Audit Findings (ISA 260) Report for Shropshire and Wrekin Fire and Rescue Authority

Year ended 31 March 2025

February 2026

For Management Comment

Shropshire and Wrekin Fire and Rescue Authority
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February 2026

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Audit Findings for Shropshire and Wrekin Fire and Rescue Authority for the 31 March 2025

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with the Audit and Standards Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at transparency-report-2024-.pdf (grantthornton.co.uk).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Richard J J Anderson

Director and Key Audit Partner
For Grant Thornton UK LLP

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Headlines

Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Shropshire and Wrekin Fire and Rescue Authority (the 'Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

Financial statements

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

- the Authority's financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work was completed between October 2025 and January 2026. Our findings are summarised within this report. We have identified 2 adjustments to the financial statements that have resulted in a £6,032k adjustment to the Authority's Comprehensive Income and Expenditure Statement. These have no impact on the level of the Authority's General Fund Reserves.

Audit adjustments are detailed at pages 35 to 39. We have also raised recommendations for management as a result of our audit work. These are set out at page 40. Our follow up of recommendations from the prior year's audit are detailed from page 41.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters:

- Finalisation of Manager and Engagement Lead quality control reviews
- Finalisation of work on post balance sheet events
- Receipt of management representation letter
- Review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

Our anticipated financial statements audit report opinion will be unmodified.

Headlines

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), 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. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report as a separate committee paper. We have identified 5 significant weaknesses in arrangements. Please refer to page 47 for further details.

Headlines

Statutory duties

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

- Report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- To certify the closure of the audit.

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

We have completed the majority of work required under the Code. However, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation has been received from the NAO that the group audit has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

Headlines

National context – audit backlog

Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Our 2024/25 audit of the Authority has been completed in advance of the backstop date.

Headlines

Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

Introduction

IFRS 16 updates the definition of a lease to:

- “A contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

- Leases of low value assets
- Short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an authority is an intermediate lessor, or where assets are leased out for little or no consideration.

Impact on the Authority

We have obtained managements assessment of the impact that IFRS 16 has had. Given the potential material impact that the standard could have had, we would have expected the authority to prepare a more robust assessment than what was provided. In the absence of this, we have performed our own assessment to take comfort over the impact of the implementation.

As a result of this, we have raised the recommendation that management should carry out a detailed impact assessment on the adoption of new accounting standards in advance of submitting the draft financial statements for audit.

From the work performed, we are satisfied there is no risk of material misstatement.

Materiality

Our approach to materiality

As communicated in our Audit Plan dated March 2025, we determined materiality at the planning stage as £690k based on 2.3% of prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft financial statements. Gross expenditure had not increased significantly from the prior year. We deemed it prudent to keep the same level of materiality as we had at the planning stage of the audit. A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- We have determined materiality at £690k based on professional judgement in the context of our knowledge of the Authority, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements.
- We have used 2.3% of prior year gross expenditure as the basis for determining materiality.
- The authority will prepare an expenditure-based budget for the year, with its primary objective to provide services for its local community and therefore gross expenditure is deemed as the most appropriate benchmark.
- The basis for determining materiality has not changed from the prior year. We have increased our determined percentage from 2% in the prior year.

Performance materiality

- We have determined performance materiality at £517k, this is based on 75% of headline materiality.

Specific materiality

- We deem Senior Office Remuneration to be a particularly sensitive area for the users of the accounts, and we will therefore apply a lower materiality threshold. Materiality has been calculated to be £14k based on 2.3% of total Senior Officer Emoluments figure included in the Officers Remuneration note of the financial statements. Performance materiality will be 75% of this (£10k).

Reporting threshold

- We will report to you all misstatements identified in excess of £34k, in addition to any matters considered to be qualitatively material.

Our approach to materiality

A summary of our approach to determining materiality is set out below.

	Authority (£)	Qualitative factors considered
Materiality for the financial statements	690,000	When determining materiality, consideration has been given to factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements.
Performance materiality	517,000	We are not aware of a history of significant deficiencies or a high number of deficiencies in the control environment. There has not historically been a large number or significant misstatements identified because of the financial statement audits.
Specific materiality for Senior Officer Remuneration	14,000	Due to the sensitive nature of the Officers Remuneration disclosure, we have applied a lower materiality.
Reporting threshold	34,000	We have used 5% of materiality level as our threshold for reporting issues.

Overview of significant risks identified

Overview of audit risks

The below table summarises the significant risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor's judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	High	●
The revenue cycle includes fraudulent transactions	Significant	↔	Rebutted	N/A	N/A
The expenditure cycle includes fraudulent transactions	Significant	↔	Rebutted	N/A	N/A
Valuation of land and buildings	Significant	↔	✗	High	●
Valuation of the pension fund net liability	Significant	↔	✗	High	●

↑ Assessed risk increase since Audit Plan
↔ Assessed risk consistent with Audit Plan
↓ Assessed risk decrease since Audit Plan

● Not likely to result in material adjustment or change to disclosures within the financial statements
● Potential to result in material adjustment or significant change to disclosures within the financial statements
● Likely to result in material adjustment or significant change to disclosures within the financial statements

Significant risks

Risk identified	Audit procedures performed	Key observations
Management override of controls Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	We have: • Evaluated the design and implementation of management controls over journals; • Analysed the journals listing and determined the criteria for selecting high risk unusual journals; • Identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration; • Gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and • Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.	We have found that the following prior year recommendations are yet to be fully addressed. These relate to: • Not having appropriate controls in place to review journals created by the Head of Finance • Journals being able to be posted into prior periods • Not all batch journals being evidenced as reviewed. Our audit work did not identify any instances of management override of controls.

Significant risks

Risk identified	Audit procedures performed	Key observations
The revenue cycle includes fraudulent transactions Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition.	As reported in our audit plan, we have identified and completed a risk assessment of all revenue streams for the Authority. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. This is due to the low fraud risk in the underlying nature of the transactions, or immaterial nature of the revenue streams both individually and collectively.	Based on the factors to the left, we did not consider this to be a significant risk for Shropshire and Wrekin Fire and Rescue Authority.

Significant risks

Risk identified	Audit procedures performed	Key observations
The expenditure cycle includes fraudulent transactions Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies.	As reported in our audit plan. we have identified and completed a risk assessment of all expenditure streams for the Authority. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.	Based on the factors to the left, we did not consider this to be a significant risk for Shropshire and Wrekin Fire and Rescue Authority.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of land and buildings The Authority revalues its land and buildings on an annual basis. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (approximately £32m in the current period) and the sensitivity of this estimate to changes in key assumptions. We have therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.	We have: • Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and scope of their work; • Evaluated the competence, capabilities and objectivity of the valuation expert; • Written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the CIPFA code are met; • Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; and • Tested revaluations made during the year to see if they had been input correctly into the Authority's balance sheet.	We have noted from our work that the prior year recommendation in relation to retaining evidence to support build dates for assets is still relevant for the current year. We have noted 1 material adjustment in relation to the valuation of land and buildings, specifically in relation to the treatment of the upward revaluation of the Telford and Wrekin Fire Station asset. This asset had a £6,110k valuation increase in year. This asset had previously incurred losses charged to the income and expenditure statements as a result of downward valuations that occurred in prior years. As the losses previously incurred exceed the increase in valuation in the current year, the upward valuation should be charged to Comprehensive Income and Expenditure Statement, rather than the revaluation reserve. This does not impact the carrying amount of the asset in the Balance Sheet and has no impact on useable reserves. Management have agreed to correct this and details can be found within the audit adjustments section of this report (page 36). There are no other matters to report.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of net pension liability The Authority's share of the pension fund net liability, as reflected in its Balance Sheet as the pension liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£161.1m in the Authority's Balance Sheet at 31 March 2025) and the sensitivity of the estimate to changes in key assumptions. This liability is made up of the Local Government Pension Scheme asset (£0.0m) and the Firefighters Pension Scheme liability (£161.1m). The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code. The Authority has had to consider the potential impact of 'IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset', of which they have engaged their Actuary to perform an assessment on.	We have: • Updated our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluated the design of the associated controls; • Evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • Assessed the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation; • Assessed the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability; • Tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; (continued on next page)	We have considered the IAS19 assurances from the auditor of Shropshire Pension Fund. As part of their work, they have identified a total unadjusted misstatement of £4.489m in relation to the Pension Fund, when comparing asset valuations to confirmations. The Authority's calculated share of this difference is 0.88% and apportioning this misstatement would indicate that assets reported by the actuary may have been understated by £0.039m. This would have no impact on the Balance Sheet, as the Authority's LGPS Pension Asset is capped at nil due to the application of IFRIC 14. There are no other matters to report at the date of this report.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of net pension liability (continued) The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 12.59% effect on the liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in the calculation. With regard to these assumptions, we have therefore identified valuation of the Authority's net pension liability as a significant risk.	• Undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; • Obtained assurances from the auditor of Shropshire Pension Fund as to the controls surrounding the completeness and accuracy of membership data, contributions data and benefits data sent to the actuary by the LGPS pension fund and the fund assets valuation in the pension fund financial statements. This relates to the local government pension fund asset only; • Re-performed the IFRIC 14 assessment undertaken by the Authority's Actuary for reasonableness and accuracy; and • For the firefighters' pension fund, we undertook additional substantive procedures, including analytics to test the accuracy and completeness of membership data, contributions paid, benefits paid and the lump sum and commutations paid.	Please refer to previous page.

Other findings

Other areas impacting the audit

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan.

Issue	Commentary	
Events after the balance sheet date, completeness of provisions and contingent liabilities As outlined in Note 1, Events After the Balance Sheet Date, an adjusting event has occurred that provides further evidence of conditions that existed at the end of the reporting period. This event relates to a payment following staff issues that occurred during 2024/25. Provision has been made for the expenditure incurred.	We have: • Agreed the amendment to provisions referred to in Note 1. • Asked management to prepare a working paper detailing the impact on the financial statements and notes of all potential claims against the Authority. • Reviewed and tested the completeness and accuracy of the Authority's provisions and contingent liability disclosures. • Reviewed legal account codes to gain assurance that there are no undisclosed liabilities, provisions and contingent liabilities. • Inquired with management and legal officers to gain assurance that there are no further events after the reporting period that would require adjustment to balances and disclosures.	**Auditor view** From the work performed, we are satisfied that the updated disclosure is reasonable and no further updates are required to the provisions balance or contingent liabilities note. We will request confirmation from Management that there are no further events after the balance sheet date requiring disclosure, prior to sign off.

Other findings – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Assessment:
- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of land and buildings £32.5m at 31 March 2025	Other land and buildings comprises £32.5m of specialised assets such as fire stations and fire towers, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. There are no non-specialised assets. The Authority has engaged Capita valuers to complete the valuation of properties as at 31 March 2025 on a five yearly cyclical basis. The Authority undertook a full revaluation of its entire asset portfolio during the 2024/25 financial year.	We have: • Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work; • Evaluated the competence, capabilities and objectivity of the valuation expert; • Written to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the CIPFA code are met; • Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • Tested revaluations made during the year to see if they had been input correctly into the Authority's balance sheet.	Green We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of net pension asset £0m at 31 March 2025 (Shropshire County Pension Fund, Local Government Pension Scheme (LGPS))	The Authority's net pension asset at 31 March 2025 is capped at nil, comprising the Authority's share of the Shropshire County Pension Fund . Prior to the application of IFRIC 14, the Authority's net asset was £3.8m. This was subsequently capped at nil following the IFRIC14 assessment that took place. The Authority uses Mercer to provide actuarial valuations of the Authority's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. The latest full actuarial valuation was completed as at 31 March 2022. Small changes in assumptions can result in significant valuation movements. There has been a £30.2m net actuarial gain during 2024/25, £3.4m of which relates to LGPS.	We have: • Undertaken an assessment of management's expert • Assessed the actuary's approach taken to confirm reasonableness of approach • Used PwC as auditors expert to assess the assumptions made by actuary – summarised below:	Green We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Assumption	Actuary value	PwC range	Assessment
Discount rate	5.9%	5.70%-5.90%	Reasonable
Pension increase rate	2.7%	2.60%-2.70%	Reasonable
Salary growth	3.85%	3.85%-4.10%	Reasonable
Life expectancy – Males currently aged 45/65	23.1	21.1-23.2	Reasonable
Life expectancy – Females currently aged 45/65	26.0	25.2-26.1	Reasonable

- Tested the completeness and accuracy of the underlying information used to determine the estimate.

The Authority has a net defined benefit asset of £3.849m relating to the LGPS at 31 March 2025. The IFRIC 14 application confirms that this surplus should be restricted to nil, since there is no economic benefit available to the Authority.

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of net pension liability £161.1m at 31 March 2025 (West Yorkshire Pension Fund, Firefighters Pension Scheme Liability (FFPS))	The Authority's net pension liability at 31 March 2025 is £161.1m (PY £182.6m) comprising the Firefighters Pension Scheme Liability. The Authority uses Mercer to provide actuarial valuations of the Authority's liabilities derived from this scheme. A full actuarial valuation is required every four years. The latest full actuarial valuation was completed as at 21 December 2023. Given the significant value of the pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £30.2m net actuarial gain during 2024/25, £26.8m of which relates to firefighters' pensions schemes.	We have: • Undertaken an assessment of management's expert • Assessed the actuary's approach taken to confirm reasonableness of approach • Used PwC as auditors expert to assess the assumptions made by the actuary – summarised below:	Green We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Assumption	Actuary value	PwC range	Assessment
Discount rate	5.8%	5.70%-5.90%	Reasonable
Pension increase rate	2.7%	2.60%-2.70%	Reasonable
Salary growth	4.1%	3.85%-4.10%	Reasonable
Life expectancy – Males currently aged 45/65	22.4	22.4-23.0	Reasonable
Life expectancy – Females currently aged 45/65	22.4	22.4-25.3	Reasonable

• Tested the completeness and accuracy of the underlying information used to determine the estimate.

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Depreciation £2.9m at 31 March 2025	The Authority's depreciation charge at 31 March 2025 is £2.9m (PY £2.7m). Depreciation is provided for all Property, plant and equipment assets apportioned over their useful lives, with the exception made for assets without a determinable finite useful life and for assets under construction. Both fire stations and other buildings and vehicles, plant and equipment are depreciated via the straight line method over the life of the asset. Fire stations and other buildings useful lives are estimates by a valuer and vehicles, plant and equipment and advised by a qualified officer.	We have: • Evaluated management's processes and assumptions for the calculation of the estimate • Challenged the information and assumptions used by the valuer and management to assess completeness and consistency with our understanding • Performed an analytical review to assess the reasonableness of the estimate made in year.	● Green We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas.

			ITGC control area rating		
IT application	**Level of assessment performed**	**Overall ITGC rating**	**Security management**	**Technology acquisition, development and maintenance**	**Technology infrastructure**
Agresso	ITGC assessment (design and implementation effectiveness only)	● Green	● Green	● Green	● Black

Assessment:

- ● [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- ● [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- ● [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- ● [Black] Not in scope for assessment

Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Standards, Audit and Performance Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to 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 incidences from our audit work.
Written representations	A letter of representation has been requested from the Authority which is included in the Standards, Audit and Performance Committee papers.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Authority's banking and treasury partners. This permission was granted and the requests were sent and positive confirmations received.
Significant difficulties	As part of our ongoing work on the valuations of land and buildings, we requested information from managements expert in relation to their qualifications and experience, independence, methods and source data used as well as key assumptions when making the estimate. This was originally requested during the planning phase of the audit back in March with a response received late in November. This information underpins the work we perform around the significant risk area of valuations of land and buildings. We would request that management work with their valuation expert, to ensure that this response is provided to us sooner in future years.

Other responsibilities

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • The use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. (continued)

Other responsibilities

Issue	Commentary
Going concern	Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Authority and the environment in which it operates • the Authority's financial reporting framework • the Authority's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified; and • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.
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 disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit; • if we have applied any of our statutory powers or duties; • where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses. Please refer to Auditors Annual Report for our Value for Money findings. There are no other matters to report by exception.

Other responsibilities

Issue	Commentary
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. The new Code of Audit Practice has now been published, alongside updated Auditor Guidance Notes. While the threshold for WGA procedures has remained at £2bn, the NAO is taking the option to ask additional questions for a sample of audits after our opinion is issued.
Certification of the closure of the audit	We cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until confirmation has been received from the NAO that the group audit has been certified by the C&AG and therefore no further work is required to be undertaken in order to discharge the auditor’s duties in relation to consolidation returns under paragraph 2.11 of the Code. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Audit adjustments

Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below, along with the impact on the key statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Dr. Expenditure (CIES)	78		78	
Cr. Provisions (Balance Sheet)		(78)		0
No impact on general fund as this amount is transferred from the Pensions and Other Staff Issues Reserve.				
Dr. Revaluation Reserve (Balance Sheet)		6,110		0
Cr. Other Comprehensive Income and Expenditure (CIES)	(6,110)		(6,110)	
No impact on general fund as this amount is transferred to the Capital Adjustment Account.				
Overall impact	(6,032)	6,032	(6,032)	0

Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Statement of Accounting Policies	The Authority has failed to include an accounting policy in relation to leases.	×
Balance Sheet	We have identified a misclassification error in relation to grants received in advance. £598k of this balance should be included within the "Short Term Creditors" line item.	✓
Cash Flow Statement	"Financing Activities" value has been incorrectly disclosed as "£12k". This should agree with the total of Note 29 which is "£32k".	✓
Note 2 – Assumptions Made About the Future, Other Major Sources of Estimation Uncertainty and Critical Judgements	The current disclosure does not comply with the requirements of the CIPFA Code. To be compliant, the disclosure would need to include more detail around the nature of the uncertainties, the impact it may have between financial years and should also state whether or not any critical judgements have been made.	×
Note 3b – Expenditure and Income Analysed by Nature	We have identified a misclassification error in relation to pensions related payments. £440k has been incorrectly included within "Other service expenses" and should have instead been included in "Employee benefit expenses".	✓
Note 8 – Officers Remuneration	We have identified errors in relation to the number of employees included within 11 of the different bandings. We have also identified the need for an additional banding not previously disclosed of "£170,000 - £174,999".	✓
Note 8 – Senior Officers' Emoluments	The Authority had previously disclosed more individuals within this note in 2023/24 than what is required under the CIPFA Code. The number of individuals in this note has been reduced to reflect the requirement of the Code.	✓

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Note 8 – Senior Officers' Emoluments	The note has been updated to disclose "Compensation for loss of employment" paid to one Officer.	TBC
Note 8 – Termination Benefits	The Termination Benefits table has been updated to separately disclose the 2 payments made in year.	TBC
Note 12 – Transactions Relating to Retirement Benefits Table	The "2015 2024/25" and "Total 2024/25" columns under the "Fire Pension Schemes" are incomplete and contain no figures.	✓
Note 15 – Valuation of Non Current Assets carried at Current Value	All land and building has been included in "Carried at current value as at 31 March 2025" however Baschurch Fitness Pod (addition in 24/25) was not revalued and should be included within the "Carried at historical cost" row, with a value of "£48k".	✓
Note 15 – Property, Plant and Equipment	We have identified a software asset with the value of £125k which has been included within the property, plant and equipment balance at year end. This should have been disclosed separately on the balance sheet as an intangible asset.	✗
Note 15 – Capital Commitments	We have identified that the "Command & Control System Replacement" figure requires an additional amount disclosing of £67k to account for a commitment not previously included.	✓
Note 26 – Cash Flow Statement – Non Cash Items	The table should include a line for "Movement in provisions" with a value of "£120k".	✓
Annual Governance Statement	The AGS should include a concluding paragraph.	✓
Throughout	A number of typographical errors have been identified throughout the financial statements. We will confirm all expected changes to be made in the final set of accounts.	✓

Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Standards, Audit and Performance Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Dr. Pensions Asset		39		
Cr. Remeasurement of the net defined benefit liability	(39)			
Being differences identified between the value of pension fund investment and the valuation statements received from the third party investment managers. This would have no impact on the Balance Sheet, as the Authority's LGPS Pension Asset is capped at nil due to the application of IFRIC 14.				
Dr. Income	52		52	(52)
Cr. Debtors		(52)		
For one of the debtors sample items, the Authority were unable to provide evidence to support the validity of this debtor and therefore the corresponding income associated with it. We have raised a recommendation in the "Action Plan" as noted on page 40.				
Overall impact of current year unadjusted misstatements	**52**	**(52)**	**52**	**(52)**

Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● Low	**Register of Interests and Gifts** We have noted that there is no up-to-date version of the register of interests and gifts available on the Authority's website.	We recommend that the register of interests and gifts is kept up-to-date and published at least annually. **Management response** Officers will ensure that the gifts and hospitality register maintains current and updated.
● Medium	**Contract Management** From our testing of debtors, we identified that the Authority were unable to provide evidence to support the validity of a debtor item. There had been no formal contract entered into by either party that would have verified this to be genuine income expected to be received by the Authority.	We recommend that the Authority ensures formal contracts are in place for all arrangements where they would expect to be compensated for any services being provided. **Management response** The debt in question will be reviewed and necessary adjustments made, and the contracts register is being updated as part of the introduction of a procurement function into the Service.

Key

- ● High – Significant effect on control system and/or financial statements
- ● Medium – Limited impact on control system and/or financial statements
- ● Low – Best practice for control systems and financial statements

Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● Medium	**Consideration of New Accounting Standards** We have obtained management's IFRS 16 impact assessment, relating to the adoption of this new accounting standard relating to leases. This assessment was provided late and did not contain sufficient detail to reflect proper consideration of the standard.	Management should carry out a detailed impact assessment on the adoption of new accounting standards in advance of submitting the draft financial statements for audit. **Management response** ***Awaiting management comment***
● Low	**Review of Fully Depreciated Assets** We noted assets with a gross book value of £1.8m, which are carried at a nil net book value in the Balance Sheet. Our testing has confirmed that the assets are still in use at 31 March 2025.	Management should continue to review nil net book value assets at year end to assure themselves that they are operational and that they are correct to still be included within the fixed asset register. As part of this review, Management should consider whether determined asset lives are reasonable. **Management response** ***Awaiting management comment***

Key

- ● High – Significant effect on control system and/or financial statements
- ● Medium – Limited impact on control system and/or financial statements
- ● Low – Best practice for control systems and financial statements

Follow up of prior year recommendations

We identified the following issues in the audit of the Authority's 2023/24 financial statements, which resulted in 6 recommendations being reported in our 2023/24 Audit Findings Report. We are pleased to set out an update here.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Partially Addressed	Review of cybersecurity controls We have noted the following control deficiencies in our cybersecurity workplan: 1. There is a lack of a specialised IT team (internal or outsourced) to focus on cybersecurity and as such no periodic reviews or monitoring is undertaken regards cyber risks and threats. 2. The Authority relies solely on penetration testing to address the threat of cyber risk. 3. Baseline security configuration documents do not exist for all key computers or platforms. This increases the potential risk that cyber risks are managed inconsistently across teams / divisions / groups. Recommendation There is need for management to ensure that there is periodic monitoring of cyber risks and threats as this can affect the continuity of operations if any adverse event is to occur. Additionally, there is need for management to ensure that baseline security configuration policies are in place.	The Authority has confirmed that they have since contracted a third party to provide 24/7 managed detection and response services. The following responses have been provided to address the prior year recommendations: 1. There are no specialised roles for cyber security currently, management have confirmed that it may be looked at if fundings allows for it. 2. The Authority has confirmed that there are a range of controls that are now in place to address the threat of cyber risk. 3. The specific compliance policies that are in place have not been documented due to lack of resource. This would be actioned in line with point 1. We can confirm that from our review of the current year cyber security work that new controls have been introduced to deal and respond to the threat of cyber risk.

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X Not yet addressed	Journal approvals During our walkthrough of journals, we have noted that the journal entries or other adjustments posted via a batch are not being reviewed before being sent to Telford & Wrekin Council for processing which increases the risk for error. Recommendation We recommend that management should have measures in place to review batch journals and this be evidenced before information is sent to the service organisation.	We have noted similar findings in the current year audit that not all individual journals are evidenced as cross-checked to supporting evidence. This will remain as a recommendation for the 24/25 audit.
X Not yet addressed	Journals Authorisation We noted that journals being created by the Head of Finance were not being reviewed and approved before being submitted to Telford & Wrekin Council to be posted to the ledger. Recommendation We recommend that management should have measures in place to review journals posted by the Head of Finance.	The S151 Officer post is out for recruitment currently and once this process is complete there will be another layer of approval to apply to the journals process. In the meantime, the Chief Fire Officer reviewed and approved the Head of Finance's corporate journals workbook. As part of our journals work, we have seen evidence to confirm that the above response from management is accurate and the review has taken place in year. This recommendation will only be fully addressed when the S151 officer is in post and reviewing the journals of the Head of Finance.

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X Not yet addressed	Back posted journals When performing our walkthrough in February 2024 we have noted that some journals were back posted to April 2023 period for reversing pensions related accruals, although no evidence of back posting in any other period was identified during the period under review. Management has stated that as the financial year is rolled forward from the preceding one to the current one following audit, opening balances are created in period 0. There are a number of accounts that require these opening balances to be reversed, for example those relating to the Authority's Pensions Account. In order to correct these, Telford & Wrekin Council would be instructed to post back into period 0. Recommendation We recommended that management introduce controls in the system which restrict back dated posting up to a certain time period at year end and these reversals should be processed and reviewed in the first month of rolling forward and not be processed later on in the year.	The Authority have reviewed this as part of this year's process. However, until the ledger is closed for the preceding year, they are not aware of the adjustments that need to be made. The ledger was closed following the 23/24 audit in Feb 25, which is when the journals were then posted into period 0. Based on discussions with management, the Authority are going to inquire as to whether it is possible to change the coding structure for the Pensions Account. As it stands, these balances are coded as if they are 'Balance Sheet' codes which therefore means they are brought forward as opening balances. If they were to change the structure of these codes to 'Income and Expenditure' codes, then there would be no brought forward balance so a journal correction would not be required.

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X Not yet addressed	Starters and Leavers As part of our substantive payroll testing we requested a listing of starters and leavers for the year. Testing identified that these reports also included employees who had changed roles (normally considered for our Payroll SAP purposes as amendments). Thus, a change in role for an employee, e.g. transfer to another post or promotion, could signify the end of one position and the start of a new position as a 'starter'. This meant a full and complete reconciliation of full time equivalents (FTE) that should just account for the end of prior year FTE plus starters, less leavers to get to the full FTE at the end of the year was problematic. Testing also identified 1 missing starter documentation from the sample. The Authority's payroll provider were unable to locate the appropriate contract documentation. Recommendation We recommend management treat changes in roles, as a change in circumstance only and not as a leaver and starter. We also recommend management review & keep the necessary documentation for the starters for future audit purposes.	Worcester Internal Audit Shared Services (WIASS) carried out an internal audit review into SMLs, of which management are working through the recommendations from this and also analysing the issues that have been experienced in Jan to July 2025. Once this work has progressed, management have indicated they will be making recommendations to improve the process, in line with the audit recommendation from prior year. This will remain as a recommendation for the 24/25 audit.

Assessment

✓ Action completed

X Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X Not yet addressed	Valuation of land & buildings We have noted the following control deficiencies: Management were unable to provide evidence for the build dates of some of the assets in the sample selected for testing. We noted some discrepancies in the build dates used by the valuer and held by management. The last physical inspection carried out by the valuer was 31 March 2018. Recommendation We recommend management retain evidence to support all build dates. We recommended management review the valuation to ensure there are no discrepancies between their own data and data used by the valuer. We recommended management request a full physical inspection of all asset next year and have a rolling program for this every year going forward.	The valuations process has been reviewed with management's external valuer, Capita, and it was agreed that half of the Service's stations would be physically inspected and revalued at 2024/25 year end, with the other half being physically inspected and revalued at the 2025/26 year end. Data contained within the valuation reports has been checked against information held by the Authority and differences challenged by management. The recommendation regarding evidence to support build dates is yet to be addressed and has remained valid for the 2024/25 audit. Management have been unable to provide evidence to support build date and we had to carry out alternative procedures in this area.

Assessment

✓ Action completed

X Not yet addressed

Value for Money arrangements

Value for Money arrangements

Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30th November each year from 2024-25. Our draft AAR accompanies this audit findings report as a separate committee paper.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.

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.

Financial sustainability

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

Governance

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

We have completed our VFM work. We identified a significant weakness in respect of the Authority's governance arrangements and arrangements for improving economy, efficiency and effectiveness. This was in relation to the findings of His Majesty's Inspectorate of Constabulary and Fire & Rescue Services' (HMICFRS) and the cause for concern raised in November 2024. We raised 4 further significant weaknesses in relation to the Authority's governance arrangements. These related to the Authority's leadership and culture, transparency of decision making, capacity of Statutory Officers and the approach to managing conflict of interest. Our detailed commentary, key recommendations and Management responses are set out in the separate Auditor's Annual Report, which is presented alongside this report.

Independence considerations

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, there are no independence matters that we would like to report to you.

As part of our assessment of our independence we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Fees and non-audit services

The following tables below sets out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to current date, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

There are no non-audit services carried out for the Authority.

Audit fees	**£**
PSAA Scale Fee	97,901
Additional work in respect of VFM Significant Weaknesses	17,034*
Total (excluding VAT)	114,935

This reflects the additional audit hours required to complete work on the 5 identified Value for Money risks of significant weakness. We had to carry out further risk based work in respect of each of these risks, which included document review and a number of meetings with Management. Our work in this area required additional inputs from the Engagement Lead, specialist VFM Manager and Support Partner, which were over and above what is assumed in the scale fee. This additional fee is subject to agreement with Management and PSAA.

This covers all services provided by us and our network to the Authority, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

Appendices

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. Our team and communications

Grant Thornton core team

Richard Anderson
Engagement Lead/
Key Audit Partner

- Key contact for senior management and Standards, Audit and Performance Committee
- Overall quality assurance

Elliot Baker
Audit Manager

- Audit planning
- Resource management
- Performance management reporting

Aman Agarwal
Audit Senior

- Day-to-day point of contact
- Audit fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	• Annual client service review	• The Audit Plan • The Audit Findings	• Audit planning meetings • Audit clearance meetings • Communication of issues log	• Technical updates
Informal communications	• Open channel for discussion		• Communication of audit issues as they arise	• Notification of up-coming issues

As part of our overall service delivery, we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same was as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

C. Logistics

The audit timeline

Key Dates

- Year end: 31 March 2025
- Close out: December 2025
- Standards, Audit and Performance Committee: 16 December 2025
- Sign off: February 2026

Audit phases:

Planning
February – April 2025

Key elements

- Planning meeting with management to set audit scope
- Planning requirements checklist to management
- Agree timetable and deliverables with management and Standards, Audit and Performance Committee
- Issue the Audit Plan to management and Standards, Audit and Performance Committee

Interim
April 2025

Key elements

- Document design and implementation effectiveness of systems and processes
- Review of key judgements and estimates
- Complete advanced testing

Final
October – December 2025

Key elements

- Audit teams onsite to complete fieldwork and detailed testing
- Weekly update meetings with management

Completion
February 2026

Key elements

- Draft Audit Findings issued to management
- Audit Findings meeting with management
- Draft Audit Findings issued to Standards, Audit and Performance Committee
- Audit Findings presentation to Standards, Audit and Performance Committee
- Finalise and sign financial statements and audit report

D. Management letter of representation

We have requested a letter of representation from management. The letter includes representations on the unadjusted misstatements as included in this audit findings report. This is included as a separate agenda item.

E. Draft Audit opinion

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Shropshire and Wrekin Fire and Rescue Authority (the 'Authority') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, and notes to the financial statements, including material accounting policy information and include the firefighters' pension fund financial statements comprising the Fund Account, the Net Assets Statement and notes to the Pension Fund Accounts. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2025 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Treasurer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Authority to cease to continue as a going concern.

In our evaluation of the Treasurer's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Authority's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Authority. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority and the Authority's disclosures over the going concern period.

E. Draft Audit opinion (continued)

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

E. Draft Audit opinion (continued)

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Treasurer

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Treasurer. The Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Treasurer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

E. Draft Audit opinion (continued)

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024, the Local Government Act 2003, the Fire and Rescue Services Act 2004, the Public Service Pensions Act 2013, the Firefighters' Pension Scheme (England) Regulations 2014 and the Firefighters' Pension Scheme (England) Order 2006).
- We enquired of management and the Standards, Audit and Performance committee, concerning the Authority's policies and procedures relating to:

 - the identification, evaluation and compliance with laws and regulations;

 - the detection and response to the risks of fraud; and

 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

- We enquired of management, internal audit and the Standards, Audit and Performance committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to manual journal entries which altered the Authority's financial performance and potential management bias in determining accounting estimates for the valuation of land and buildings and the pension fund liability.
- Our audit procedures involved:

 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;

 - journal entry testing, with a focus on journals impacting financial performance;

 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of the valuation of land and buildings and the pension fund liability; and

 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

E. Draft Audit opinion (continued)

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including management override of controls and significant accounting estimates related to the valuation of land and buildings and the pension fund liability. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation

- knowledge of the local government sector

- understanding of the legal and regulatory requirements specific to the Authority including:

  - the provisions of the applicable legislation
  - guidance issued by CIPFA/LASAAC and SOLACE
  - the applicable statutory provisions.

- In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Authority's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.

- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

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

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter except on 6 February 2025 we identified a significant weakness in respect of the Authority's governance arrangements and arrangements for improving economy, efficiency and effectiveness. This was in relation to the findings of His Majesty's Inspectorate of Constabulary and Fire & Rescue Services' (HMICFRS) and the cause for concern raised in November 2024. We recommended that the Authority develop a comprehensive action plan to address the cause for concern and areas for improvement raised. We also recommended that progress on delivery should be reported publicly to Members regularly. HMICFRS revisited the Service in July 2025 to assess progress in delivering the Cause of Concern action plan, with findings formally published in September 2025. Inspectors acknowledged that the Authority had made progress in addressing the Cause of Concern but emphasised that further work was required. Therefore, the significant weakness remains in place for the year ended 31 March 2025.

E. Draft Audit opinion (continued)

We have updated this recommendation. We recommend that the Authority should continue to address the Cause of Concern reported, including:

- enhancing the quality of progress reporting;
- implementing a robust evidence assurance process;
- improving public accessibility of progress documentation; and
- maintaining active oversight of progress against the Areas for Improvement action plan.

On 6 February 2025 we also identified three significant weaknesses in the Authority's governance arrangements. These were in relation to:

- The Authority's leadership and culture as some of the Authority's leadership did not demonstrate appropriate behaviours and set an appropriate 'tone from the top' during 2023/24. We recommended that the Authority develop and implement an action plan to address the five "Areas for Improvement" identified by HMICFRS' November 2024 inspection report under "Promoting the right values and culture". We also recommended that the Authority undertake a review of its leadership and 'tone from the top' and consider whether a wider review is required of its culture. While the Authority has begun implementing these recommendations and those raised by HMICFRS, progress remains at an early stage. Therefore, the significant weakness remains in place for the year ended 31 March 2025. We have updated this recommendation. We recommend that the Authority should:
    - continue to sustain and deepen cultural development efforts in collaboration with external partners;
    - implement a formal accountability framework for senior leaders; and
    - proactively engage with External Audit on sensitive issues.
- The transparency of the Authority's decision making as value for money considerations in decisions which lead the Authority to incurring significant additional costs were not always documented and formally considered by Members. We recommended that the Authority ensure that key decisions are formally considered by Members of the Authority. We also recommended that this should include documented evidence of value for money considerations in decisions which lead to the Authority incurring significant additional costs. During 2024/25, we have identified significant payments which had been made without a clear record of value for money considerations, conflict of interest risk and approval Therefore, the significant weakness remains in place for the year ended 31 March 2025. We have updated this recommendation. We recommend that the Authority should:
    - ensure decision making complies with Statutory Guidance;
    - develop and adopt a consistent template for documenting all decisions relating to significant payments;
    - maintain a centralised register of all such decisions, supported by a complete audit trail to ensure accountability and ease of review; and
    - provide periodic reports to the Fire Authority or a relevant Committee detailing all significant payments.

E. Draft Audit opinion (continued)

- The capacity of the Authority's Statutory Officers to respond to the increasing demands on these roles. We recommended that the Authority should ensure there is sufficient capacity at Statutory Officer level to lead the Fire Authority and respond to the increased demands on these roles. Progress in addressing the previously identified lack of capacity at statutory officer level during 2024/25 was limited. Therefore, the significant weakness remains in place for the year ended 31 March 2025. We have updated this recommendation. We recommend that the Authority should:

- evaluate the early implementation of the revised Monitoring Officer SLA; and

- expedite the planned recruitment and onboarding of an in-service Section 151 Officer.

In addition, on 2 February 2026 we identified a new significant weakness in the Authority's governance arrangements for the year ended 31 March 2025. This was in relation to the Authority's approach to managing conflicts of interest. We recommended that the Authority:

- review and update its conflict of interest policy to ensure it reflects both the strict legal interpretation and broader standards of ethical governance;

- ensure that where a Senior Officer has a personal or historical connection to a matter under consideration, they are formally recused from the decision-making process; and

- document and report considerations relating to conflicts of interest and recusal decisions to the Authority or appropriate Committee for oversight.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

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

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

E. Draft Audit opinion (continued)

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Shropshire and Wrekin Fire and Rescue Authority for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[**Signature**]

Richard Anderson, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

[**Date**]

Grant Thornton