge exists. Committee members demonstrated informed questioning and discussion of key decisions to ensure all decisions taken were aligned with the Authority's strategic priorities.

We have attended every Audit Committee in 2025-26 and have observed active member engagement from the Audit Committee, who challenge the papers and reports from officers, internal audit and external audit.

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria – continued

Internal Audit

MFRA's Internal Audit Service is provided by Liverpool City Council under a Service Level Agreement. Internal Audit provide assurance over the effectiveness of internal controls in operation at the Authority.

Each year, Internal Audit develops a risk-based audit plan following consultation with the Strategic Leadership Team, the Director of Finance and Procurement, the Head of Finance, and other key officers. This plan reflects the Authority's risk profile, previous audit findings, and coordination with external audit activities.

The two main strategic areas of work are reviewing fundamental financial systems and processes; and targeted reviews of specific risk areas and service activities.

In 2025/26, this included reports on the MTFP, payroll, accounts payable and receivable and treasury management, all of which offered a 'substantial assurance' conclusion.

The Annual Internal Audit Report was presented to Audit Committee in June 2026, with a substantial assurance opinion given that MFRA's systems of governance, risk management and internal control are operating effectively to support the achievement of the Authority's objectives. This report is a key source of assurance that the Authority has robust internal controls in place and acts as an early warning system for areas that require further attention to strengthen control activity.

Arrangements for budget setting and budgetary control

The Authority has established systems of budgetary control, supporting the provision of accurate and timely management information and compliance with statutory financial reporting requirements.

Budget monitoring is the responsibility of budget managers with the support of the finance department. 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 Strategic Leadership Team are required to identify and agree the corrective actions to be taken.

To support effective financial management, the Accounting Team provides targeted training and ongoing support to budget holders. This includes one-to-one training for new budget managers and refresher sessions where required, ensuring that officers are equipped with the knowledge and skills to manage their budgets effectively.

Monitoring appropriate standards of conduct

The Authority has adopted the following key documents and frameworks:

- Code of Ethics
- Members' Code of Conduct
- Whistleblowing Policy
- Employee Gifts and Hospitality Register

Together, these documents set out the standards of expected member behaviour. These documents are accessible by all staff and communicated by SLT to ensure awareness and compliance.

Clear rules and procedures provide a point of reference for all members and set out a transparent framework for addressing any alleged breaches. These standards are reinforced through ground rules, the employees' Code of Conduct, and the Authority's core values, which underpin all activities.

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

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 mechanisms

From a financial information perspective, the Director of Finance and Procurement produces quarterly financial review reports, which provide detailed updates on the revenue budget, capital programme, reserves position, and treasury management strategy. The report is presented to the Policy and Resources Committee, enabling scrutiny of financial performance and highlighting any significant emerging pressures. Regular reporting to the Committee compels the Finance function to monitor and respond to financial pressures and identify key variances as they emerge so mitigating actions can be taken.

Alongside this, quarterly Service Delivery Plan updates are also presented to Policy and Resources Committee. Performance is assessed against the objectives and performance targets set in the Service Delivery Plan for the year. KPIs are informed by the CRMP, giving Members an opportunity to take a wider view on how the Authority is progressing towards its medium-term strategic objectives, as well as detailed performance data for one quarter specifically.

The KPIs are monitored and scrutinised each month through the Performance Management Group, the Strategy and Performance Board and the SLT. Exceptions and areas of poor performance are highlighted and action plans put into place as appropriate.

At Scrutiny Committee meetings, performance information is presented to Members to update on progress in key strategic areas such as the pathway to net zero and tackling fires from alternative fuels.

We have reviewed a sample of these minutes and noted the alignment of the reports with delivering the CRMP. For example, a report in April 2025 to the Scrutiny Committee detailed the work undertaken to prepare for the emerging risk of fires from alternative fuels. This aligns with point five in the CRMP, demonstrating the Committee's role in holding officers to account on performance in key strategic areas.

Our review therefore confirms that both financial and non-financial performance information is regularly collated, interpreted and presented for scrutiny. This ensures the Authority is keenly aware of performance issues affecting its strategic priorities and can respond proactively.

Encouragingly, in relation to performance management, HMICFRS notes that:

Senior leaders have effective monitoring, feedback and scrutiny arrangements in place to make sure the aims they have set out in the community risk management plan for prevention, protection and response are being achieved. Where the service isn't meeting its commitments to the public, senior leaders are fully aware of emerging issues and are holding leaders at all levels to account.

External review of performance

The Authority is also subject to external review and inspection by HMICFRS, which provides an independent assessment of performance and identifies areas for development. This compels the Authority to put in place actions to make improvements and monitor progress in the areas identified. HMICFRS published its 2025-27 inspection report in July 2026. The report rated MFRS as follows:

Criteria	Grade
Responding to major and multi-agency incidents	Outstanding
Understanding the risk of fire and other emergencies	Good
Preventing fire and other risks	Good
Protecting the public through fire regulation	Good
Responding to fires and other emergencies	Good
Making best use of resources to provide an efficient and affordable service	Good
Promoting and embedding values and culture	Good
Training and developing the right people with the right skills	Good
Leading people effectively	Good
Ensuring fairness and diversity	Adequate

VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria – continued

The report highlighted some promising practice, particularly in the Service's approach to analysing potential emergencies, but also highlighted three areas for improvement – one within the 'adequate' rated category of ensuring fairness and diversity and two in the 'good' rated categories of making best use of resources and leading people effectively. There were no areas in which MFRS was rated as 'requires improvement'.

MFRA have conducted a detailed review of the inspection findings and developed an action plan of 17 actions and 73 sub-actions. We have reviewed the agreed actions and confirmed they are all appropriately linked to a relevant inspection finding and have an allocated lead service area, measure of success and deadline for completion.

The Service Improvement Board is responsible for reviewing progress against actions and determining whether actions are ready for closure. The HMICFRS action plan is a standing item on the Board's agenda, enabling close monitoring of actions to ensure sufficient service improvement is achieved. Any issues in the delivery of agreed actions will be escalated to SLT.

In 2025/26, new service improvement, action tracking and project management processes were introduced to standardise the Authority's approach to the development of objectives for the future and the management of projects. This helps address the area for improvement around project management identified in the HMICFRS inspection.

This demonstrates MFRA has appropriate mechanisms in place to act upon external review findings to improve performance across the Service.

Significant partnerships

Partnership working is a key part of the CRMP. MFRA works closely with the Merseyside Resilience Forum and Violence Reduction Partnership, ensuring continued collaboration and alignment in delivering shared objectives across the region.

Partnership working was also a common theme in the 2025-27 HMICFRS inspection, particularly when collaborating with the Merseyside local authorities, emergency services and other fire and rescue services. The report notes that the Service has good arrangements in place to respond to emergencies with other agencies making up the Merseyside Resilience Forum, and practices joint organisational learning with these bodies to strengthen interoperability and public safety.

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 Ministry of Housing, Communities and Local Government (MHCLG) and fire services throughout the country to ensure appropriate funding and distribution of assets.

MFRA also operates a partnership arrangement with the Foreign, Commonwealth and Development Office, providing leadership for UK International Search and Rescue (UK ISAR). UK ISAR delivers a specialist search and rescue response to major disasters around the world. The team provides expertise in collapsed structures and Urban Search and Rescue (USAR).

The ISAR provide support to incidents across the globe such as earthquakes, tsunamis and large-scale flooding. This partnership involves building good relationships with international partners to improve technical skills. This contributes to improved services delivered both in Merseyside and more widely.

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 improving economy, efficiency and effectiveness.

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: Follow up on previous internal control points

We set out below an update on other internal control deficiencies raised in prior periods. 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.

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.
Current year update The Authority has strengthened its technical review and assurance arrangements supporting the preparation of the Statement of Accounts in 2025/26. This included weekly technical group meetings to discuss accounting matters; increased review and validation checks within working papers; and attendance at technical workshops alongside other Fire and Rescue Services. The 2025/26 draft accounts contained significantly fewer errors than 2024/25 and as a result, fewer amendments were required. Technical changes to the Code of Practice for 2025/26 such as indexation have been implemented appropriately. Management have committed to continually monitor and develop the financial reporting arrangements to ensure controls remain robust and responsive to future accounting and regulatory developments. Therefore, we consider the matter closed.

Appendix B: Draft management representation letter

Dear Karen,

Merseyside Fire and Rescue Authority - Audit for Year Ended 31 March 2026

This representation letter is provided in connection with your audit of the financial statements of Merseyside Fire and Rescue Authority ('MFRA') for the year ended 31 March 2026 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 2025/26 (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 MFRA you determined it was necessary to contact in order to obtain audit evidence.

I confirm as s151 officer 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 I have identified and clearly labelled any information provided to you as part of the audit that I consider legally privileged.

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 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 MFRA'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 MFRA 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.

Appendix B: Draft management representation letter

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 MFRA 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.

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.

MFRA 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 s151 Officer 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 MFRA 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 MFRA'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 MFRA'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 of MFRA's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

Future commitments
MFRA 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.

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.

Impacts of military conflict including the Middle East and Ukraine
I confirm that we have carried out an assessment of the potential impact of military conflict including the Middle East and Ukraine on MFRA, including the impact of mitigation measures and uncertainties, and that the disclosure in the subsequent events note to the financial statements fairly reflects that assessment.

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 MFRA 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 MFRA'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 MFRA's financial and operating performance over the period covered by the financial statements.

Appendix B: Draft management representation letter

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,

s151 officer:
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 2026, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Firefighters Pension Fund Account and Net Assets 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 2025/26.

In our opinion, the financial statements:
- give a true and fair view of the financial position of the Authority as at 31st March 2026 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 2025/26.

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 2025/26, 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.

forvis mazars

Appendix C: Draft audit report

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 2025/26, 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 2025/26 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.

Based on our understanding of the Authority we 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.

Appendix C: Draft audit report

We also 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.

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 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.

Appendix C: Draft audit report

We are also required to conclude on whether the Director of Finance and Procurement's 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.

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 2026.

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 the Authority's 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 March 2026.

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.

Appendix C: Draft audit report

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.

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.

Karen Murray

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

4th Floor,
Aviary,
39 Booth Street,
Manchester,
M2 3HZ

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 remain available to the Audit Committee to discuss any matters relating to our independence, should such a discussion be required.

Confirmation of independence

We confirm that the firm, Forvis Mazars LLP, and all covered persons remain independent of Merseyside Fire and Rescue Authority in accordance with the requirements of the FRC Ethical Standard.

Relationships disclosure

A review of relationships between the firm, covered persons, and MFRA, including its directors, senior management, affiliates, and connected parties, has identified no matters that bear on our integrity, objectivity, or independence during the engagement period

Non-audit and additional services

The firm has not provided any non-audit or additional services to MFRA or its affiliates during the relevant period, and no fees have been charged in respect of such services.

Appendix E: Other communications

Other communication		Response
	**Compliance with Laws and Regulations**	We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations. 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.
	**External confirmations**	We did not experience any issues with respect to obtaining external confirmations.
	**Related parties**	We did not identify any significant matters relating to the audit of related parties. We will obtain written representations from management confirming that: 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.
	**Going Concern**	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. 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.

Appendix E: Other communications

Other communication		Response
	Subsequent events	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. 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.
	Matters related to fraud	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. We will obtain written representations from management and, where appropriate, members of the Audit Committee, confirming that 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 Authority involving: 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
	**System of Quality Management**	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: • 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 We perform an evaluation of our system of quality management on an annual basis. We publish the details of our annual evaluation, and our conclusion, in our Transparency Report, which can be accessed on our website at: https://www.forvismazars.com/uk/en/who-we-are/corporate-publications/transparency-reports.

Contact

Forvis Mazars

Karen Murray
Audit Partner
Tel: +44 (0)161 238 9248
karen.murray@mazars.co.uk

Lauren Dawes
Audit Manager
Tel: +44 (0)7702 050 282
lauren.dawes@mazars.co.uk

Forvis Mazars is the brand name for the Forvis Mazars Global network (Forvis Mazars Global Limited) and its two independent members: Forvis Mazars, LLP in the United States and Forvis Mazars Group SC, an internationally integrated partnership operating in over 100 countries and territories. Forvis Mazars Global Limited is a UK private limited by guarantee and does not provide any services to clients. Forvis Mazars LLP is the UK firm of Forvis Mazars Group.

© Forvis Mazars 2026. All rights reserved.