



Auditor's Annual Report
Merseyside Fire and Rescue Authority – year ended 31 March 2024

February 2025

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Introduction

Introduction

Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Merseyside Fire and Rescue ('the Authority') for the year ended 31 March 2024. Although this report is addressed to the Authority, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



Opinion on the financial statements

We issued our audit report on 25 February 2025. Our opinion on the financial statements was unqualified.



Value for Money arrangements

We did not identify any significant weaknesses in the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources. Section 3 provides our commentary on the Authority's arrangements.



Wider reporting responsibilities

We cannot formally conclude the audit and issue an audit certificate until the National Audit Office has communicated the work we are required as component auditors

02

Audit of the financial statements

Audit of the financial statements

Our audit of the financial statements

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs). The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Authority and whether they give a true and fair view of the Authority's financial position as at 31 March 2024 and of its financial performance for the year then ended. Our audit report, issued on 25 February 2025 gave an unqualified opinion on the financial statements for the year ended 31 March 2024.

A summary of the significant risks we identified when undertaking our audit of the financial statements and the conclusions we reached on each of these is outlined in Appendix A. In this appendix we also outline the uncorrected misstatements we identified and any internal control recommendations we made.

Qualitative aspects of the Authority's accounting practices

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

Draft accounts were received from the Authority on the 31st of May 2024 and were of a good quality. There have been some adjustments and disclosure changes, however nothing that indicates a weakness of the Authority's closedown processes or control framework. The Authority finance team have provided us with timely responses to queries which have assisted with audit progress.

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

Significant difficulties during the audit

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

Other reporting responsibilities

Reporting responsibility	Outcome
Narrative Report	We did not identify any significant inconsistencies between the content of the annual report and our knowledge of the Authority.
Annual Governance Statement	We did not identify any matters where, in our opinion, the governance statement did not comply with the guidance issued by CIPFA/LASAAC Code of Practice on Local Authority Accounting.

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Our work on Value for Money
arrangements

VFM arrangements

Overall Summary



VFM arrangements – Overall summary

Approach to Value for Money arrangements work

We are required to consider whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:



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



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



Improving economy, efficiency and effectiveness - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

Our work is carried out in three main phases.

Phase 1 - Planning and risk assessment

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

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

- NAO guidance and supporting information
- Information from internal and external sources, including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with officers

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

Phase 2 - Additional risk-based procedures and evaluation

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

We outline the risks that we have identified and the work we have done to address those risks on page 10.

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

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




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

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

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

VFM arrangements – Overall summary

Overall summary by reporting criteria

Reporting criteria	Commentary page reference	Identified risks of significant weakness?	Actual significant weaknesses identified?	Other recommendations made?
 Financial sustainability	11-13	No	No	No
 Governance	14-16	No	No	No
 Improving economy, efficiency and effectiveness	17-18	No	No	No

VFM arrangements

Financial Sustainability

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



VFM arrangements – Financial Sustainability

Overall commentary on Financial Sustainability

Background to the LG financing regime in 2023/24

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

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

2023/24 Financial statement performance

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

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

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

The Authority's financial planning and monitoring arrangements

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

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

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

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

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

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

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

VFM arrangements – Financial Sustainability

Overall commentary on the Financial Sustainability reporting criteria – continued

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

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

Arrangements and approach to the 2024/25 financial planning

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

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

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

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

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

VFM arrangements

Governance

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



VFM arrangements – Governance

Overall commentary on Governance

Risk management and monitoring arrangements

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

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

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

Internal control and Internal Audit

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

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

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

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

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

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

Arrangements for budget setting and budgetary control

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

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

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

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

Decision making arrangements and control framework

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

VFM arrangements – Governance

Overall commentary on the Governance reporting criteria - continued

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

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

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

Regulators

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

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

VFM arrangements

Improving Economy, Efficiency and Effectiveness

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



VFM arrangements – Improving Economy, Efficiency and Effectiveness

Overall commentary on Improving Economy, Efficiency and Effectiveness

Performance Management

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

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

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

Partnerships and Commissioning

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

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

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

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

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

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

Other reporting responsibilities

Other reporting responsibilities

Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power 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 the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

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. We did not receive any such objections or questions.

Reporting to the NAO in respect of Whole of Government Accounts consolidation data

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

05

Audit fees and other services

Audit fees and other services

Fees for our work as the Authority's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Audit Committee 26th of September 2024. Having completed our work for the 2023/24 financial year, we can confirm that our fees are as follows:

Area of work	2023/24 Proposed Fee	2022/23 Actual Fee (Grant Thornton)
Code Audit Work	£97,117	£30,392
Additional work for Value for Money under the new NAO code	-	£8,000
Increased audit requirement of revised ISA 540	-	£1,800
Enhanced audit procedures on journals testing	-	£2,000
Enhanced audit procedures on payroll	-	£500
Increased audit requirement of revised ISA 315 and ISA 240	£7,058	£2,000
Additional audit work relating to the pension asset ceiling	£7,500	-
Additional work required on prior period adjustment	£3,800	-
Additional work in respect of National Resilience	£8,000	-
Total fee	£123,475	£44,692

Appendices

Appendix A: Further information on our audit of the Authority's financial statements

Appendix A: Further information on our audit of the Authority's financial statements

Significant risks and audit findings

As part of our audit of the Authority, we identified significant risks to our opinion on the financial statements during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
<p>Management override of controls</p> <p>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.</p>	<p>We addressed this risk by performing audit work over:</p> <ul style="list-style-type: none"> accounting estimates impacting amounts included in the financial statements; consideration of identified significant transactions outside the normal course of business; and journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements <p>We have completed our procedures as planned. There are no matters to report.</p>
<p>Valuation of the net defined benefit pension liability</p> <p>The net pension liability represents a material element of the Authority's balance sheet. The Authority is an admitted body of Merseyside Pension Fund, which had its last triennial valuation completed as at 31 March 2022.</p> <p>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.</p> <p>There is a risk that the assumptions and methodology used in valuing the Authority's pension obligation are not reasonable or appropriate to the Authority's circumstances. This could have a material impact to the net pension liability in 2023/24.</p>	<p>We addressed this risk by performing audit work over:</p> <ul style="list-style-type: none"> obtaining an understanding of the skills, experience, objectivity and independence of the Pension Fund's actuary; obtaining confirmation from the auditors of Merseyside Pension Fund that the Pension Fund have designed and implemented controls to prevent and detect material misstatement. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate; evaluated and challenged the work performed by the Merseyside Pension Fund auditor on the Pension Fund investment assets, and considered whether the outcomes would materially impact our consideration of the Authority's share of Pension Fund assets; reviewed the actuarial allocation of Pension Fund assets to the Authority including comparing the Authority's share of the assets to other corroborative information; reviewed the appropriateness of the Pension Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuation. This included comparing them to expected ranges and utilising information by the consulting actuary engaged by the National Audit Office; and agreed the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Authority's financial statements <p>We have completed our procedures as planned. Management made an adjustment to the accounts following the asset ceiling report being obtained from the actuary, total adjustment of £5,194k.</p>

Appendix A: Further information on our audit of the Authority’s financial statements

Significant risks and audit findings

As part of our audit of the Authority, we identified significant risks to our opinion on the financial statements during our risk assessment. The table below summarises these risks, how we responded and our findings.

Risk	Our audit response and findings
<p>Valuation of property, plant and equipment</p> <p>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.</p> <p>The valuation of property, plant & equipment involves the use of management experts and incorporates assumptions and estimates which impact materially on the reported value. There are risks relating to the valuation process which reflect the significant impact of the valuation judgements and assumptions and the degree of estimation uncertainty.</p> <p>As a result of the rolling programme of revaluations, there is a risk that individual assets which have not been revalued for up to three years are not valued at their materially correct fair value.</p>	<p>We addressed this risk through performing audit work over:</p> <ul style="list-style-type: none"> we assessed the Authority’s valuers’ qualifications, objectivity and independence to carry out such valuations; reviewed the valuation methodology used for assets subject to revaluation in 2023/24, including testing the underlying data and assumptions; reviewed the approach the Authority has adopted to address the risk that those assets not subject to valuation in the 2023/24 are materially misstated and considered the robustness of that approach in light of the valuation information reported by the valuers. <p>We have completed our procedures as planned. There are no matters to report.</p>

Appendix A: Further information on our audit of the Authority’s financial statements

Summary of uncorrected misstatements for the Authority

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

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