Staffordshire Commissioner Fire and Rescue Authority

Audit Findings Report

Year ended 31 March 2025

September 2025

Contents

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Appendices

Additional documents presented

Draft letter of management representations

Draft audit report (opinion)

Purpose of this report

This report highlights the significant findings arising from the audit. We are responsible for performing the audit in accordance with International Standards on Auditing (UK), and the National Audit Office Code of Audit Practice and associated Auditor Guidance Notes.

Our audit is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Ethics, Transparency and Audit Panel. Under the Code of Audit Practice, we are also required to consider the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources and to report any significant weaknesses we identify. However, our audit is not designed to test all internal controls or identify all areas of control weakness. As such, our work cannot be relied upon to disclose all errors or other irregularities, or to include all possible improvements in internal control that a more extensive examination might identify.

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements, as a whole, are free from material misstatement, whether caused by fraud or error.

Executive summary

Executive summary

This section summarises, for the benefit of Those Charged with Governance, the status of our audit of Staffordshire Commissioner Fire and Rescue Authority for the year ending 31 March 2025 and the key findings and other matters arising from our audit.

Financial Statements

Our audit work is nearing completion. The quality of working papers and the accounts as a whole have been strong. Management have been responsive, engaged and helpful. We have enjoyed positive and constructive relationships which have been beneficial to the progress of the audit. Due to the late submission of the actual collection figures for the year by the billing authority, an adjustment of £327k was required to the financial statements. This has resulted in a £327k deterioration in the reported financial outturn. In addition, we identified a number of minor disclosure amendments that were required to ensure compliance with reporting requirements. We have raised recommendations for management as a result of our work, which are contained in Appendix 1.

Our audit approach has been based on gaining a thorough understanding of the Authority's control environment and has been risk based. This included:

- An evaluation of the Authority's internal control environment, including the IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to our key audit risks.

We have not altered our audit plan as formally presented to you on 26 June 2025. However, we were required to undertake additional procedures for inventories, as the balance became material this year. These procedures were not anticipated in our audit plan as this balance has, historically, been out of scope.

Management has agreed to amend the accounts for all adjustments identified during the audit.

Subject to the satisfactory resolution of the matters set out on page 5, we anticipate issuing an unmodified audit opinion. We also anticipate concluding that the other information included in the statement of accounts is consistent with our knowledge of the Authority and the financial statements we have audited.

Under International Standards on Auditing (UK) and the National Audit Office (NAO) Code of Audit Practice 2024, we are required to report whether, in our opinion:

- *The financial statements give a true and fair view of the Authority financial position and income and expenditure for the period; and*
- *The Authority financial statements have been properly prepared in accordance with the CIPFA/ LASAAC Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code) 2024/25 and the Local Audit and Accountability Act 2014.*

We are also required to report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Executive summary

Financial Statements: outstanding matters

As at the date of writing this report we are awaiting receipt of the following information to enable us to complete our work which, when returned, will be subject to audit and senior review:

- Responses to queries from management's property valuation expert
- Receipt of the IAS19 assurance letter from Staffordshire Pension Fund's auditors
- Responses to queries raised with the Authority's actuarial expert for the firefighter's pension scheme, where financial and demographic assumptions used by the Authority's actuary are outside our expectations
- Receipt of two missing investment bank confirmations from two of the Authority's financial institutions.

As at the date of writing this report (early September) we are finalising our work in the following areas:

- Payroll reconciliations and analytics
- Right of Use assets – management judgements
- PFI liability and disclosures, including consideration for IFRS 16
- IAS19 pension liability and pension fund statement of account
- Movement in Reserves statement and notes and other non-material notes

The following areas are complete, or almost complete, and undergoing final review as at the date of writing: Journals, Property Plant and Equipment valuations and existence; and cash equivalent and notes; grant income; income completeness; other expenditure; financing and investment income and expenditure; debtors; creditors; depreciation; borrowings; and the disclosure notes for the EFA, financial instruments, Capital Financing Requirement, Minimum Revenue Provision, and financial instruments.

Should any material issues arise from the finalisation of the above work we will report these to you.

Executive summary

At the completion of the audit, following the Audit and Risk Committee, we are required to undertake the following procedures:

- Final Manager reviews and Partner ‘stand-back’ review of the file
- Receipt and review of the management representation letter
- Receipt and review of the final, amended statement of accounts, Narrative Report and Annual Governance Statement, appropriately signed and dated
- Response from management regarding subsequent events up to the date of the opinion
- Submission of our Whole of Government Accounts (WGA) return to the National Audit Office (NAO).

Subject to the satisfactory resolution of the above matters, we anticipate issuing an unmodified audit opinion.

Executive summary

Value for money

We are in the process of concluding our value for money work. From our work to date we have not identified any significant weaknesses. Our detailed narrative commentary will be contained in our Auditor's Annual Report which will be issued following completion of the audit.

We are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, under the NAO Code of Audit Practice.

Statutory duties

We have not exercised any of our additional statutory powers and duties.

The Local Audit and Accountability Act 2014 (the Act) requires us to:

- *report to you if we have applied any of the additional powers and duties available to us under the Act; and*
- *certify the closure of the audit.*

Certificate

We will not be able to certify the closure of the audit until:

- we have completed all work we are requested to undertake as a component auditor for Whole of Government Accounts (WGA), and we receive confirmation from the National Audit Office that the Comptroller and Audit General has certified the WGA for 2024/25

No objections were received during the inspection period.

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Financial statements

Quality Indicators

The following metrics are important in assessing the reliability of your financial reporting and response to the audit.

KEY:

RED	Significant improvement required
AMBER	Developing
GREEN	Mature

Metric	Grading	Commentary
Quality and timeliness of draft financial statements	GREEN	The draft accounts were provided on time, and we have not identified any material gaps or missing figures. We performed casting and cross-casting, ensuring that all cross-references were correct. No significant issues were identified.
Quality of working papers provided and adherence to timetable	GREEN	Working papers were provided on time, were complete and were of good quality. Management responded to audit samples and queries promptly and provided good quality, informed responses.
Timing and quality of key accounting judgements	GREEN	We did not encounter any challenges in the timing and quality of key accounting judgements.
Access to finance team and other key personnel	GREEN	The finance team, including the management experts, were available as agreed and responsive to our audit queries. They have been very helpful in their engagement with the audit.
Quality and timeliness of narrative report and annual governance statement	GREEN	The Narrative Report and Annual Governance Statement were provided in a timely manner. No material issues were identified from our review. We will reperform our final up-to-date review of these reports near the conclusion of the audit to re-confirm their accuracy and completeness.
Volume and magnitude of identified errors	GREEN	We did not identify any significant errors. Management made an adjustment to collection fund debtors and creditors based on final figures received from the billing authority following submission of the draft accounts for audit. The adjustment is included on page 33 of this report.

Audit Timeline

The following metrics are important in assessing the reliability of your financial reporting and response to the audit.

February to March 2025	February to March 2025	31 March 2025	July to September 2025	September 2025	November 2025	By 30 November 2025

Planning	Interim	Period end: 31st March	Final accounts	Audit Committee	Completion	Sign off
• Identify changes in your business environment • Determine materiality • Scope the audit • Risk assessment • Planning meetings with management • Planning requirements checklist to management • Issue audit plan	• Document control design and effectiveness • Discuss audit plan with audit committee • Early testing		• Regular updates with management • Completion of all audit testing • Review of narrative report and annual governance statement • Conclude on significant risk areas • Report observations on other risk areas, management judgements • Draft Audit Findings Report • Close-out meeting with management	• Discuss audit findings with audit committee • Issue draft Audit Findings (ISA260) report • Issue Auditor's Annual Report (by 30 November)	• Subsequent events procedures • Management representation letter • Sign financial statements	• Sign audit report opinion • Issue delayed audit certificate

Materiality

We are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’. The assessment of what is material is a matter of professional judgement and is affected by our risk assessment and the needs of users of the financial statements.

At the planning stage of the audit, we determined overall materiality as £1,040k for the Authority and performance materiality as £780k for the Authority. On production of the financial statements we reconsidered our materiality determination. We considered it appropriate to update our materiality due to the change in gross expenditure for 2024/25.

We have determined that no specific materiality levels needed to be set for this audit.

	Planning £000	Final £000	Explanation
Overall materiality for the financial statements	1,040	1,084	This is approximately 2% of gross revenue expenditure based on the 2024/25 draft financial statements. This is a common measure for calculating materiality for Authority as the users of the financial statements are considered to be most interested in where the Authority has expended its income during the year.
Performance materiality	780	813	Performance materiality has been set at 75% of overall materiality. This is based on the internal control environment of the Authority and reflects our risk assessed knowledge of the potential for errors occurring. It is intended to reduce, to an acceptably low level, the probability that cumulative undetected and uncorrected misstatements exceed materiality for the financial statements as a whole.
Trivial threshold	52	54	This is set at 5% of the overall materiality calculation. Individual errors above this threshold are communicated to those charged with governance.

Clearly trivial: matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria;
Material: an omission or misstatement that would reasonably influence the users of the financial statements.

Key audit findings

Key audit findings: significant risks

This section includes a summary of audit findings relating to significant risk areas identified at planning and other risk areas that required special consideration or arose during the audit.

Significant risks are defined as risks that require special audit consideration and include risks of material misstatement that are close to the upper range of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement, or are required to be treated as significant risks due to requirements of auditing standards.

The table below summarises the significant risks. Detail behind each risk and the work undertaken is set out on the subsequent pages.

Significant risk	Financial Statement / Assertion Level Risk	Fraud risk?	Approach to controls	Level of judgement / estimation uncertainty	Outcome of work
Management override of controls	Financial Statement Level	Yes	Assess design & implementation	Low	Subject to the satisfactory completion of the residual procedures set out on page 5, our work has not identified any significant issues in respect of this risk.
Presumption of fraud in revenue and expenditure recognition	Assertion Level	Rebutted	Understand business processes	Low	Subject to the satisfactory completion of the residual procedures set out on page 5, our work has not identified any significant issues in respect of this risk.
Valuation of land and buildings	Assertion Level	No	Assess design & implementation	High	Subject to the satisfactory completion of the residual procedures set out on page 5, our work has not identified any significant issues in respect of this risk.
Valuation of pension assets and liabilities (IAS19)	Assertion Level	No	Assess design & implementation	High	Subject to the satisfactory completion of the residual procedures set out on page 5, our work has not identified any significant issues in respect of this risk.
IFRS 16 Implementation on leases / Private Finance Initiative (PFI)	Assertion Level	No	Assess design & implementation	High	Subject to the satisfactory completion of the residual procedures set out on page 5, our work has not identified any significant issues in respect of this risk.

Key audit findings: significant risks

Significant risks at the financial statement level

The table below summarises our conclusions on significant risks of material misstatement at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Significant risk	Audit approach	Audit findings and conclusion
Management override of controls Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Specific areas of potential risk including manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business. **Risk of material misstatement: Very High**	Procedures performed to mitigate risks of material misstatement in this area included: • Documenting our understanding of the journals posting process and evaluating the design effectiveness of management controls over journals; • Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals; • Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Authority's journals policy; • Gaining an understanding of the key accounting estimates and critical judgements made by management. We will also challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud; and • Evaluating the rationale for any changes in accounting policies, estimate or significant unusual transactions.	Subject to the satisfactory completion of the residual procedures set out on page 5, our work has not identified any significant issues in respect of this risk.

Key audit findings: significant risks

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The following tables summarise conclusions in relation to significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures

Significant risk	Audit approach	Audit findings and conclusion
Fraud in revenue recognition and expenditure (rebutted) Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240. Having considered the nature of the revenue streams at the Authority, we consider that the risk of fraud in revenue recognition can be rebutted due to: • the types of income reflected in the Authority's financial statements which are primarily year specific (taxation and grants), or tend to be made up of numerous small value transactions e.g. Income from canteen sales. We have also considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of the manipulation of revenue. We have therefore also considered the risk of fraud in expenditure at the Authority, and we are satisfied that this is not a significant risk for the reasons set out below: • Significant amount of expenditure is in relation to pay; and • non-pay expenditure reflected in the Authority's financial statements exhibits a straightforward nature, characterised by reduced subjectivity, and there is no incentive to management to manipulate expenditure. **Risk of material misstatement: Low**	We rebutted the risk of fraud in revenue and expenditure recognition at the planning stage. Standard audit procedures were carried out on revenue and expenditure items of account. Procedures performed based on their value within the financial statements included: • Documenting our understanding of the Authority's systems for income and expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements • Evaluating the Authority's accounting policies for recognition of income and expenditure and compliance with the CIPFA Code. • Substantively testing material income and expenditure streams using analytical procedures and sample testing of transactions recognised for the year.	Subject to the satisfactory completion of the residual procedures set out on page 5, our work has not identified any significant issues in respect of this risk.

Key audit findings: significant risks

Significant risks	Audit approach	Audit findings and conclusion
Valuation of land and buildings (key accounting estimate) Revaluation of land and buildings should be performed with sufficient regularity so that carrying amounts are not materially misstated. The Authority carries out a three-year rolling cycle. This involved one-third of land and building full inspection while the rest are desktop revalued based on the outcome of one-third inspection. The rolling cycle was completed at 31 March 2024. For 2024/25 management commissioned a qualified valuer to perform a full desktop valuation. The qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) undertook these valuations as of 31 March 2025. The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. The valuation represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement(s) and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of Authority land and buildings as a significant risk. We pinpointed this risk to specific assets, or asset types, which were material or where the in-year valuation movements fell outside of our expectations, where the assets were new or where the inputs used changed compared to those used in the prior year. We also considered any other factors which in our auditor judgement increases the risk of material misstatement in an asset. **Risk of material misstatement (valuation): High**	Procedures performed to mitigate risks of material misstatement in this area included: • Evaluating management processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • Evaluating the competence, capabilities and objectivity of management's valuation expert; • Considering the basis on which the valuations are carried out and challenging the key assumptions applied; • Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data. We will consider whether we require an auditor's expert; • For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding; • Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and • Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value.	Subject to the satisfactory completion of outstanding matters set out on page 5, our audit work has not identified any significant issues in respect of this risk.

Key audit findings: significant risks

Significant risks	Audit approach	Audit findings and conclusion
Valuation of the defined pension fund net liability/asset (key accounting estimate) An actuarial estimate of the net defined pension liability/asset is calculated on an annual basis under IAS 19 'Employee Benefits', and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code. The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions the calculation of any asset ceiling when determining the value of a pension asset. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involves, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk. **Risk of material misstatement (valuation): High**	Procedures performed to mitigate risks of material misstatement in this area included: • Evaluating management's processes for the calculation of the estimate, the instructions issued to management's expert (the actuary) and the scope of their work; • Evaluating the competence, capabilities and objectivity of the actuary; • Assessing the controls in place to ensure that the data provided to the actuary by the Authority and their pension fund was accurate and complete; • Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors' expert; • Evaluating whether any asset ceiling was appropriately considered (if applicable) when determining the value of any pension asset included in the financial statements; and • Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.	Subject to the satisfactory completion of outstanding matters set out on page 5, our audit work has not identified any significant issues in respect of this risk. As at the date of writing we are still awaiting the pension fund assurance letter from the current year pension fund auditors. Once received, we will be able to perform the following procedure, as set out in our audit plan: • Assessing the impact of any significant differences between the estimated gross asset valuations included in the financial statements and the Authorityl's share of the investment valuations in the audited pension fund accounts.

Key audit findings: significant risks

Significant risks	Audit approach	Audit findings and conclusion
IFRS 16 Implementation on leases/Private Finance Initiative (PFI) IFRS 16 was adopted and implemented by local government bodies under the Code of Audit Practice from 1 April 2024. Under IFRS 16 a lessee is required to recognise a right of use asset and associated lease liability in its Balance Sheet. This will result in significant changes to the accounting for leased assets and the associated disclosures within the financial statements for the year ended 31 March 2025. The 2024/25 Code has also changed the accounting treatment for indexation linked payments in liabilities for service concession arrangements. Local authorities must remeasure if there is a change in future lease payments resulting from a change in an index / rate used to determine those payments and ensure that the financial statements accurately reflect the impact of the revised IFRS 16 accounting arrangements. The implementation of this new accounting standard also represents a key accounting estimate made by management within the financial statements due to the size of the values involves, the subjectivity of the measurement upon recognition of the right of use asset and associated lease liability. We have therefore identified the implementation of IFRS 16 as a significant risk. **Risk of material misstatement (valuation and completeness): High**	Procedures performed to mitigate risks of material misstatement in this area included: • Performing a walkthrough of the Authority's systems and processes to capture the data required to account for right of use lease assets and associated liability in accordance with IFRS 16; • Reviewing the Authority's accounting policies for the year ended 31 March 2025 to reflect the requirements of the new accounting standard; • Assessing the existence, valuation, accuracy and completeness of the right of use assets and associated lease liabilities, and the related disclosures within the financial statements. • Evaluating whether RoU assets and lease liabilities have been appropriately remeasured in line with the requirements of IFRS 16 as set out in the CIPFA Code. • Assessing the adequacy of disclosures regarding service concession arrangements.	Management informed us they had not identified any material Right of Use Assets, individually or cumulatively. Those that were identified were considered to be below the de minimis level. We reviewed managements arrangements for identification and their detailed considerations and assessment against the requirements of IFRS16. We challenged management on their judgements and reviewed the supporting information available. Based on the size of the values involved, which were below the de minimis level, and the procedures we deployed to confirm the completeness of management's review, and subject to the satisfactory completion of outstanding matters set out on page 5, our audit work has not identified any significant issues in respect of this risk.

Key audit findings: other areas of focus

Area of focus	Issue	Audit findings and conclusion
Significant matters on which there was disagreement with management	There were no significant matters on which there was disagreement with management	None noted
Significant management judgements which required additional audit work and / or where there was disagreement over the judgement and / or where the judgement is significant enough that we are required to report it to those charged with governance before they consider their approval of the accounts	At the time of writing this report, there were no major transactions that required special accounting consideration. We undertook additional work to review management's judgements regarding IFRS16 and deployed procedures to confirm the completeness of management's considerations.	Subject to the satisfactory completion of outstanding matters set out on page 5, our audit work has not identified any significant issues in respect of this risk.
Prior year adjustments identified	At the time of writing this report, there were no prior year adjustments noted.	None noted
Concerns identified in the following: • Consultation by management with other accountants on accounting or auditing matters • Matters significant to the oversight of the financial reporting process • Adjustments / transactions identified as having been made to meet an agreed system position / target	No concerns were identified	None noted

Accounting policies, key judgements and estimates

Accounting policies, key judgements and estimates

Accounting policies

We have evaluated the appropriateness of the Authority's accounting policies, taking into account consistency with the disclosures from the prior year and requirements as set out in the CIPFA LASAAC Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code) 2024/25 where appropriate. We have no matters to report.

Key judgements and estimates

Key judgements and estimates, as well as other judgements and estimates made by management, are set out in the table below along with audit commentary on these judgements and estimates in line with the enhanced requirements for auditors.

Significant judgement or estimate	Value in accounts £000	Summary of management's approach	Audit comments and assessment
Land and buildings valuations (key accounting estimate)	127,680	The land and buildings comprises: • specialised Fire Station buildings and land across Staffordshire and Stoke on Trent which are valued under a Depreciated Replacement Cost (DRC) on a Modern Equivalent Asset basis; and • one non-specialised building and land, which is valued on an Existing Use Valuation (EUV) basis. The Authority engaged an external valuer, FHP Property Consultants, and a desktop valuation was undertaken by the valuer in 2024/25. This has led to an overall net increase of £770k from the 31 March 2024 asset value (£126,963k). This increase includes movements other than revaluation, such as additions, disposal, reclassification and depreciation.	We reviewed your assessment of the estimate, considering the following: • Assessment of management's expert for competence, capability and objectivity; • Completeness and accuracy of the underlying information used to determine the estimate; • The reasonableness of increases and decreases in estimates on individual assets; • The consistency of estimates against the NAO commissioned report on property market trends; and • Adequacy of the disclosure of estimate in the financial statements. The Authority's land and buildings have been appropriately valued by the Authority's management expert. Subject to the satisfactory completion of outstanding matters set out on page 5, we have not identified any issues that require reporting to Those Charged with Governance.

Accounting policies, key judgements and estimates

<table>
<tr><th>Significant judgement or estimate</th><th>Value in accounts £000</th><th>Summary of management's approach</th><th>Audit comments and assessment
LOCAL GOVERNMENT PENSION SCHEME (LGPS)</th></tr>
<tr>
<td>Pension assets and liabilities valuations (key accounting estimate)</td>
<td>342,557</td>
<td>The Net (Asset) / Liabilities includes Local Government Pension Scheme (LGPS) and Fire Fighter Pension Schemes (FFPS).

The Authority has engaged an external actuarial expert, Hymans Robertson for LGPS and engaged Government's Actuary Department (GAD) for FFPS. An estimate of the pensions that will be payable in future years is dependent on assumptions about mortality rates, salary levels and other financial assumptions. The experts produce an IAS 19 Report that the Authority uses to prepare the accounts.</td>
<td>We have undertaken the following in the course of our testing:
• Assessed the competence, capability and independence of management's expert actuary
• Assessed the actuarial approach taken to confirm reasonableness of approach
• Reviewed completeness and accuracy of the underlying information used to determine the estimate
• Reviewed the reasonableness of the Authority's share of local pension scheme assets
• Reviewed the adequacy of the disclosure in the financial statements
• Reviewed the reasonableness and accuracy of the IFRIC14 assessment prepared by the actuary and the impact on the asset ceiling
• Used our auditor's expert (PwC) to assess assumptions made by the actuary
<table>
<tr><th>Assumption</th><th>Actuary value</th><th>PwC range</th><th>Assessment</th></tr>
<tr><td>Discount rate</td><td>5.80%</td><td>5.80% - 5.85%</td><td>Reasonable</td></tr>
<tr><td>Pension increase rate</td><td>2.75%</td><td>2.70% - 2.80%</td><td>Reasonable</td></tr>
<tr><td>Salary growth</td><td>3.25%</td><td>2.75% - 3.75%</td><td>Reasonable</td></tr>
<tr><td>Life expectancy: males currently 45-65
: males pensioners (>65)</td><td>20.5
21.6</td><td>N/A</td><td>Reasonable</td></tr>
<tr><td>Life expectancy: females currently 45-65
: females pensioners (>65)</td><td>23.8
25.5</td><td>N/A</td><td>Reasonable</td></tr>
</table>
The Authority's approach is appropriate. Subject to the satisfactory completion of outstanding matters set out on page 5, we have not identified any issues that require reporting to Those Charged with Governance.</td>
</tr>
</table>

Accounting policies, key judgements and estimates

<table>
<tr><th>Significant judgement or estimate</th><th>Value in accounts £000</th><th>Summary of management's approach</th><th>Audit comments and assessment
FIREFIGHTERS' PENSION SCHEME (FFPS)</th></tr>
<tr><td>Pension assets and liabilities valuations (key accounting estimate) - continued</td><td>See previous page</td><td>This has led to an overall net increase of £37,199k from the 31 March 2024 liability value (£379,756k). This increase includes the impact of changes in demographic assumptions, financial assumptions, the return on assets and contributions.

Our work in this area will be finalised upon receipt of the Pension Fund's Auditor's report (prepared by KPMG) and responses to queries raised of management's experts.</td><td>
<table>
<tr><th>Assumption</th><th>Actuary value</th><th>PwC range</th><th>Assessment</th></tr>
<tr><td>Discount rate</td><td>5.65%</td><td>5.65%</td><td>Reasonable</td></tr>
<tr><td>Pension increase rate</td><td>2.70%</td><td>2.70%</td><td>Reasonable</td></tr>
<tr><td>Salary growth</td><td>3.45%</td><td>3.45%</td><td>Reasonable</td></tr>
<tr><td>Life expectancy: males currently 45-65
: males pensioners (>65)</td><td>21.3
22.7</td><td>23.0 – 23.6 years
21.4 – 22.0 years</td><td>Reasonable
Queried - WIP</td></tr>
<tr><td>Life expectancy: females currently 45-65
: females pensioners (>65)</td><td>23.8
25.5</td><td>23.0 – 25.1 years
21.4 – 23.6 years</td><td>Reasonable
Queried - WIP</td></tr>
</table>

We reviewed the assumptions above against the PwC report and we have noted that life expectancy for males under and over 65 and females over 65 are not within the expected range. We have raised queries with the Government Actuary Department (GAD) to understand the reasons for this. Subject to this, and the satisfactory completion of outstanding matters set out on page 5, we have not identified any issues that require reporting to Those Charged with Governance</td></tr>
</table>

Accounting policies, key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management's approach	Audit comments and assessment
Minimum revenue provision	4,107	The Authority is responsible on an annual basis for determining the amount charged for the repayment of debt. This is known as the Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance. The year end MRP charge was £4,107, a net increase of £245 from 2023/24. Following consultation MHCLG have clarified and updated the regulations and the statutory guidance for minimum revenue provision. Although these take full effect from April 2025, the consultation highlighted that the intention was not to change policy, but to clearly set out in legislation the practices that authorities should already be following. This guidance clarifies that capital receipts may not be used in place of a prudent MRP, that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted from the calculation unless exempted by statute.	We have carried out the following work: • Considered whether the Authority's policy on MRP complies with statutory guidance • Assessed the reasonableness of any changes to the Authority's MRP policy from the prior year • Assessed and benchmarked the Authority's MRP charge as a percentage of the opening capital financing requirement. A charge higher than 2% is considered a sufficiently prudent estimate. **The Authority's charge is 5.3%;** • Assessed and benchmarked the Authority's MRP charge as a percentage of the total borrowing. A percentage less than 3% then may indicate a higher risk of MRP being insufficient to secure longer term financial resilience. **The Authority's charge is 6.1%;** and • Assessed and benchmarked the Authority's total debt as a percentage of the capital financing requirement (CFR). A percentage lower than 100% is considered sufficiently prudent. **The Authority's ratio is 90%, including PFI.** Subject to the satisfactory completion of outstanding matters set out on page 5, we are satisfied that the MRP charge complies with regulations and is set at a prudent level to repay borrowing over the long term. The MRP charge must remain under regular review, particularly in light of future capital spending plans.

Accounting policies, key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management's approach	Audit comments and assessment
Private Financial Initiative including impact of IFRS16	53,785	The Authority has two PFI schemes. PFI transactions are treated in the Authority's accounts in accordance with latest recommended practice of Control of Assets (IFRIC12 – Service concession arrangements). PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI scheme and the ownership of the fixed assets will pass to the Authority at the end of the contract for no additional charge, the Authority carries the fixed assets used under the contract on the Balance Sheet. The approach is consistent with the requirements of IFRS 16.	We enquired as to any changes to the two PFI contracts and none were identified. We are also reviewing the accounting treatment for compliance with IFRS16. The work is currently in progress. Should any material matters arise, we will report these to you before signing the opinion.
Depreciation & Amortisation	4,057	Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction). The Authority engaged FHP Property Consultants, an external valuer, to assess the Economic Useful Life (EUL) of the buildings in 2023/24. This assessment covers over 90% of non-current assets.	We have not identified any issues that require reporting to those charged with governance. Subject to the satisfactory completion of outstanding matters set out on page 5, the depreciation/amortisation charges have been appropriately determined using a reasonable economic useful life.

Accounting policies, key judgements and estimates

Significant judgement or estimate	Value in accounts £000	Summary of management's approach	Audit comments and assessment
Accruals	1,726	The Accounts have been prepared on an accruals basis and provision for sums due to or owed by the Authority is included in the accounts where the cash has not actually been received or paid during the year.	Subject to the satisfactory completion of outstanding matters set out on page 5, we have not identified any issues that require reporting to those charged with governance.

Other responsibilities

Financial statements: other responsibilities

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to Those Charged With Governance.

Matter	Commentary	Findings
Matters in relation to fraud	We have previously discussed the risk of fraud with management and the Ethics, Transparency, and Audit Panel. We have not been made aware of any other incidents in the period. No other issues have been identified during the course of our audit.	We are satisfied that there is no risk of material misstatement due to fraud.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.	We have no issues to report in response to this area.
Matters in relation to compliance with laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any instances from our audit work.	We have no issues to report in response to this area.
Written representations	A letter of management representations has been requested from the Authority.	Please refer to the letter of representation included alongside this report.
Confirmation requests from third parties	We requested permission from the Authority for us to send confirmation requests to its financial institutions. As at the date of this report, two of the investment confirmations have not been received. We also requested from management their permission for us to send letters to those solicitors who worked with the Authority during the period. We have received responses and no material issues have been identified.	Subject to the satisfactory receipt of missing confirmations and the completion of outstanding matters set out on page 5, we have no other matters to report to you.

Financial statements: other responsibilities

Matter	Commentary	Findings
Disclosures	Our review found no material omissions in the financial statements that management has not agreed to correct.	We have no issues to report in response to this area.
Going concern	As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570). Management prepared the financial statements on a going concern basis applying the continuation of services provision set out in Practice Note 10. We have confirmed that this is appropriate as there is no known intention to transfer the services provided by the Authority outside the public sector. We have not identified any material uncertainties relating to going concern at the Authority.	We concur with management’s assessment that it is appropriate to continue to adopt the going concern basis and there are no material uncertainties relating to going concern which should be disclosed in the financial statements.
Other information (Narrative report and Annual Governance Statement)	We are required to read and report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is materially inconsistent with the financial statements and our knowledge obtained from the audit or otherwise appears to be materially misstated. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or whether risks are satisfactorily addressed by internal controls.	Subject to the satisfactory completion of outstanding matters set out on page 5, we have nothing to report in this regard.
Matters on which we report by exception	We are required to report on a number of matters by exception: • If the annual governance statement does not comply with the disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit • Where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses.	We have nothing to report on these matters. We have not identified any significant weaknesses in the arrangements to secure value for money.

Financial statements: other responsibilities

Matter	Commentary	Findings
Specified procedures for the Whole of Government Accounts	We are required to carry out specified procedures on behalf of the NAO on the WGA consolidation pack under WGA group audit instructions. Group instructions were issued in August 2025 which set out the procedures that the NAO require from component auditors. However, the NAO may direct auditors of components below the audit threshold to undertake additional work. The Authority does not exceed the audit threshold for detailed testing set out in the group instructions. Submission of a partial assurance statement is required.	We will complete and submit a partial assurance statement after we issue our auditor's report and await further guidance on whether or not any additional testing is required.
Certification of closure of the audit	We are required to certify the closure of the audit on completion of all audit work for the financial year required under the Code.	We cannot issue our certificate of closure until the Comptroller and Audit General has certified the WGA for 2024-25. Our auditor's report will therefore include a delayed certificate.
Statutory powers and duties	We are required to report by exception if we have applied our other statutory powers or duties during the audit.	We have not exercised any of our additional statutory powers or duties.

Audit adjustments

Audit adjustments

Adjusted misstatements

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management. Details of items corrected following discussions with management are as below.

Detail	CIES £000	Balance sheet £000	Impact on useable reserves £000 Decrease/(increase)
Dr Taxation and Non-Specific Grant Income and Expenditure Cr Adjustments between accounting basis and funding basis - Collection Fund Adjustment Account *To adjust income after the billing authority finalised the collection from taxes (CFAA)*	382		382
Dr Adjustments between accounting basis and funding basis - Collection Fund Adjustment Account Cr Taxation and Non-Specific Grant Income and Expenditure *To adjust income after the billing authority finalised the collection from taxes (NNDR)*	(55)		(55)
Dr Collection Fund – Unusable Reserves Cr Short Term Debtors *To reflect billing authority finalised collection from taxes (CFAA) as this was not adjusted in the accounts.*		382 (382)	
Dr Short Term Debtors Cr Short Term Creditors *To adjust the billing authority balance due, after the billing authority finalised the collection from Authority tax (CFAA)*		422 (422)	
Dr Short Term Creditors Dr Collection Fund – Unusable Reserves Cr Short Term Debtors *To adjust the billing authority balance due, after the billing authority finalised the collection from Authority tax (NNDR)*		193 55 (248)	
Overall impact	327	0	327

Audit adjustments

Unadjusted misstatements

Based on our work to date we have not identified any unadjusted misstatements

Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit.

Disclosure / issue / omission	Outcome	Adjustment agreed?
Note 34 – 23/24 External Audit Costs Restatement The 2023/24 additional audit fee was reflected as a restatement in the comparative figure. This should be presented within the current year figure.	Management has agreed to change the disclosure.	Y
Other Long Term Liabilities Note 39 incorrectly refenced on the balance sheet Other long term liabilities in the Balance sheet are referenced to note 40 but should be referenced to note 39.	Management has agreed to change the disclosure.	Y
Narrative Statement & Annual Governance Statement The link included in the Narrative Statement and AGS for the HMICFRS report does not directly take users to the report. It takes users to the HMICFRS Term of Refence. The link needs to be updated to take users directly to the report.	Management has agreed to change the disclosure.	Y
Note 45 Firefighters' Pension Fund Account – Employer contribution disclosed wrong line The amount of employer contributions charged against the general fund has been incorrectly disclosed within the "retirement benefits paid to pensioners" line	Management has agreed to change the disclosure.	Y
Other, minor presentational, formatting and disclosure issues We have proposed minor changes and narrative amendments to improve the presentation of the accounts, and we will perform final checks on the updated version of accounts to ensure no issues remain. This includes minor consistency and cross-referencing errors identified within the Narrative Report.	We will propose to management to adjust for all minor presentational, formatting and disclosure issues identified by the audit team	Y

Audit adjustments

Impact of prior year unadjusted misstatements on the 2024/25 financial statements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2023/24 financial statements, and their impact on the 2024/25 financial statements

Detail	2023/24 CIES £000 DR (CR)	2023/24 Balance sheet £000 DR (CR)	Impact on total net expenditure 2024/25 £000 DR (CR)
Dr Short term creditors Cr Short term debtors *To correct the overstatement of prepayment and accruals in relation to payment made in advance for future period*		125 (125)	0
Dr PPE Cr CIES *For the impact of an estimation difference for external works values for land and buildings which had not been subjected to recent inspection*	(288)	288	0
Dr PPE Cr CIES *For the impact of roundings within the revaluation calculation for specialised assets*	(281)	281	0
Dr Pension liabilities Cr CIES *For an estimation difference in the calculation of additional liability in respect of past service contributions for LGPS*	(105)	105	0
Overall impact	(674)	674	0
2024/25 unadjusted misstatements	0	0	0
Cumulative impact	(674)	674	0

Value for money

Value for money

We are required to consider whether the Authority has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice 2024 and the requirements of Auditor Guidance Note 3 (‘AGN 03’).

We are in the process of concluding our value for money work. Our detailed findings will be reported in our Auditor’s Annual Report.

We have not identified any significant weaknesses in the Authority’s arrangements and are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Further detail will be contained in our Auditor’s Annual Report.

Reporting criteria	Planning – risk of significant weakness identified?	Final – significant weakness identified?	Recommendations made		
			Statutory	Key	Other
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	No	No	No
Governance How the body ensures it makes informed decisions and properly manages risk	No	No	No	No	No
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	No	No	No	No	No

Independence and ethics

Independence and ethics

The Ethical Standards and ISA (UK) 260 require us to give you full and fair disclosure of matters relating to our independence. In accordance with our profession's ethical requirements and further to our audit plan issued confirming audit arrangements we confirm that there are no further facts or matters that impact on our integrity, objectivity and independence as auditors that we are required or wish to draw to your attention. We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements. In addition, we have complied with the National Audit Office's Auditor Guidance Note 01, which sets out supplementary guidance on ethical requirements for auditors of public sector bodies.

In particular:

- Non-audit services: There are no non-audit services provided for the Authority by Azets Audit Limited
- Contingent fees: No contingent fee arrangements are in place for any services provided
- Gifts and hospitality: We have not identified any gifts or hospitality provided to, or received from, any member of the Authority, senior management or staff
- Relationships: We have no other relationships with the Authority, its directors, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.

Appendices

Appendices

Recommendations arising from the audit

Appendix I: Recommendations

Recommendations identified during the course of our audit.

The matters reported here are limited to deficiencies we have identified during the course of our audit which we feel are of sufficient importance to merit reporting to you under the auditing standards. Recommendations arising from our value for money work are reported separately in our Auditor's Annual Report.

Assessment	Issue	Recommendation	Management response
AMBER	Service Accounts Password Management There are service accounts on Active Directory where there passwords are stored in a document within a Teams channel. Risk Access to systems relevant to financial reporting processes is not attributable to individual users, thus reducing the ability to monitor appropriate and/or inappropriate activities in the system.	We recommend that a password manager solution is implemented to hold passwords for service accounts.	Management have had numerous demonstrations of password manager solutions. They are currently in the process of producing a board paper for funding solution. This may need to go into FY 25/26 budget submission.

Key: Significant effect on financial statements Limited effect on financial statements Low improvement point / best practice

Appendix I: Recommendations

Assessment	Issue	Recommendation	Management response
GREEN	**Documented Password Policy** The Authority does not have a documented password policy. The Integra password configuration does not align with NCSC's pass phrase best practice in length, account lock out parameters and MFA. **Risk** Weak password management controls result in an increased likelihood of brute-force attack (i.e. a password cracking method used by cyber-criminals used to determine account credentials).	We recommend that a password policy is created and stored within an accessible location for all staff. This should outline the organisation's password parameter requirements. We recommend that the password policy follows: - User ID and Password required (unless SSO is used) - Minimum length: 12 characters - Complexity: Disabled - Password History: 8-24 passwords - Lockout Threshold: 5-10 attempts - Logout Duration: 2-15 minutes - Multi-factor Authentication: Enabled The finance system's password configuration should be updated in alignment with the policy.	There is a password policy in place, but this is currently under review and a new version will be published within the next 4 to 8 weeks. The existing password policy is attached. Further, users only have access to integra once they have logged into the main SFRS system, which has a robust password system with the multi-factor authentication. There is also a password policy for the main system. I think the risk needs to acknowledge this. The integra password set up is • Minimum length = 8 (we can change this to 12) • Password history = yes (it is a y/n option) so yes does not allow any past passwords being reused • Lock out = 3 attempts • Lockout duration = 15 minutes

Key: Significant effect on financial statements Limited effect on financial statements Low improvement point / best practice

Appendix I: Recommendations

Assessment	Issue	Recommendation	Management response
GREEN	Generic user accounts The system has generic accounts in place which are not required. The risk is low as the accounts have not been used recently. Risk Access to systems relevant to financial reporting processes is not attributable to individual users, thus reducing the ability to monitor appropriate and/or inappropriate activities in the system.	We recommend that accounts on the system that are no longer required are disabled or terminated to restrict inappropriate access.	These accounts were all reviewed as part of the account review. There are still some service accounts in existence, but they are specific to a single solution and are all required. The permissions are locked down to the bare minimum.
GREEN	Record of Processing Activities Staffordshire PFCC Fire and Rescue Authority has in place an Information Asset Register and a Record of Processing Activities, the latter of which has effectively replaced the former. The RoPA provides the opportunity for key information to be recorded, including those key areas for compliance with the UK GDPR. However, there are areas of incompletion within the RoPA across fields including, but not limited to, Categories of Personal Data, Categories of Recipients, Retention Schedule, Legitimate Interests and Consent. Risk Should the organisation's RoPA be incomplete, there is a risk that they do not have a holistic overview of the high-risk assets which they store and the personal data processing undertaken. This may result in a reduced ability to identify and prioritise necessary protections.	Staffordshire PFCC Fire and Rescue Authority should ensure that the RoPA is completed, ensuring that all assets/processes involving personal and sensitive data are documented in a manner which fully acknowledges the associated details. This will improve the organisation's oversight and awareness of key assets and processing.	The RoPA is updated regularly and forthcoming training for Information Asset Owners will reemphasise their responsibility and obligation to consider their processing or control of data, assets, and documents. RoPA are also considered at the Protective Security Group and regular reminders are made there. It is also discussed with the SIRO where risks are more than business as usual or are to require further DPIA or protective support. Where there are gaps the Asset Owner will be required to complete, we have been working through different parts of the Service, the first main focus has been with Central Prevent and Protect and is now being imported to the master sheet.

Key: Significant effect on financial statements Limited effect on financial statements Low improvement point / best practice

Appendix I: Recommendations

Assessment	Issue	Recommendation	Management response
GREEN	**Implement a Robust Cyber Security Training** Staffordshire PFCC Fire and Rescue Authority requires all employees to complete a mandatory Protecting Information Essentials training module on an annual basis. This is supplemented by in-person sessions every two years. Training covers core information security topics such as data handling and protecting information however, the Authority has not implemented more cyber security focused training on key risk areas such as phishing, password security, social engineering, and cyber risk. Risk Should varied cyber security training not be provided to all staff, there is a risk that individuals may be ill-prepared to protect the confidentiality, integrity and awareness of the organisation's assets and information. Furthermore, should those in specialist roles, or with responsibilities for cyber security or risk related areas, not be provided with specialist training, there is a risk that their knowledge will not be reflective of the current threat landscape. This may lead to staff being unable to manage risks, issues, vulnerabilities and weaknesses in an effective and timely manner.	Staffordshire PFCC Fire and Rescue Authority should implement a more varied and robust cyber security training programme. Mandatory modules should cover key areas of risk to the organisation, such as social engineering, password security, mobile devices, data protection, and physical security, and should be reviewed and updated on a regular basis.	Face-to-face training is reviewed annually and focuses on risk based and context-based training. We currently include physical security, password protection and choice of length-end words. The context of cyber security, is mentioned and is highlighted through a part of the training on phishing, threat reporting, and unrecognised or unexpected attachments within emails. A review is currently under way for the next round of face-to-face training for 2026. Every employee also continues to undertake annual online training dealing with information security and breaches.

Key: Significant effect on financial statements Limited effect on financial statements Low improvement point / best practice

Appendix I: Internal control recommendations

Follow up of prior year recommendations

Assessment 2023/24	Issue	Recommendation	Auditor update 2024/25	Outcome
AMBER	**Formal testing of backups for Active Directory** During 2023-24 audit, we identified that the authority is regularly carry out backup restores, however there is no formal testing of backups, therefore the design has been deemed ineffective. There is an increased likelihood of data loss and/or delays in data recovery due to weaknesses in the backup and recovery processes.	To mitigate this risk, we recommend that backup testing is formally conducted regularly to ensure the relevant data is available in case of a need for recovery.	No issues has been identified during the current year audit	Action completed. Recommendation closed
AMBER	**User access reviews** During the audit, we identified that user access reviews are not conducted. A lack of periodic review of user access could result in inappropriate, excessive or unauthorised access being available to users/leavers.	We recommend that user access reviews are carried out annually and that these reviews are documented.	Management completed a full review and deletion of all non essential accounts has been completed. This will be repeated in April / May next year and on an annual basis. Any temporary accounts for 3rd parties are now created for only the life of the activity.	Action in progress. Recommendation remains open

Appendix I: Internal control recommendations

Follow up of prior year recommendations

Assessment 2023/24	Issue	Recommendation	Auditor update 2024/25	Outcome
AMBER	**Cyber Security** The Authority maintains an Information Asset Register, which records some of the key aspects expected by the ICO (e.g., IAO, Location and Retention Period). Security measures applied to assets are not documented. There are some disparities and incomplete sections within the IAR. There is no Asset Management Policy in place, and the Acceptable Use Policy does not sufficiently set out approaches to and requirements for the maintenance, recording and protection of assets	Asset Register records all key aspects expected by the ICO (e.g., IAO, Location, Retention Period, Security Measures), and that the IAR is completed consistently and holistically across the organisation. This should be supported by an Asset Management Policy which sets out the Authority's approach to identifying, managing and protecting critical information assets.	No issues has been identified during the current year audit	Action completed. Recommendation closed
AMBER	**Information incident Response Policy** Authority has in place and Information Security Incident Response Policy and Procedure which was last issued in April 2019. As such, it is unclear the validity and currency of the processes and requirements outlined within the policy. Cyber related incidents are, additionally, addressed within the Authority's BCDR Policy. BCDR testing is carried out and the Authority plans to conduct a tabletop exercise with specific relevance to cyber response. Evidence of this testing has not been provided for review.	The Authority should review and update their Information Security Incident Response Policy and Procedure. This will help to ensure that their approach to incident management and response is up-to-date and reviewed on a regular basis (e.g., annually and in response to any significant organisational or environmental changes). Authority should also ensure that testing is fully documented, with lessons learned activities performed and used to inform planning going forward.	No issues has been identified during the current year audit	Action completed. Recommendation closed

Fees

Appendix II: Fees

Our fees for the year ending 31 March 2025 are set out in the PSAA scale fees communication and are shown below

Audit fees	Final fee 2023/24 £	Proposed fee 2024/25 plan £	Final fee 2024/25 £
Scale fee: base fee for the audit of the Authority financial statements (as set out in the fee scales issued by PSAA)	91,921	102,344	102,344
Procedures not covered by the scale fee (ISA315, PFI year one, IAS19 missing triennial assurance not provided by new pension fund auditor)	42,288	N/A	0
IFRS16 Leases: work needed to audit the new standard, as reported in the audit plan. PSAA have confirmed this work is not included in the above scale fee	N/A	TBC	4,950
Inventories: additional procedures as a result of this balance becoming material in 2024/25	N/A	N/A	6,450
Total audit fees charged	**134,209**	**TBC**	**113,744**

Reconciliation – Note 34	fee
Scale fee 2024/25	102,344
Outside of scale fee 2023/24	42,288
Total audit fees charged	**144,632**

The audit fees charged reconcile to the fees disclosed in the amended financial statements.

As per PSAA's Scale Fees Consultation, the scale fees did not include the new requirements of IFRS16 Leases. Additional Fees charged are subject to the fees variation process as outlined by PSAA.

AZETS