



Audit Findings (ISA 260) Report for Wirral Council

Year ended 31 March 2025

Date of issue: 23 February 2026



Wirral Council

Wallasey Town Hall
Brighton Street
Wallasey
CH26 9FQ
February 2026

Dear Members of the Audit and Risk Management Committee

Audit Findings for Wirral Council 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 have been discussed with management and the Audit and Risk Management 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.

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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 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2024-).

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.

Sarah Ironmonger

Partner
For Grant Thornton UK LLP

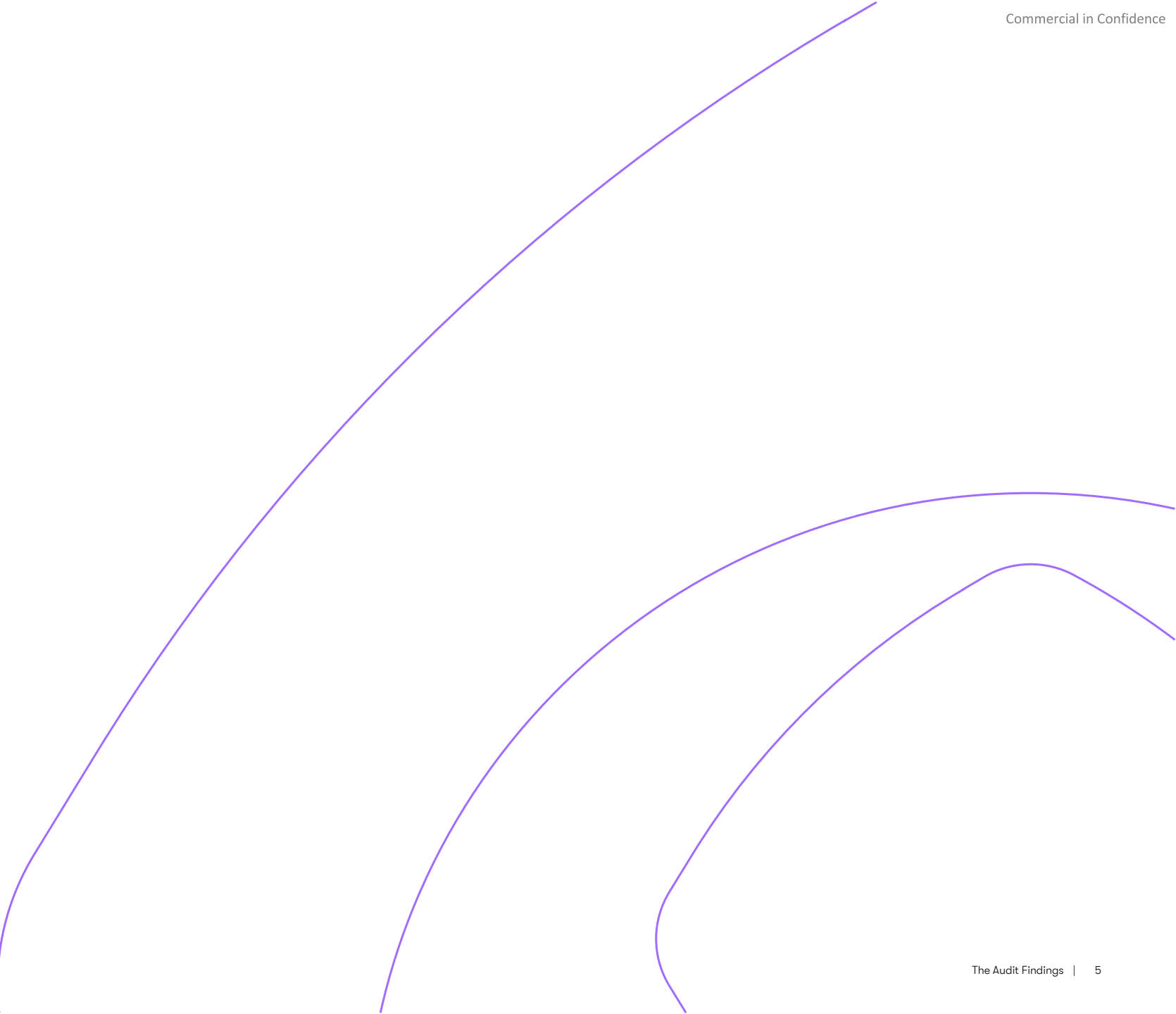
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Headlines



Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Wirral Council (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), Narrative Report and Pension Fund Financial Statements, 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 during July - January. Our findings are summarised on pages 14 to 38. We have identified a number of adjustments to the financial statements that have resulted in a £202.3m adjustment to the Authority's Comprehensive Income and Expenditure Statement. The overall impact on the level of the Authority's usable reserves is an increase of £1.357m.

Audit adjustments are detailed at page 45. We have also raised recommendations for management as a result of our audit work. These are set out at page 58. Our follow up of recommendations from the prior year's audit are detailed at page 60.

Our work is complete and there are no matters of which we are aware that would require modification of our audit opinion at page 82 or material changes to the 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 financial statements audit report opinion is unmodified. We signed your accounts on 23 February 2026 following the Audit and Risk Management Committee meeting on 19 February 2026.

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. We identified significant weaknesses in the Authority's arrangements across all three criteria of financial sustainability, governance and improving economy, efficiency and effectiveness and so are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our findings are set out in the value for money arrangements section of this report (page 63).

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
- to certify the closure of the audit.

We have issued statutory recommendations under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014. This is in relation to the significant weaknesses identified in arrangements to secure economy, efficiency and effectiveness in its use of resources.

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 we receive confirmation from the NAO that the Whole of Government Accounts group audit has been certified by the Comptroller and Auditor General (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 identified the accounting treatments for the Birkenhead Commercial District regeneration development and Lender Option Borrower Option Loans as significant matters during the course of our work, as detailed in the Overview of Significant and Other Risks section of our report. Both matters resulted in material adjustments to the financial statements.

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.

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

The implementation of IFRS 16 has had a financial material impact upon the statements, with a year end balances of £50.42m Right of Use Assets and £124.23m lease liabilities being recognised on the Authority's Balance Sheet.

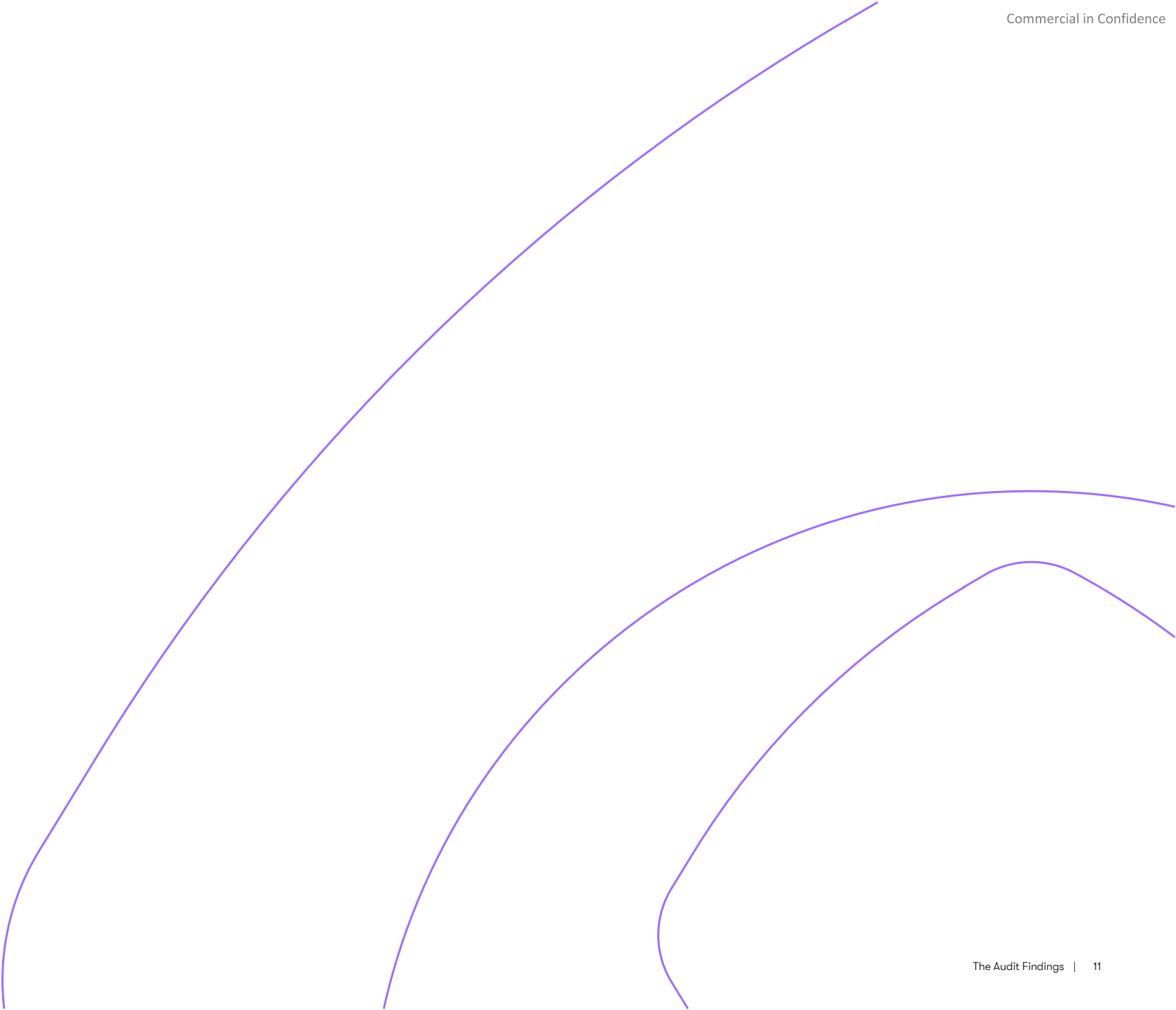
In addition, the PFI liabilities are required to be restated on transition to reflect the indexation of unitary payments since the start of the schemes. This has resulted in a £28.87m increase of the opening liability at 1 April 2024.

We have reviewed the transition adjustments and identified some disclosure changes required to improve the clarity and understanding of the impact of applying the new accounting standard.

We have undertaken procedures to confirm the completeness of leases identified and have obtained assurance that the lease liabilities and Right of Use Assets recognised on the balance sheet are not materially misstated.

Further details of the work performed and our findings are disclosed on page 24.

Materiality



Our approach to materiality

As communicated in our Audit Plan dated 24 June 2025, we determined materiality at the planning stage as £12.138m based on 1.25% of prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft financial statements and determined the materiality levels (with the exception of senior officer remuneration materiality) would remain the same due to there being no unusual movements or significant changes to the Authority's reported gross expenditure figures when compared to the previous year's reported figure.

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

Basis for our determination of materiality

We have determined materiality at £12.138m based on professional judgement in the context of our knowledge of the Authority, including consideration of factors such as the risks associated with the Authority's financial performance.

We have used 1.25% of gross expenditure as the basis for determining materiality, which equates to 1.13% of the current year reported gross expenditure as the basis for determining materiality. In setting materiality, we consider:

- the ownership structure of the Authority
- the control environment of the Authority
- the Authority's business environment
- whether the Authority has any complex debt arrangements
- any other sensitivities that would require materiality to be reduced.

The basis for determining materiality remains the same as determined for the prior year.

Performance materiality

We have determined performance materiality at £8.497m, this is based on 70% of headline materiality which remains the same as communicated in our Audit Plan.

Specific materiality

Senior officer remuneration. This balance is material by nature due to the sensitivity of the disclosure which is likely to be of higher interest to the readers of the accounts. Materiality has been set at £0.025m which equates to 2.0% of senior officer remuneration (this has been reduced from £0.030m as determined at the planning stage).

Reporting threshold

We will report to you all misstatements identified in excess of £0.610m, 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	12.138m	<p>This equates to 1.25% of prior year gross expenditure. In setting materiality, we consider:</p> <ul style="list-style-type: none"> • the ownership structure of the Authority; • the control environment of the Authority; • the Authority's business environment; • whether the Authority has any complex debt arrangements and • any other sensitivities that would require materiality to be reduced
Performance materiality	8.497m	Performance materiality has been set at £8.497m being 70% of your headline materiality.
Specific materiality for senior officer remuneration	0.025m	This balance is material by nature due to the sensitivity of the disclosure which is likely to be of higher interest to the readers of the accounts. Materiality has been set at £0.025m which equates to 2.0% of senior officer remuneration.
Reporting threshold	0.610m	The amount below which findings would be clearly inconsequential both individually or in aggregate to any reader of the financial statements

Overview of significant and other risks identified

Overview of audit risks

The below table summarises the significant and other 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	↔	✓	Low	●
The revenue cycle includes fraudulent transactions	Significant	↔	✗	Medium	●
ISA 240 expenditure recognition risk	Significant	↔	✗	Low	●
Land and Building & Investment Property Valuation	Significant	↔	✗	High	●
Valuation assumptions of the Pension Fund Net Asset (or Liability)	Significant	↔	✗	High	●
Financial arrangements in relation to commercial activities	Other	↔	✗	Medium	●
IFRS 16 Application	Other	↔	✗	Low	●
The requirement to prepare group accounts	Other	↔	✗	Low	●

- ↑ 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

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 have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.

Audit procedures performed

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.

Key observations

In performing the specified procedures, we identified a population of journals to test using data analytic software to analyse journal entries and to split large batch journals into smaller sets of transactions that support targeted testing based on specific risk criteria assessed by the audit team.

These criteria included:

- journals posted by senior officers
- journals posted by super users (those individuals with full access rights to the system as identified as part of the IT audit work performed)
- journals posted after the year end but prior to the draft financial statements being produced
- debits to property, plant and equipment account codes after March 2025.

Application of these routines and supplementary procedures identified a total sample of 29 journals to test.

We are satisfied that the judgements made by management are appropriate and have been determined using consistent methodology. Our audit work has not identified any issues in respect of management override of controls.

We have noted no material adjustments or findings in relation to override of controls.

Significant risks

Risk identified

The revenue cycle includes fraudulent transactions

Under ISA (UK) 240, there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

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 except for fees, charges and other service income which could be overstated in order to achieve the year end balanced position, given the ongoing financial pressures the Authority faces.

We have assessed these revenue streams as being at greater risk of being manipulated and as such we have identified a significant risk of fraud in these revenue streams.

Where we have rebutted the risk of fraud in revenue recognition for revenue streams, namely, revenue from Council tax payers, business rates payers and government grants, this is due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the revenue streams both individually and collectively.

Audit procedures performed

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition cannot be rebutted completely, because we have identified that certain revenue streams could be overstated.

We have carried out the following procedures to ensure that revenue included within the accounts is materially correct:

- evaluated the Council's accounting policy for revenue recognition for appropriateness and compliance with the Code
- updated our understanding of the Council's system for accounting for revenue and evaluating the design of relevant controls
- challenged key assumptions, the appropriateness of source data and the basis for calculations of revenue accruals
- undertook detailed substantive testing on the revenue streams in 2024/25, with a particular focus on completeness of revenue, that it had been recorded in the correct financial year.

Key observations

We have completed all of the procedures noted to gain sufficient, appropriate assurance over income transactions.

As part of our work on the evaluating the design of the relevant controls, we identified a control deficiency whereby in certain instances invoices were requested and approved by individuals not included on the authorised signatory list. This demonstrates that the process for raising and approving invoices was not being consistently followed.

Through further inquiries and extended sample testing of invoices raised and income received, we did not identify any issues in relation to improper revenue recognition, although we do recommend that improvements to the authorisation processes for raising income could be made.

We have nothing further to report on this matter.

Significant risks

Risk identified

ISA 240 expenditure recognition risk

Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.

In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).

Having considered the risk factors set out in ISA 240 and PN10 and the nature of the expenditure streams at the Authority, we have determined that the risk of fraud arising from expenditure manipulation can mainly be rebutted as:

- there is little incentive to manipulate expenditure recognition for
- opportunities to manipulate expenditure recognition are very limited
- the culture and ethical frameworks of local authorities, including Wirral Council, mean that all forms of fraud are seen as unacceptable.

However, we have determined that the risk of fraud arising from expenditure recognition may not be rebutted completely, because there may be a risk of non-pay expenditure being understated to achieve a balanced year end position given the ongoing financial pressures the Authority faces.

We have therefore identified the completeness of non-pay expenditure as a significant risk.

Audit procedures performed

We have carried out the following procedures to ensure that expenditure included within the accounts is materially correct:

- evaluated the Authority's policy for the recognition of non-pay expenditure
- gained an understanding of the processes and controls put in place by management to ensure that the Authority's non-pay expenditure has been appropriately recognised and matched to appropriate expenditure incurred
- challenged key assumptions, the appropriateness of source data and the basis for calculations of expenditure accruals
- substantively test increased samples of year end payables and non - pay expenditure balances
- designed and carried out appropriate audit procedures to ascertain the recognition of expenditure is in the correct accounting period using cut-off testing.

Key observations

We have completed all of the procedures noted to gain sufficient, appropriate assurance over expenditure transactions.

As a result of our sample testing covering in year non pay expenditure transactions and payments made and invoices received covering the period March to May 2025, no issues were identified which resulted in material adjustments or findings in relation to expenditure recognition risk.

We have nothing further to report on this matter.

Significant risks

Risk identified

Land and Building and Investment Property Valuation

The Authority carries out a rolling programme that ensures that all land and buildings is revalued at least every five years. Investment properties are valued on an annual basis.

This valuation represents a significant estimate by management due to the assumptions and sensitivities involved and the sensitivity of this to changes in key assumptions.

The valuation of land and buildings is a key accounting estimate which is derived, depending on the valuation methodology, from assumptions that reflect market observations and the condition of the asset at the time.

However, the valuation methodology for Local Government land and buildings is specified in detail in the CIPFA Code and the sector is highly regulated by RICS, therefore we will focus our audit attention on assets that have large and unusual changes and / or approaches to the valuation of land and buildings, as a significant risk requiring special audit consideration. The risk will be pinpointed as part of our final accounts work, once we have understood the population of assets revalued. We will report an updated risk assessment for valuation of land and buildings in our Audit Findings Report.

Audit procedures performed

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the 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 the requirements of the Code are met
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding
- engaged our own valuer to assess the instructions to the Authority's valuer, the Authority's valuation report and the assumptions that underpin the valuation
- evaluated the valuer's report to identify assets that have large and unusual changes and/or approaches to the valuation – these assets have been substantively tested to ensure the valuations are reasonable
- tested a sample of revaluations made during the year to see if they have been input correctly into the Authority's asset register, revaluation reserve and Statement of Comprehensive Income
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Key observations

The Authority has used its own In-House valuers to value majority of its' Land, Buildings and Investment Property. External valuers has been engaged to perform valuations of Millers Quay, Mallory Building & Pyramid / Grange Shopping Centre. The valuers have prepared their valuations in accordance with RICS valuations – Global Standards. Those assets considered to be of high value were revalued, along with a sample of 20% of assets in accordance with their rolling programme as of 31 March 2025 with the Valuers undertaking site visits to carry out their valuations. For the remainder of the assets an assessment of the expected movement in values was performed, using the results of the sampled revaluations and knowledge of the market conditions both nationally and locally during the period up to 31 March 2025.

Continued...

Significant risks

Risk identified

Land and Building and Investment Property Valuation

The Authority carries out a rolling programme that ensures that all land and buildings is revalued at least every five years. Investment properties are valued on an annual basis.

This valuation represents a significant estimate by management due to the assumptions and sensitivities involved and the sensitivity of this to changes in key assumptions.

The valuation of land and buildings is a key accounting estimate which is derived, depending on the valuation methodology, from assumptions that reflect market observations and the condition of the asset at the time.

However, the valuation methodology for Local Government land and buildings is specified in detail in the CIPFA Code and the sector is highly regulated by RICS, therefore we will focus our audit attention on assets that have large and unusual changes and / or approaches to the valuation of land and buildings, as a significant risk requiring special audit consideration. The risk will be pinpointed as part of our final accounts work, once we have understood the population of assets revalued. We will report an updated risk assessment for valuation of land and buildings in our Audit Findings Report.

Key observations

We have reviewed the key assumptions used by the valuers and source information such as floor plans used within the valuations. We are satisfied the key assumptions and source information are appropriate.

We considered the movements in valuation and carried out the audit procedures set out along side, including a comparison of movements since the previous valuation with appropriate market movements (BCIS & Knight Frank) indices. This provides assurance that the valuation movements are aligned with expectations.

Our completeness check of the fixed asset register and revaluations accounting treatment identified numerous classification and accuracy issues with a cumulative impact on Land & Buildings balance of £11.422m. Please refer to Audit Adjustments on Page 46.

The financial statements have been amended for the above identified errors.

For investment properties valuations which are revalued annually in accordance with the Code, we challenged the valuer on the revaluations of a sample of investment properties to understand the assumptions made and what supporting market evidence the valuer used to arrive at the value of the investment properties.

We have corroborated this evidence using recognised industry expert's commercial yield rates and are satisfied that the assumptions used by the valuer are appropriate.

Our completeness check of the fixed asset register and accounting treatment identified a non-material £625k adjustment to Investment Properties balance. Please refer to Audit Adjustments on Page 46.

The financial statements have been amended for the above identified errors. We have raised a recommendation regarding the improvement of processes of maintaining a complete and up to date fixed asset register, see page 58.

Based on procedures performed, we have gained sufficient appropriate evidence to conclude that the carrying value of Land & Building and Investment Properties at year end is fairly stated.

Significant risks

Risk identified

Valuation assumptions of the Pension Fund Net Liability

The Authority's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The Financial Statements as at the 31 March 2025 shows the Authority's pension liability at £33.088m.

Regulations state that if the Authority identifies a pension asset, this must be measured at the lower of the surplus in the defined benefit plan and the "asset ceiling". An asset ceiling is the limit above which further increases in net pension cease to be recognised for accounting purposes.

The pension fund net asset or liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. 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.

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.

We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.

Audit procedures performed

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 (the 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 perform the IAS 19 calculations
- tested the consistency of the pension fund asset and disclosures in the notes to the core financial statements with the actuarial report from the actuary
- undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditors' expert) and performing any additional procedures suggested within the report
- reviewed the asset ceiling calculation provided by the Authority's actuary
- obtained assurance from the auditor of Merseyside Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Key observations

Our review of the processes and controls in respect of pensions and the instructions issued by management identified no issues.

Our assessment of the work of the actuary confirmed that they were independent and competent.

We also confirmed the accuracy and completeness of the information provided by the Authority to estimate the liability.

The work performed to assess the reasonableness of the actuarial assumptions did not identify any issues.

We have reviewed the asset ceiling calculations provided by the Authority's actuary and did not identify any issues with the calculations. We have identified material misstatements on the accounting application of the asset ceiling in both the prior and current year.

Continued...

Significant risks

Risk identified

Valuation assumptions of the Pension Fund Net Asset (or Liability)

The Authority's pension fund net liability/asset, as reflected in its balance sheet as the net defined benefit liability/asset, represents a significant estimate in the financial statements. The Financial Statements as at the 31 March 2024 shows the Authority's pension asset at £26.89m.

Regulations state that if the Authority identifies a pension asset, this must be measured at the lower of the surplus in the defined benefit plan and the "asset ceiling". An asset ceiling is the limit above which further increases in net pension cease to be recognised for accounting purposes.

The pension fund net asset or liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. 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.

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.

We therefore identified valuation of the Authority's pension fund net asset or liability as a significant risk, which was one of the most significant assessed risks of material misstatement.

Audit procedures performed

- In respect to the prior period adjustment (PPA), we assessed the impact of the error on the core financial statements to determine adjustments required to prior year comparative figures and the resultant impact on the current year. Furthermore, we reviewed managements' proposed adjustments to confirm it is accurate.

Key observations

The Council had recognised a net pension asset without applying the asset ceiling as required by IFRIC 14 resulting in a £65.27m prior period adjustment and £177.669m current year adjustment.

The financial statements have been amended for the above identified errors. Please refer to Audit Adjustments on Page 46.

We have found no issues with the pension fund liability balance and disclosures in the post-audit revised financial statements.

Based on procedures performed, we have gained sufficient appropriate evidence to conclude that pension liability is fairly stated.

Other risks

Risk identified

Financial arrangements in the relation to commercial activities

The Council has entered into a number of commercial activities where it is issuing guarantees or entering into complex transactions. These activities have significant potential liabilities for the Council. The Council has sought external consultancy on the accounting given this is a complex and specialised area.

For some of the commercial schemes, these financial arrangements are now active as the contracts have been signed which is why we consider this to be an audit risk area

Audit procedures performed

We have:

- Updated our understanding of the commercial activities being undertaken and the impact of these activities on the Authority's financial position
- Reviewed management's assessment of the financial arrangements
- Assessed the accounting treatment and disclosures for the arrangements and related complex transactions to ensure compliance with the Code and accounting standards' requirements

Key observations

With the exception of the PUT/CALL arrangement in place for Hamilton Street, the other disclosed financial arrangements have all been accounted for and impacted on the 2024/25 financial statements which is in line with our knowledge and understanding of the activities being undertaken.

Through our work on leases and in particular the impact of the implementation of IFRS 16, we have assessed the accounting treatment for the Birkenhead Commercial District and Millers Quay. As a result of challenges to management on the accounting treatment, adjustments have been made to the financial statements and disclosure notes to ensure compliance with Code and accounting standards requirements. See page 46 for the adjustments.

The Hythe office building was purchased after the financial year end in April 2025 at an amount above the market value in line with the agreed PUT/CALL value. This purchase was included within the capital commitments balance disclosed.

We have gained sufficient assurance over the accounting treatment for these financial arrangements. Our Auditors Annual Report for 2024/25 details our views on the financial arrangements in terms of Value for Money and the impact on the Authority's financial challenges.

Other risks

Risk identified

IFRS 16 Application

IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. 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.

This year will be the first year IFRS 16 is adopted fully within Local Government.

Audit procedures performed

We have:

- reviewed the processes and controls put in place by management to ensure that the implementation of IFRS 16 is complete, accurate and not materially misstated. We also evaluated the design of the associated controls;
- reviewed the proposed accounting policy and agreed disclosures presented in the financial statements to underlying accounting records and calculations;
- reviewed management's lease accounting calculations and assessed the accuracy and appropriateness of the inputs and assumptions used including lease term, discount rate and annual rentals.
- reviewed management's completeness workings and IAS 17 lease register to identify any qualifying leases omitted from accounts
- performed a general ledger keywords search to identify any payments which are indicative of a qualifying lease
- in respect to the prior period adjustment (PPA), we assessed the impact of the error on the core financial statements to determine adjustments required to prior year comparative figures and the resultant impact on the current year. Furthermore, reviewed managements' proposed adjustments to confirm it is accurate.

Key observations

The implementation of IFRS 16 has resulted in a year-end balance of £124.23m Lease Liabilities and £50.42m Right of Use Assets being recognised on the Balance Sheet. Contained within the lease liabilities figure is £76.6m which relates to the Birkenhead Commercial District (BCD) regeneration scheme finance leases which had commenced in prior year and were not appropriately accounted for. A prior period adjustment has been processed to correctly account for the BCD. We have reviewed the prior period adjustments made regarding BCD and identified accounting issues with the correcting journals. These were subsequently reversed and the correct journal entries being processed which resulted in £76.6m lease liability, £32.8m leased building asset and £43.8m leased asset under construction being recognised.

We reviewed the subsequent valuations and challenged management over the indicators of impairment and accounting treatment for both the occupied and the unoccupied space which resulted in £69.1m impairment being recognised on the regeneration scheme leased assets with the total value of the assets on the balance sheet by £13.2m at at 31 March 2025. Please refer to Audit Adjustments on Page 46 for adjustments made.

In addition, PFI liabilities are required to be restated on transition to reflect the indexation of unitary payments since the start of the schemes. This has resulted in £28.87m increase of the opening liability as of 01 April 2024.

Continued...

Other risks

Risk identified

IFRS 16 Application

IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. 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.

This year will be the first year IFRS 16 is adopted fully within Local Government.

Audit procedures performed

We have:

- reviewed indexation impact on PFI arrangements and the accounting treatment thereof
- challenged management on the lessor maturity analysis disclosure which resulted in amendments to the disclosures to correctly reflect the lease income receivable by the Authority.

Key observations

We have undertaken procedures to confirm the accuracy of PFI indexation calculations and the accounting treatment as per the requirements of the Code. We did not identify any issues with the calculations, however identified an error with the accounting treatment and disclosures. Within the Cashflow Statement £20.459m relating to Academy PFI remeasurement was erroneously included as a charge to Net Cost of Services as opposed to a direct charge to the Capital Adjustment Account. Furthermore, an error in processing the Maintained schools' enhancements within the asset register resulted in £8.53m overstatement of Land & Buildings. Please refer to Audit Adjustments on Page 45. The financial statements have been amended for these errors.

We have reviewed a sample of managements' lease accounting calculations and identified misstatement of £3.5m. As a result of the late receipt (after the draft statements had been published) of the external valuer's report of Millers Quay, the value of the Right of Use Assets was adjusted for by £17m with an overall net impact of £13.5m on the lease liability and Right of use Asset.

We have undertaken completeness procedures to confirm the completeness of leases and during our inquiries management identified 47 additional leases (2 of which are peppercorn) which were omitted from accounts. An adjustment of £435k to lease liabilities and £611k to Right of Use Assets has been made.

Please refer to Audit Adjustments on Page 45. The financial statements have been amended for these errors.

Continued...

Other risks

Risk identified

IFRS 16 Application

IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. 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.

This year will be the first year IFRS 16 is adopted fully within Local Government.

Audit procedures performed

We have:

- reviewed indexation impact on PFI arrangements and the accounting treatment thereof
- challenged management on the lessor maturity analysis disclosure which resulted in amendments to the disclosures to correctly reflect the lease income receivable by the Council.

Key observations

We have undertaken procedures to confirm lessor disclosures is accurate and complete and have identified misstatements. A £32.2m lease receivables adjustment to account for the short-term sub lease with Peel Ltd at Millers Quay has been made. An extrapolated £758.8k misstatement arising from incorrect rental used in calculations on Europa Court 3 remains uncorrected on the ground of materiality.

Based on procedures performed, we have obtained assurance that the lease liabilities, right of use assets and lessor disclosures are not materially misstated.

Other risks

Risk identified

The requirement to prepare group accounts

Transactions between the Authority and its entities within the group boundary have the potential to be material during 2024/25.

The Authority's consideration of what does and does not fall within the group boundary becomes a significant judgement as the impact of the judgement determines whether group accounts are required in line with accounting standards.

Audit procedures performed

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

We have reviewed the group boundary consideration and gained an understanding of the performance of the entities within the group boundary to determine whether the group accounts are required.

Key observations

We have concluded that group accounts are not required for 2024/25.

Other findings

Other areas impacting the audit

Issue	Commentary	Auditor view
<p>Debt levels</p> <p>We note the Authority has extended its debt and continues to make use of short term temporary loans</p>	<p>The Authority's total borrowing as at 31 March 2025 was £374m and increase of £70m from the prior year. Its short term peer to peer borrowing (from other Local Authorities) balance at the year end was £85m. Whilst it has reduced from the prior year balance of £94m, it still remains high.</p> <p>The Authority has historically made use of market borrowing with long maturity dates, which as at 31 March 2025, the total debt balance was £85m. £53m of this balance relates to Lender Option Borrower Option (LOBO) loans.</p> <p>The majority of the Authority's borrowing is with the Public Works Loans Board (PWLB), with this amount rising to £196m as at 31 March 2025, compared to £111m as at 31 March 2024.</p>	<p>We recommend that the Authority proactively considers its debt levels and undertakes stress testing to consider the implications of continued high interest rates.</p> <p>Management response</p> <p>Wirral's borrowing portfolio is constantly analysed by the Treasury Management consultants. We remain within our authorised borrowing limit and need to continue to borrow to finance the Capital Programme. Interest rates have reduced during 2025/26, and are anticipated to continue falling, with a correlation between this and rates offered in the Local Authority market.</p>

Other findings – significant matters

Issue	Commentary	Auditor view
Accounting for the Authority’s Lender Option Borrower Option loans (LOBO)	<p>Our technical review of the draft financial statements identified five LOBO loans with stepped interest rates at a higher than prevailing market rate at the time the loan was taken, which indicated that they had not been made at fair value and that the Authority received a benefit in exchange for agreeing to pay the elevated interest rates, that benefit presumed to be the early termination of other loans for no penalty.</p> <p>These loans were taken out a number of years ago and there has also been historic transfers of the loans between lending institutions resulting in a lack of evidence available to confirm the reason for the higher interest rates.</p> <p>The Authority sought assistance from Arlingclose, the Authority’s external treasury management advisors and revisited the accounting records and Code and accounting standard IFRS 9 requirements. It was judged that the increased interest rates were as a result of rolling in the premium from previous older loans. The impact was that the amortised cost of the loans is higher than that the principal amounts. The accounting treatment for an additional loan which was modified in 2008 has also been corrected for in previous years. The impact is a £1.357m increase in the General Fund balance.</p>	<p>We have reviewed the support for the updated accounting treatment and held direct discussions with the Authority’s external advisor, Arlingclose to gain assurance over the accuracy and completeness of the LOBO loans balances and disclosures and compliance with the Code and accounting standards.</p> <p>The impact of this review is a material adjustment of £19.043m debit to the Financial Instrument Adjustment Account (Unusable Reserves) and £17.682m credit to long term borrowing and £1.361m credit to General Fund to the opening balance as at 1 April 2023.</p>
Prior year adjustments identified	<ul style="list-style-type: none"> • Application of the Asset Ceiling calculation as required under IFRIC 14. As reported on page 21, the impact of the asset ceiling calculation was not reflected in the prior year financial statements. This has now been correctly disclosed and recognised as a prior year adjustment in the 2024/25 financial statements. • Accounting for the leases held for the Birkenhead Commercial District. As reported on page 25 • Accounting for the LOBO Loans as reported above 	<p>Auditor view</p> <p>The prior year adjustments have been disclosed appropriately in the 2024/25 financial statements.</p>

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
<p>Valuation of land and buildings £873.191m at 31 March 2025</p>	<p>Other land and buildings comprises of specialised assets such as schools and libraries, 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. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Authority has engaged its own in house valuer and Jones Lang LaSelle Ltd (JLL) to complete the valuation of properties as at 31 March 2025 on a five yearly cyclical basis. 78% of total assets were revalued during 2024/25.</p> <p>Management have considered alternative estimates through their discussions with the valuers.</p> <p>(continued)</p>	<p>The values in the valuation report have been used to inform the measurement of the land and building assets at valuation in the financial statements.</p> <p>In understanding how management has calculated the valuations we have:</p> <ul style="list-style-type: none"> • assessed the qualifications, skills and experience of the valuer and determined the service to be appropriate • ensured the underlying information and sensitivities used to determine the estimate were considered to be complete and accurate • confirmed the valuer has prepared their valuations in accordance with the RICS Valuation – Global Standards using the information that was available to them at the valuation date in deriving their estimates. • assessed the consistency of estimate against the Montagu Evans market valuations data report <p>(continued)</p>	<p>● Green</p> <p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<p>Valuation of land and buildings £873.191m at 31 March 2025</p>	<p>Management have considered the year end value of non-valued properties and the potential valuation change in the assets revalued at 31 March 2025. The process involves applying local knowledge of movements in market prices and rebuild costs to determine whether there as been a material change in the total value of these properties]. Management's assessment of assets not revalued has identified no material change to the properties value.</p> <p>The total year end valuation of land and buildings was £873.191m, a net increase of £73.767m from 2023/24 (£799.424m).</p>	<ul style="list-style-type: none"> agreed valuation reports to the fixed asset register and to the Statement of Accounts uplifted assets not valued in year using industry indices and considered local market factors to assess management's assessment that there has not been a material change to the valuation of land and buildings not valued in year. engaged our own valuation expert to assess the work of the Authority's valuer, compliance with RICS requirements and management's assessment of assets not revalued in year. Our expert was able to confirm that the Authority's approach was reasonable and in line with those adopted by other valuers and that the valuations were reasonable. reviewed the level of disclosures in the financial statements to confirm that it is appropriate <p>We have nothing further to report on this matter.</p>	<p>● Green</p> <p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<p>Valuation of investment property £26.020m at 31 March 2025</p>	<p>Accounting standards require Investment properties to be included in the balance sheet at fair value (the price that would be received in an orderly transaction between market participants at the measurement date). As such these assets are valued on an annual basis by an external valuer. The Authority has engaged its in house valuers with additional support from JLL to complete the annual valuation of investment properties held at fair value as at 31 March 2025.</p> <p>The valuation represents a significant estimate by management in the financial statement due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>The total year end valuation of investment property was £26.020m, a net increase of £0.041m from 2023/24 (£25.979m).</p>	<p>The values in the valuer report have been used to inform the measurement of investment properties in the financial statements. In determining the fair value of the Authority's investment portfolio, the highest and best use of assets was determined as current value.</p> <p>In understanding how management has calculated the valuations we have:</p> <ul style="list-style-type: none"> assessed the qualifications, skill and experience of the valuer and determined the service to be appropriate ensured the underlying information and sensitivities used to determine the estimate were complete and accurate confirmed that the valuer has prepared their valuation in accordance with the RICS Valuation – Global Standards using the information that was available to them at the valuation date in deriving their estimate reviewed the level of disclosure in the financial statements to confirm that it is appropriate <p>We have challenged the valuer on market evidence used to support the valuations. We have corroborated this evidence with industry expert commercial yield rates and other readily available information. We are satisfied that the assumptions used by the valuer are appropriate.</p> <p>We have nothing further to report on this matter</p>	<p style="text-align: center;">● Green</p> <p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>

Other findings – key judgements and estimates

Key judgement or estimate

Valuation of net pension liability
£33.088m at 31 March 2025

IFRIC 14 addresses the extent to which an IAS 19 surplus can be recognised on the Balance Sheet as an asset and whether any additional liabilities are required in respect of onerous funding commitments.

(continued)

Summary of management's approach

The Authority's total net pension liability at 31 March 2025 is £33.088m (PY £38.376m) comprising the Merseyside Pension Fund Local Government and unfunded defined benefit pension scheme obligations. The Authority uses Mercers to provide actuarial valuations of the Authority's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.

(continued)

Auditor commentary

In understanding how management has calculated the estimate of the net pension liability, we have;

- assessed management's expert to be competent, capable and objective
- assessed the actuary's (Mercers) approach taken and detailed work undertaken to confirm its reasonableness of approach
- used PwC as auditors' expert to assess actuary and assumptions made by actuary as outlined in the table below.

Assumption	Actuary value	PwC range	Assessment
Discount rate	5.8%	5.7% – 5.9%	Reasonable
Pension increase rate	2.7%	2.7% - 2.8%	Reasonable
Salary growth	4.1%	3.85% - 4.2%	Reasonable
Life expectancy – Males currently aged 45/65	22.1 / 20.8	21.1 – 23.2 / 20.8 – 22.0	Reasonable
Life expectancy – Females currently aged 45/65	25.2 / 23.5	25.2 – 26.1 / 23.5 – 24.3	Reasonable

(continued)

Assessment




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
<p>Valuation of net pension liability £33.088m at 31 March 2025 (continued)</p> <p>IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits' available in the form of refunds from the plan or reductions in future contributions to the plan.</p>	<p>The latest full actuarial valuation was completed in 2022. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £5.288m net actuarial gain during 2024/25.</p>	<ul style="list-style-type: none"> assessed the completeness and accuracy of the underlying information used to determine the estimate, including liaison with the auditor of Merseyside Pension Fund undertook a reasonableness test of the Authority's share of LGPS pensions assets and the reasonableness of the movement in the estimate assessed the adequacy of disclosure of estimate in the financial statements we obtained further information from management and the actuary to estimate the asset ceiling and gained sufficient assurance that the figures recorded are materially correct and prepared in line with all applicable accounting requirements. <p>As reported on page 21, the impact of the asset ceiling calculation was not disclosed in the draft financial statements. This has now been corrected for in the final version.</p> <p>We are satisfied that the estimate of your net pension liability is not materially misstated. We have nothing further report on this matter.</p>	<p style="text-align: center;">● Green</p> <p>We consider management's process is appropriate and key assumptions are neither optimistic or cautious</p>

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<p>Minimum revenue provision</p> <p>£15.468m in 2024/25</p>	<p>The Authority is responsible on an annual basis for determining the amount charged for the repayment of debt known as its minimum revenue provision (MRP). The basis for the charge is set out in regulations and statutory guidance.</p> <p>The year end MRP charge was £15.468m, a net increase of £5.461m from 2023/24. This represents a 3.32% charge against the prior year closing general fund capital financing requirement (CFR) which is considered to be a low when compared to the generally accepted prudent measure of 4%. This is an improvement on the prior year percentage of 2.71%.</p>	<p>We have assessed the following:</p> <ul style="list-style-type: none"> • whether the MRP has been calculated in line with the statutory guidance • whether the Authority's policy on MRP complies with statutory guidance • whether any changes to the Authority's policy on MRP have been discussed and agreed with those charged with governance and have been approved by full Council • reasonableness of the increase in MRP charge. <p>The Authority made a change to its MRP policy to calculate the MRP over the Useful Economic Life of its leased assets, namely the Birkenhead Commercial District office buildings, instead of the lease term, thereby spreading the charge over 50 years compared to the previous policy which would have been 35 years as per the lease term. The MRP policy is approved by full Council on an annual basis with the revised policy being approved by Those Charged with governance at the Audit and Risk Management Committee meeting in September 2025.</p> <p>New statutory guidance takes full effect from April 2025, introducing new provisions for capital loans. This guidance also clarifies the practices that authorities should already be following.</p> <p>This guidance clarifies that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted from the calculation unless exempted by statute.</p>	<p style="text-align: center;"> Amber</p> <p>We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic</p>

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.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Oracle Fusion	ITGC assessment (design effectiveness only)	● Red	● Red	● Green	● Green	<ul style="list-style-type: none"> • Segregation of duties conflict within Oracle Fusion, see page 58 for risk and recommendation raised • Self-assigned access within Oracle Fusion , see page 57 for risk and recommendation raised • Lack of audit logging and monitoring within Oracle Fusion, see page 58 for risk and recommendation raised.

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	<ul style="list-style-type: none"> We have previously discussed the risk of fraud with the Audit and Risk Management Committee and been made aware of a whistle blowing incident in relation to the capital regeneration programme. 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	<ul style="list-style-type: none"> We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	<ul style="list-style-type: none"> We are not aware of any significant incidences of non-compliance. Include details of any identified or suspected non-compliance of laws and regulations and nature, timing and extent of related audit procedures performed.
Written representations	<ul style="list-style-type: none"> We draw your attention to the draft Letter of Representation which is appended.

Other communication requirements

Issue	Commentary
Confirmation requests from third parties	<ul style="list-style-type: none"> We requested from management permission to send confirmation requests to the Authority's banking, investments and borrowing institutions. This permission was granted, and the requests were sent. These requests were returned with positive confirmation.
Disclosures	<ul style="list-style-type: none"> We have evaluated the appropriateness of the Authority's financial statement disclosures in line with applicable accounting principles and the Code of Practice. A number of minor amendments were made to the financial statements to further enhance the transparency of the disclosures within the Accounts and improve compliance with reporting requirements. Further detail is set out on page 45. Our review found no material omissions in the financial statements.
Audit evidence and explanations	<ul style="list-style-type: none"> All information and explanations requested from management was provided.
Significant difficulties	<ul style="list-style-type: none"> We experienced significant challenges relating to the auditing of the Authority's fixed assets balances. This resulted in delays to the audit completion and a number of material adjustments to the financial statements. We have made recommendations to management regarding the need to improve processes for reconciling the fixed asset register to the finance system.

Other responsibilities

Issue	Commentary
Going concern	<p>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.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> • 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. <p>(continued)</p>

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.

Results

There is a presumption under Practice Note 10 that local authorities are a going concern as the accounting framework assumes that statutory services will continue to be delivered by the public sector. However, auditors are required to consider whether a material uncertainty related to going concern exists.

The Authority continues to face significant financial challenges with increasing demands on services and successive reported in year deficit positions, leading to the request from MHCLG for exception financial support for 2024/25 and 2025/26.

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	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to Appendix D.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • 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 [a] significant weakness/es. <p>As disclosed on page 7, as a result of our value for money work, we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses and our associated use of powers in the form of issuing statutory recommendations.</p>

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. Note that work is not required as the Authority does not exceed the threshold.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2024/25 audit of Wirral Council in the audit report, as detailed in Appendix D, due to the planned work to be carried out by the NAO on the group audit (WGA) for the year ending 31 March 2025 not having yet been completed.

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
Investment Properties – Misclassification of Surplus Assets resulted in an overstatement of Investment Property by £225k.				
DR: Surplus Assets - £225k		225		
CR: Investment Property – (£225k)		(225)		No impact
PPE PFI Enhancement – An error in processing the PFI enhancements required to account for IFRS 16 implementation resulting in £8.53m overstatement in Land & Buildings				
DR: Revaluation Reserve (OCI) - £4.137m	4,137			
DR: Revaluation Loss - £4.716m	4,716		4,716	
CR: Land & Buildings – (£8.533m)		(8,853)		No impact
Community Assets - £1.5m adjustment required due to incorrect processing of revaluation adjustment within RAM				
DR: Community Assets - £1.524m		1,524		
CR: Revaluation loss – (£1.524m)	(1,524)		(1,524)	No impact

Audit adjustments

Impact of adjusted misstatements

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund
Assets Under Construction - £1.7m adjustment required due to assets which have been incorrectly classified as AuC.				
DR: Land & Buildings - £1.7m	0	1,706	0	No impact
CR: Assets Under Construction – (£1.7m)		(1,706)		
Heritage Assets – Silver collection understated by £897k				
DR: Heritage Assets - £897k	0	897	0	No impact
CR: Revaluation Reserve – (£897k)		(897)		
Assets Held for Sale – Due to classification errors, AHFS is understated by £122k				
DR: Assets Held for Sale - £122k		122		No impact
DR: Revaluation Loss - £436k	436		436	
CR: Land & Buildings – (£558k)		(558)		
Surplus Assets – Due to classification & accuracy errors, Surplus Assets is understated by £2.6m				
DR: Surplus Assets - £2.6m	0	2,600	0	No impact
CR: Land & Buildings – (£2.6m)		(2,600)		

Audit adjustments

Impact of adjusted misstatements

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund
L&B Right of Use Assets & Investment Property – The valuation report from external valuer was received post draft accounts. As a result, Millers Quay is overstated by £16.808m and Investment Property (Pyramid/Grange) by £400k				
DR: Revaluation Loss - £16.808m	16,808		16,808	No impact
DR: Fair Value Loss of Investment Property - £400k	400		(400)	
CR: Investment Property – (£400k)		(400)		
CR: Right of Use – Land & Buildings – (£16.808m)		(16,808)		
Land & Buildings – Various differences between valuer report and FAR resulting in £2.9m overstatement in balance				
DR: Revaluation Reserve (OCI) – £2.9m	2,900			No impact
CR: Land & Buildings – (£2.9m)		(2,900)		
Lease Liabilities & Right of Use Assets – Incorrect lease terms utilised in IFRS 16 calculations for Millers Quay resulting in £3.5m overstatement in balance.				
DR: Lease Liabilities - £3.5m		3,500		No impact
CR: Revaluation Loss – (£3.5m)	(3,500)		(3,500)	

Audit adjustments

Impact of adjusted misstatements

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund
L&B Right of Use Assets – During lease completeness checks, management identified 47 additional leases (2 of which are peppercorn) which were omitted from draft accounts. This has resulted in £438k understatement in lease liability & £848k understatement in RoU.				
DR: Right of Use Asset - £848k		848		No impact
CR: Lease Liability – (£438k)	(176)	(438)	(176)	
CR: Non-specific income – (£176k)			(176)	
CR: Expenditure (£233k)	(233)		(233)	
Pensions (Current Year) – Incorrect application of IFRIC 14 (Asset Ceiling) which has resulted in misstatement of pension costs in SDPS and Pensions Balance.				
DR: Remeasurement of net pension liability (OCI) - £177.669m	177,669			
DR: Pension Cost - £3.198m	3,198	(144,581)	0	No impact
CR: Pension Asset – (£144.581m)		(36,286)		
CR: Pension Liability – (£36.286m)				

Audit adjustments

Impact of adjusted misstatements

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Lender Option Borrower Option Loans – cumulative effect after applying adjustments to the prior year *				
CR: Long term liabilities		(17,186)		
DR: Unusable reserves		18,543		
CR: General Fund				(1,357)
Total impact	207,878	(207,878)	19,175	(1,357) *

Audit adjustments – Prior year

Impact of adjusted misstatements

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund
<p>Leased Assets (Prior Year) – Numerous errors were identified in the accounting treatment of prior period adjustments for Birkenhead Commercial District. The previous incorrect journals were reversed, and the below correct entry was processed.</p>				
DR: Leased Asset – Buildings - £32.8m		32 800		No impact
DR: Leased Assets – Assets Under Construction - £43.8m		43 800		
CR: Lease Liabilities – (£76.6m)		(76 600)		
<p>Pensions (Prior Year) – Incorrect application of IFRIC 14 (Asset Ceiling) which has resulted in a pension asset being erroneously recognised. This has resulted in material misstatement in pensions balance.</p>				
DR: Pension Reserve - £65.27m		65 270		No impact
CR: Pension Asset – (£26.894m)		(26 894)		
CR: Pension Liability – (£38.376m)		(38 376)		

Audit adjustments – Prior year

Impact of adjusted misstatements

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Leased Assets (Prior Year) – Numerous errors were identified in the accounting treatment of prior period adjustments for Birkenhead Commercial District. The previous incorrect journals were reversed, and the below correct entry was processed.				
DR: Capital Adjustment Account - Revaluation Loss - £32.8m		32,800		No impact
DR: Land & Buildings (Capital Spend) - £6.2m		(6,200)		
CR: Leased Asset – Buildings – (£26.6m)		(26,600)		
Leased Asset – AuC (Prior Year) – Recognition of implied impairment on unoccupied portion Birkenhead Commercial District				
DR: Capital Adjustment Account - Impairment loss - £36.3m		36,300		No impact
CR: Leased Asset – Assets Under Construction – (£36.3m)		(36,300)		
Lender Option Borrower Option (opening balances)				
DR: Reserves		19,043		
CR Loan liabilities		(17,682)		
CR: General Fund				(1,361)

Audit adjustments – Prior year

Impact of adjusted misstatements

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Lender Option Borrower Option – cumulative effect				
DR: Reserves		18,798		
CR Loan liabilities		(17,439)		
DR: long term borrowing				
CR: Interest payable	(243)	243	243	
DR: General Fund (cumulative effect adjustment)				(1,359)

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?
Throughout	Various typographical errors, presentational issues and disclosure matters have been identified throughout the financial statements. The Statement of Accounts has been amended to correct these matters to ensure compliance with guidance.	✓
Narrative Report	Narrative Report has been updated to include disclosure of the material prior period adjustments which has had a significant influence on accounts.	✓
Note 1 – Accounting Policies	The Capitalisation Direction (Exceptional Funding Support) note did not state how the capitalisation is accounted for (i.e. impact on the reserves – DR: Capital Adjustment Account and CR: General Fund). The note has been amended to reflect the accounting requirements.	✓
Note 3 – Critical Judgements	Disclosure note has been amended to highlight guarantees issued on the regeneration schemes and classification of Birkenhead Commercial District.	✓
Note 6 – Events after Balance Sheet Date	Subsequent events disclosure has been amended to include reference to the Virgin Media Legal Case in respect to the Local Government Pension Scheme (LGPS). This is consistent with reporting in the Merseyside Pension Fund financial statements.	✓
Note 6 – Events after Balance Sheet Date	This note has been amended to include developments in the Birkenhead Town Centre Regeneration Scheme. This includes increase in project cost; completion delays and the independent Internal Audit review of the contract governance issues.	✓
Note 6 – Events after Balance Sheet Date	Note has been amended to highlight significant number of schools (10) which has been transferred to academy status post year end.	✓
Note 13 – Expenditure and Income Analysed by Nature	Management identified prior to the commencement of the audit that school based recharges had not been removed when preparing the CIES & Note 13 which resulted in an overstatement in Fees & Charges and Operating Expenditure by £34.03m. As it is a recharge, there is no impact on net financial performance. Disclosure note has been amended to remove the recharges.	✓

Audit adjustments

Disclosure	Misclassification or change identified	Adjusted?
Note 18 – Financial Instruments	Short Term Debtors had been disclosed at gross value as opposed to net of expected credit losses as required under IFRS 9. Note has been amended to meet Code presentational requirements.	✓
Note 18 – Financial Instruments	Disclosure of split between financial and non-financial instruments did not reconcile to total debtor's balance as per Note 19 and creditors balance as per Note 22. Note has been amended for consistency between disclosure notes.	✓
Note 21 – Cash and Cash Equivalents	£158k relating to Mossland School Balance has erroneously been included within “Bank Overdraft” as opposed to “Cash & Bank Balance” line within disclosure note. The error does not have an impact on the Balance disclosed within the Balance Sheet and is a presentational misstatement.	✓
Note 32 – Officers’ Remuneration	Disclosure included officers with remuneration above £50 000 which is not in line with Code requirements. Disclosure note has been amended to remove these officers' remuneration.	✓
Note 32 – Officers’ Remuneration	Assistant Chief Executive remuneration erroneously excluded from disclosure note. Disclosure note has been amended to correct the £24k understatement in senior officer remuneration.	✓
Note 38 - Leases	Operating lease receivables disclosure amended by £32.3m to account for short term sub-lease with Peel Ltd at Wirral Waters which was erroneously omitted in Draft Accounts	✓
Note 41 – Defined Benefit Pension Scheme	The pension costs of £.6.090m adjusted within the disclosure note for the prior year business combination which was incorrectly recognised as income and netted off against pension expense.	✓
Note 45 – Prior Period Adjustments	Notes to Statements of Accounts omitted Prior Period Adjustments Note as required by IAS 8 to explain the nature of the adjustments relating to Directorate Restructuring, Birkenhead Commercial District Finance Lease and Pensions (IAS 19).	✓
Going Concern	Management’s assessment within the Narrative Report did not contain sufficient detail regarding the financial challenges faced by the Council. Disclosure has been updated to include reference to Statutory Recommendations raised in January 2025.	✓
Cashflow Statement	Cashflow Statement has been amended to remove the presentational error of the £20.459m Academy PFI remeasurement resulting from IFRS 16 implementation which was charged to SDPS as opposed to a charge to the Capital Adjustment Account.	✓

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 Audit 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
Heritage Assets – The Council is unable to provide an itemised listing for £3.5m of Heritage Assets. The impact of writing the assets out of the asset register due to the lack of information would be:			3,580	
DR: Loss on Disposal - £3.58m	3,580			No impact
CR: Heritage Assets – (£3.58m)		(3,580)		
We acknowledge that the service is working on cataloguing the items and the asset register will be adjusted to an appropriate value.				
Overall impact of current year unadjusted misstatements	3,580	(3,580)	3,580	No impact

Audit adjustments

Unadjusted disclosure misstatements

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

Detail

Note 38 - Lessor Operating Lease Disclosure

The incorrect rent figure has been used in calculations of the lease receivables from Europa Court 3 resulting in an extrapolated £758.8k misstatement in lessor operating lease disclosure. Management has not adjusted financial statements on the ground of materiality.

Impact of prior year unadjusted misstatements

No prior year unadjusted misstatements to note.

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
<p>● High</p>	<p>Completeness of the information contained within the Authority's Fixed Asset Register</p> <p>A number of differences were identified between the valuer's report and the fixed asset register which resulted in multiple adjustments to the financial statements.</p> <p>Risk – the value of the Authority's fixed assets may be materially incorrect which could also have a revenue impact on its finances.</p>	<p>We recommend that the fixed asset register is reviewed in timely manner and changes to assets as a result of valuations, additions or disposals are actioned promptly.</p> <p>Management response</p> <p>Due to unforeseen staffing matters and delays in obtaining data, there were errors in the fixed asset register and therefore the draft 2024/25 accounts. Discussions with appropriate services and a review of processes, as well as refreshed staff training will ensure timeliness of data and accuracy of the asset register and the accounts.</p>
<p>● Low</p>	<p>Completeness of lease records</p> <p>A high volume of leases were omitted from the draft financial statements.</p> <p>Risk – the value of leases held, both as a liability and as a right of use asset may be understated in the Authority's accounts.</p>	<p>We recommend that the lease register is reviewed in a timely manner to ensure completeness of information.</p> <p>Management response</p> <p>As noted in the report, 2024/25 was the first year of IFRS 16, and lessons have been and are being learned. Processes are being constantly reviewed in terms of completeness of the lease register and the accuracy of data within.</p>

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

Assessment	Issue and risk	Recommendations
<p>● Low</p>	<p>Related Parties</p> <p>Our related party testing noted the Authority failed to obtain all Councillor and Officer declarations.</p> <p>Risk – non compliance with the Code requirements and unidentified related party transactions.</p>	<p>We recommend that all declarations are received timeously to ensure related party transactions and disclosures are accurate and complete.</p> <p>Management response</p> <p>The Council’s register of interests is and was consulted for these (and all) Members as additional verification Despite regular requests and reminders from February 2025 onwards, one Officer and three Member declarations were not obtained for 2024/25, although one of those Members was unwell and had dispensation from Councillor duties.</p> <p>Work has already begun on 2025/26 declarations, and Finance Officers will work with Committee Services and SLT to ensure that all declarations are completed and returned in a timely manner.</p>

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 four recommendations being reported in our 2023/24 Audit Findings Report. We have followed up on the implementation of our recommendations and note that the Authority has taken measures to address our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	<p>Self-assigned access within Oracle Fusion</p> <p>During the audit period, we identified that 19 users self-assigned a total of 265 roles. Out of the 19 accounts, 17 belonged to NAMOS (application support partner) in which 16 were individual accounts and 1 was generic account, while the remaining 2 accounts belonged to individuals from Wirral MBC & Merseyside PF. However, we were unable to obtain approvals or justification for the self-assignment of roles. Furthermore, we understood that there was no process in place for self-assigning roles in Oracle Fusion.</p> <p>User access may not be appropriately aligned to job role requirements which may lead to inappropriate access within the application or underlying data.</p> <p>We recommended that:</p> <ul style="list-style-type: none"> management should develop formal user access management procedures to ensure activities are consistently performed, logged and monitored where new user access requests are initiated, management should have a process in place to record, approve and action the request based on user role, team and access level. 	<p>Management Response:</p> <p>A formalised process is now in place to ensure that any requests for access to the Fusion system are recorded and given the necessary approval from the relevant team before the role is granted.</p> <p>We have updated the Fusion user access policy document on the Intranet to instruct users under no circumstances should roles be self-assigned for the Fusion Financials System.</p> <p>We have removed the IT Security Manager role from the Namos accounts, so they are no longer able to self-assign roles.</p> <p>Auditor view:</p> <p>IT audit team to review process as part of the 2025/26 audit.</p>

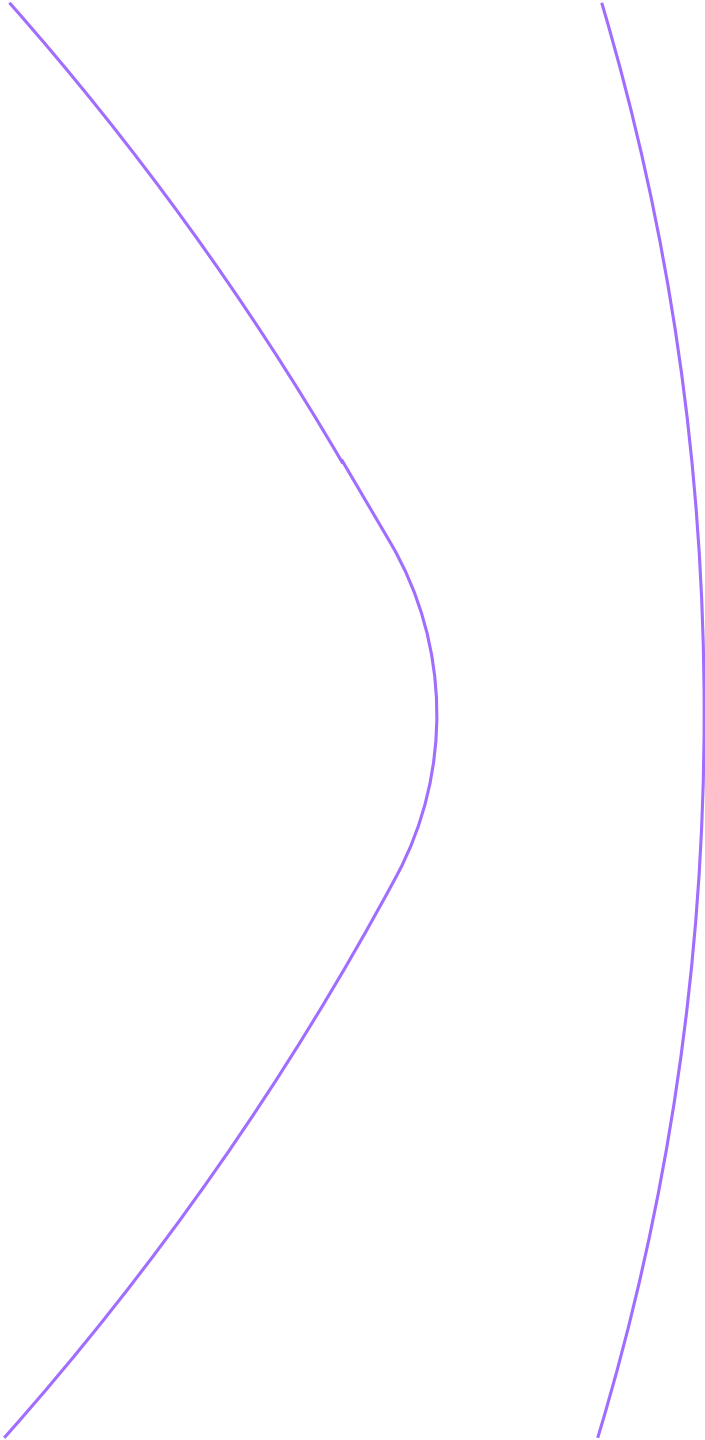
Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
In progress	<p>Segregation of duties conflict within Oracle Fusion</p> <p>We identified that 18 individual users with Financial roles were granted administrative access to Oracle resulting in a SOD issue.</p> <p>Further observed that the administrative rights were granted to excessive number of accounts. A total of 58 individual users (25 from NAMOS and 33 users from Wirral) with 25 roles were granted administrative access in Oracle Fusion.</p> <p>A combination of administration and financial privileges creates a risk that system-enforced internal controls can be bypassed. This could lead to:</p> <ul style="list-style-type: none"> - unauthorised changes being made to system parameters - creation of unauthorised accounts, - unauthorised updates to their own account privileges <p>deletion of audit logs or disabling logging mechanisms.</p> <p>We recommended that:</p> <ul style="list-style-type: none"> • access should be based on the principle of least privilege and commensurate with job responsibilities. Management should define segregation of duty policies and processes and ensure that there is an understanding of roles, privileges assigned to those roles and where incompatible duties exist • management should adopt a risk-based approach to reassess the segregation of duty matrices on a periodic basis. This should consider whether the matrices continue to be appropriate or required updating to reflect changes within the business • if incompatible business functions are granted to users due to organisational size constraints, management should ensure that there are review procedures in place to monitor. 	<p>Management response:</p> <p>We have removed all Namos administrative roles (besides where they are currently doing work on the system). All Wirral users have been reviewed and currently need the seeded roles they have been provided with to do their job. If this is within one particular module or as a true administrator of the system. We have not yet produced any custom roles to reduce the roles to a more focused basis.</p> <p>Auditor view:</p> <p><i>IT audit team to review process as part of the 2025/26 audit.</i></p>

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
Completed	<p>Bank reconciliation</p> <p>A reconciling item of £10m was identified in the Receipts Bank Account and not in the Drawings Account. This had no impact on the accounts as both reports are mapped to cash and cash equivalent code within the balance sheet therefore no impact on the overall position.</p> <p>The £10m was a reconciling item in the receipts account, there is a risk that both drawings and receipts account aren't in balance.</p> <p>We recommended that a reconciliation is carried out monthly between the drawings and receipts account to ensure that both are correctly reconciled.</p>	<p>This reconciling difference between the accounts was identified and corrected, and processes are in place to ensure any reconciling items are identified and corrected promptly and both bank accounts correctly reconciled.</p>
In progress	<p>Capital Financing Requirement</p> <p>A variance has arisen between the capital financing requirement and the accounting treatment of movements in the non-current assets, capital adjustment account and revaluation reserve.</p> <p>We do not know the implication of the error until the Council has confirmed what the error is. Possible risks could be that they are reporting the wrong Capital Financing Requirement amount, or it could be that at some point the accounting treatment of movements in non-current assess and the Capital Adjustment Account and the Revaluation Reserve have gone wrong.</p> <p>We recommended that management should identify the reason for this variance</p>	<p>Finance officers are working to identify the cause of the discrepancy and aim to understand and resolve the variance by the end of May 2026 in line with publication of the draft 2025/26 Statement of Accounts.</p>

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.

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.

In undertaking this work we have identified significant weaknesses in arrangements for all three of the specified reporting criteria as summarised on the next page with the detail contained within our AAR.

Value for Money arrangements

Assessment of value for money arrangements

Financial sustainability: significant weaknesses in arrangements identified relating to the Authority's short to medium term financial sustainability, the pace of transformational activity, regeneration risks, the level of the Dedicated Schools Grant (DSG) deficit and strategic planning. Three statutory recommendations have been raised and two key recommendations.

Governance: Significant weaknesses in arrangements identified relating to budget setting and monitoring. These factors have been included within a wider statutory recommendation. A further statutory recommendation and three key recommendations have been raised.

Improving economy, efficiency and effectiveness: Significant weaknesses in arrangements identified relating to Special Educational Needs and Disabilities inspection, findings from independent review of regeneration projects, project management methodology and procurement and contract management practice. Five key recommendations raised. We also raise one improvement recommendation.

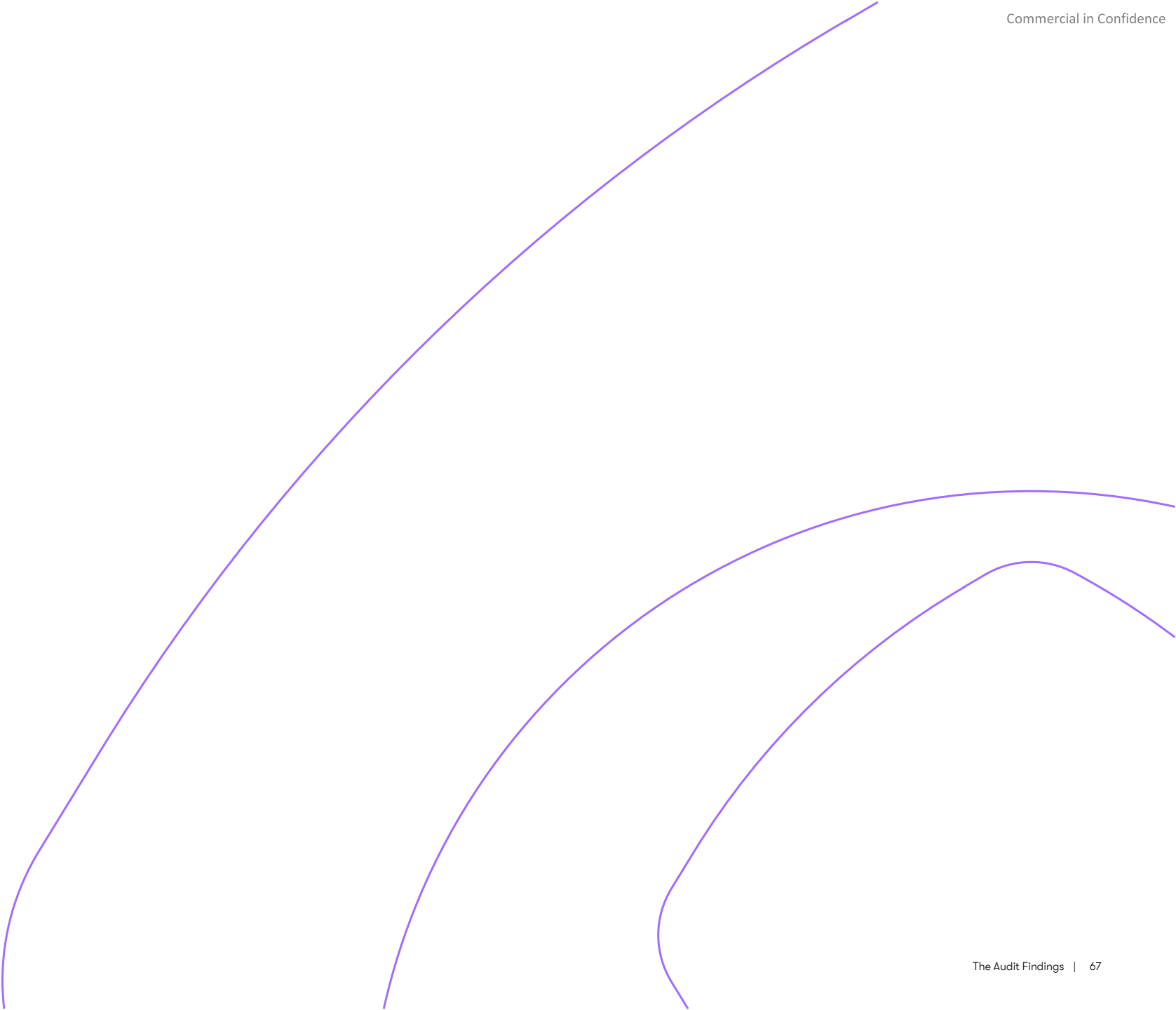
We also followed up on the recommendations raised in 2023/24 and have reported the progress management have made in our AAR.

Other statutory powers

We set out below details of other matters which we, as auditors, are required by the Act and the Code to communicate to those charged with governance. The Auditor's Annual Report contains a more detailed commentary and management comments.

Issue	Commentary
Statutory recommendations	We have raised four statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014
Statutory recommendation 1	We recommend the Council takes immediate and effective action to manage the financial sustainability risks it is facing.
Statutory recommendation 2	The Council must urgently mobilise its change programme to develop robust savings plans that will help deliver the significant savings required to balance the budget gaps identified in the MTFs. These plans should be supported by approved business cases that identify the resources required to deliver change programme savings and the baseline against which benefits will be measured.
Statutory recommendation 3	The Council should take immediate action to assess the financial risks and liabilities across its whole regeneration programme and ensure that they are properly taken into account in revenue, treasury management and capital plans. The regeneration programme should be reviewed to ensure that it is affordable, supports the Council's future financial sustainability and does not detract from the aim of working together to create a more efficient, effective and accessible Council.
Statutory recommendation 4	The Council should take immediate steps to re-build trust between officers and members and reinforce the effective operation of its Protocol for Member/Officer Relations.

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.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Independence considerations

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 or investments in the group 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.

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 January 2025, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The non-audit services are consistent with the Authority's policy on the allotment of non-audit work to your auditor.

None of the services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Wirral Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees in that we have separate engagement teams to perform the audits.

Audit fees

£

Audit of Authority

£517,747

Fees and non-audit services

Audit-related non-audit services

Service	2023/24 £	2024/25 £	Threats Identified	Safeguards applied
Certification of Housing Benefits Subsidy claim	39,750	15,750	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £15,750 in comparison to the total fee for the audit of £452,247 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Teachers Pension Return	13,500	12,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,500 in comparison to the total fee for the audit of £452,247 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Total		28,250		

Fees and non-audit services

Other non-audit services

Service	£ Threats Identified	Safeguards applied
CFOi	12,500 Self-interest (because this is a recurring fee)	<p>This is an online software subscription service that enables users to rapidly analyse data sets. CFO Insight is a Grant Thornton and CIPFA collaboration giving instant access to financial performance, service outcomes and social economic indicators for local authorities.</p> <p>It is the responsibility of management to interpret the information. The scope of our services does not include making decisions on behalf of management or recommending or suggesting a particular course of action, These factors mitigate the perceived self-interest threat. The fee for the work is negligible in comparison to the total fee for the audit.</p>
Total	12,500	

Fees and non-audit services

Total audit and non-audit fee

(Audit fee) £517,747

(Non-audit fee) £40,750

The above fees are exclusive of VAT and out of pocket expenses.

The fees reconcile to the financial statements as follows:

- | | |
|--|----------|
| • PSAA scale audit fee | £452,247 |
| • IFRS 16 | £ 5,000 |
| • Additional costs incurred for the VFM work | £35,000 |
| • Sub-total fees per financial statements | £491,000 |
| • Additional costs incurred during the audit | £26,500 |
| See on the following page | |
| • total fees per above | £517,747 |

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

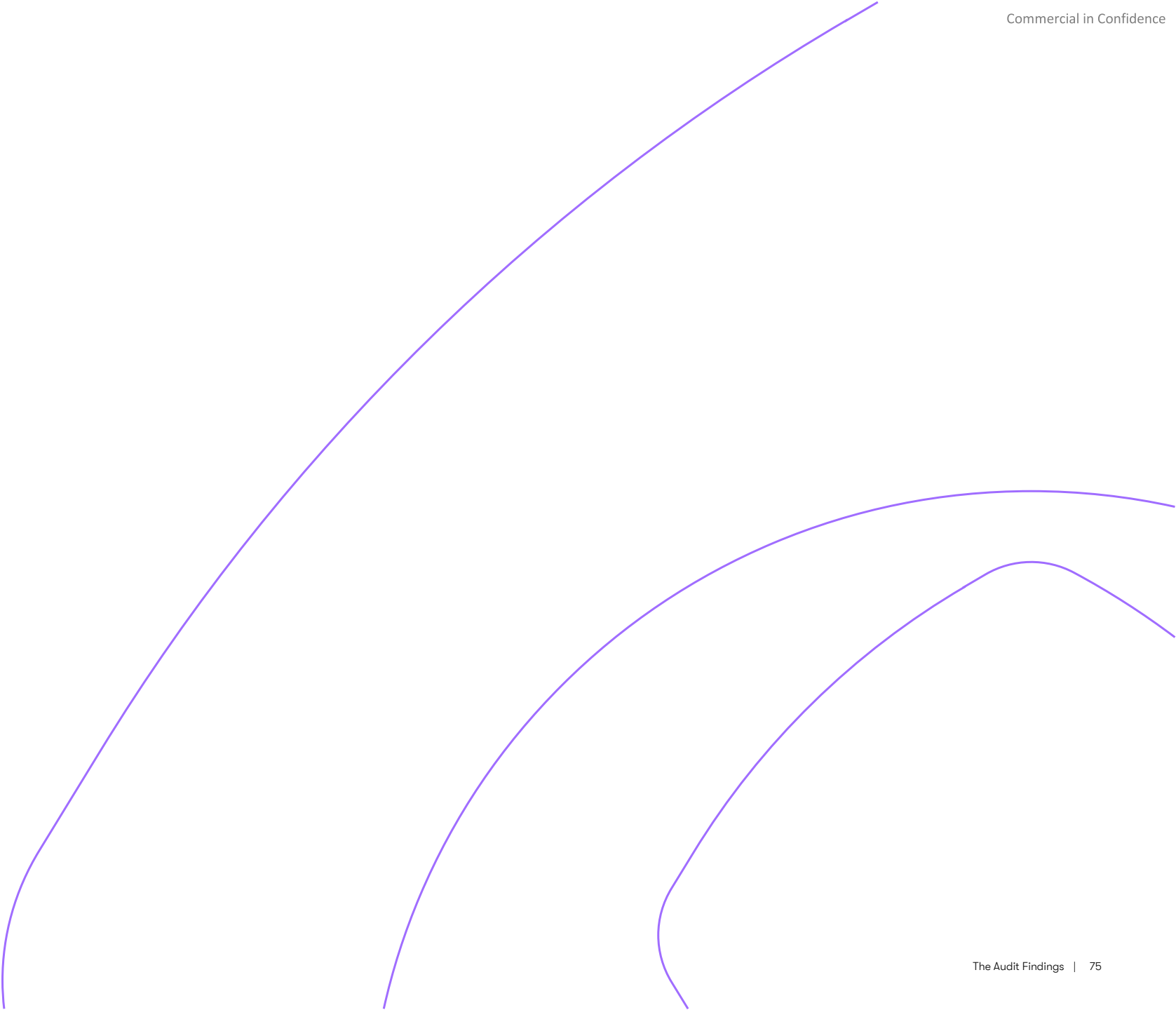
Additional fee analysis – fee variation for in year work

The following table sets out further information on additional fees.

Subject	Fee variation for Audit 2024/25
IFRS 16	£5,000
Accounting for Birkenhead Commercial District	£7,000
Accounting for the LOBO loans	£10,000
Land and Buildings valuation and Fixed Asset Register reconciliation	£4,500
Total	£26,500

The above is subject to review by PSAA who will make a final determination.

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	●	●
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.

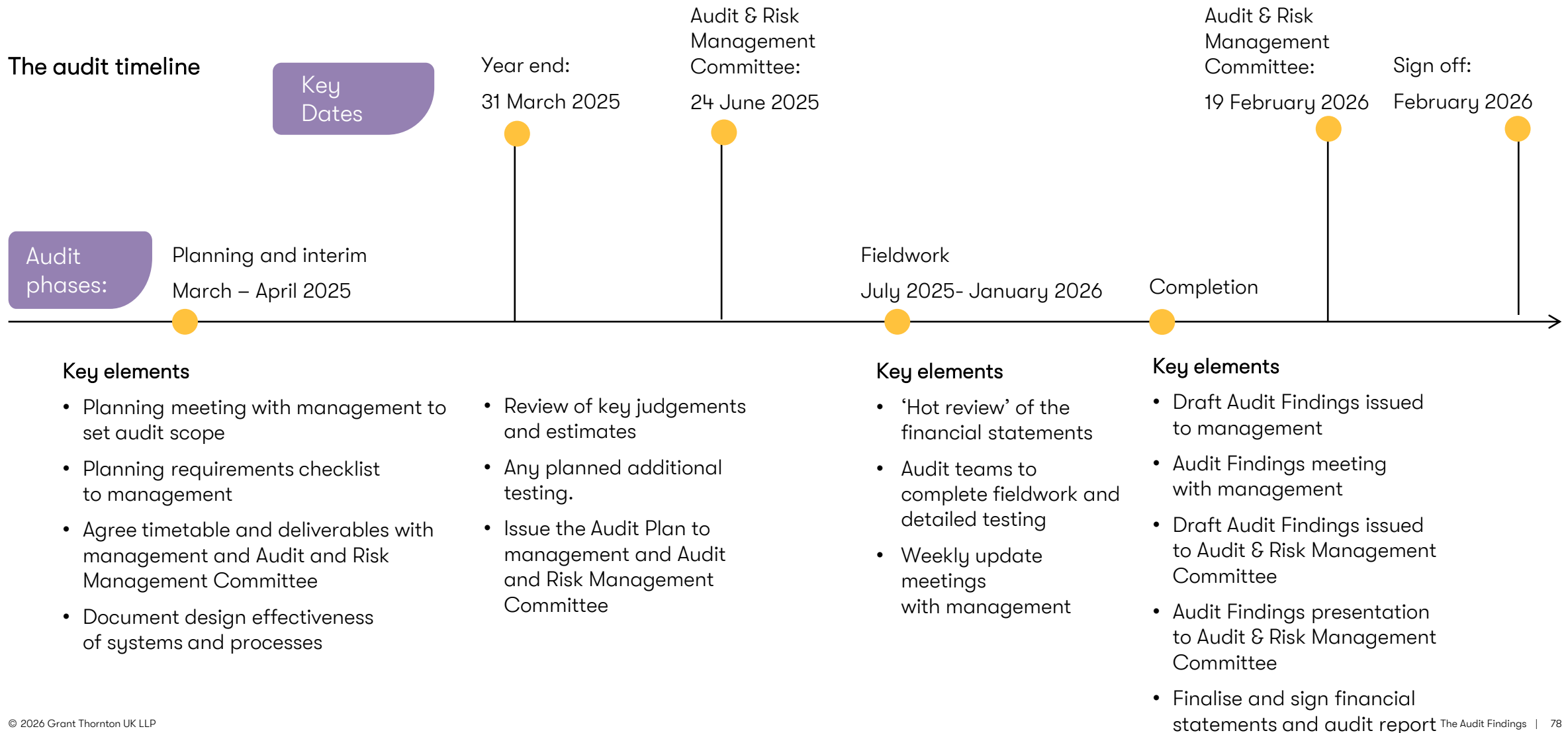
The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

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. Logistics

The audit timeline



C. 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.

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP

Grant Thornton UK LLP

8 Finsbury Circus
London
EC2M 7EA

[Date]

Dear Grant Thornton UK LLP

Wirral Council

Financial Statements for the year ended 31 March 2025

This representation letter is provided in connection with the audit of the financial statements of Wirral Council (“the Authority”) for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

i. We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the Authority’s financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 (“the Code”); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include land and buildings and investment properties. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

C. Management letter of representation

vii. Except as disclosed in the financial statements:

- a. there are no unrecorded liabilities, actual or contingent;
- b. none of the assets of the Authority has been assigned, pledged or mortgaged; and
- c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached to this letter. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiii. The prior period adjustments disclosed in note 45 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.

xiv. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;

b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements

xv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

Information Provided

xvi. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

xvii. We have communicated to you all deficiencies in internal control of which management is aware.

xviii. All transactions have been recorded in the accounting records and are reflected in the financial statements.

C. Management letter of representation

xix. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xx. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:

- a. management;
- b. employees who have significant roles in internal control; or
- c. others where the fraud could have a material effect on the financial statements.

xxi. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxiii. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxvi. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

Approval

The approval of this letter of representation was minuted by the Authority's Audit and Risk Management Committee at its meeting on 19 February 2025.

Yours faithfully

Name.....

Position.....

Date.....

D. Draft Audit opinion

We anticipate we will provide the Authority with an unmodified audit report

Independent auditor's report to the members of Wirral Council

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of Wirral Council (the 'Authority') for the year ended 31 March 2025, which comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, Collection Fund Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 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 Interim Director of Finance (S151 Officer)'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 Interim Director of Finance (S151 Officer)'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.

In auditing the financial statements, we have concluded that the Interim Director of Finance (S151 Officer)'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 Interim Director of Finance (S151 Officer) with respect to going concern are described in the relevant sections of this report.

D. Draft Audit opinion

Other information

The other information comprises the information included in the Annual Governance Statement and the Statement of Accounts, other than the financial statements and our auditor's report thereon and our auditor's report on the pension fund financial statements. The Interim Director of Finance (S151 Officer) 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[GEP6.1] 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.

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 except on 6 January 2025 we made one written recommendation to the Authority under Section 24 of the Local Audit and Accountability Act 2014 in relation to managing cost and demand in adult social care, level of Authority reserves and identified savings. We recommended that the Authority should take immediate and effective action to manage the financial sustainability risks it is facing. This has been restated and remains a written recommendation for the Authority.

Furthermore, on 10 February 2026 we made an additional three written recommendations to the Authority under Section 24 of the Local Audit and Accountability Act 2014. These were in relation to:

- identifying future savings and the Authority's change Programme;
- managing the financial risks and liabilities across the Authority's regeneration programme; and
- the erosion of trust in member/officer relationships.

We recommended that the Authority should:

- urgently mobilise its change programme to develop robust savings plans that will help deliver the significant savings required to balance the budget gaps identified in the MTFs;

D. Draft Audit opinion

- take immediate action to assess the financial risks and liabilities across its whole regeneration programme and ensure that they are properly taken into account in revenue, treasury management and capital plans; and
- take immediate steps to re-build trust between officers and members and reinforce the effective operation of its Protocol for Member/Officer Relations.

Responsibilities of the Authority and the Interim Director of Finance (S151 Officer)

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, 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 Interim Director of Finance (S151 Officer). The Interim Director of Finance (S151 Officer) is responsible for the preparation of the Statement of Accounts, [GEP10.1]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 Interim Director of Finance (S151 Officer) 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 Interim Director of Finance (S151 Officer) 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.

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, and the Local Government Act 2003, Local Government Act 1972, and the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992 and the Local Government Act 2012).
- We enquired of management and the Audit and Risk Management 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 Audit and Risk Management 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 management override of controls, in particular journals, management estimates and transactions outside the course of business.

D. Draft Audit opinion

- 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 the material year end transactions and manual journals posted during the year with high risk characteristics;
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of land and buildings, investment property and defined benefit pension asset and liability valuations; 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.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including land and buildings, investment property and defined benefit pensions assets and liability valuations. 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 January 2025, we made one written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in respect of financial sustainability which is described in the 'Other matters under which we are required to report by exception' section of this report. We also identified two further significant weaknesses in the Authority's arrangements.

D. Draft Audit opinion

Financial sustainability:

- The level of the Authority's Dedicated Schools Grant (DSG) deficit, and rate of increase, creates significant financial risk to the Authority. We recommended that the Authority needs to place a significant and urgent focus on developing and implementing interventions which will support the management and mitigation of the DSG deficit. The significant weakness remains in place with a revised recommendation that the Authority places a significant organisational focus on continuing interventions that will support the management and mitigation of the DSG deficit.

Improving economy, efficiency and effectiveness:

- During 2023/24 the Authority, and its partners, failed to demonstrate sufficient progress in improving special educational needs and disabilities (SEND) services. We recommended that the Authority needs to satisfy itself that it has the necessary organisational transformational capacity, skills and resources to ensure the Local Area SEND Improvement Plan can be delivered in accordance with DfE requirements and is sufficient to drive sustainable improvement in SEND service provision and to mitigate associated SEND delivery risks. [HP15.1] We followed up on the Authority's progress implementing this recommendation for year ended 31 March 2025 and limited progress has been made. The significant weakness remains in place with a revised recommendation that the Authority and its partners, through the activities of the Local Areas SEND Partnership Board, take the following actions: Build on recent SEND improvement activity and push forward remaining priority actions to secure meaningful and sustainable SEND service improvement; and ensure compliance with DfE improvement notice requirements within set timescales.

On 10 February 2026, we made three [ES16.1] additional written recommendations to the Authority under 24 of the Local Audit and Accountability Act 2014, two in respect of financial sustainability and one in respect of governance arrangements which are described in the 'Other matters under which we are required to report by exception' section of the report. We also identified eight further significant weaknesses in the Authority's arrangements.

Financial sustainability:

- We identified a weakness in respect of the review of the Council Plan. We recommended that the Authority completes its review of the Council Plan 2023-2027, and the refreshed strategic ambitions are embedded across the Authority. This will support the whole organisation to mobilise and respond to the acute financial challenges the Authority faces.

Governance:

We identified three significant weaknesses, these were in relation to:

- the development and approval of regeneration scheme business cases. We recommended that the Authority should adopt a robust approach to the development and approval of business cases for regeneration projects.
- the senior leadership of regeneration. We recommended that the Authority should ensure that it has sufficient professional capacity, capability and senior leadership available to match its regeneration objectives.
- the operation of arrangements for the appointment of senior staff. We recommended that the Authority should ensure that its arrangements for the recruitment of senior staff including its statutory officers are lawful, compliant with the constitution and reflect sector guidance. The Authority should set out the standards and practices which should apply to future senior officer requirement processes.

Improving economy, efficiency and effectiveness:

We identified four significant weaknesses, these were in respect of:

- considerable failings in the Authority's approach to regeneration. We recommended that the Authority should now reflect on the key findings of the 'Review of Regeneration Report', which identified "considerable failings" and set out 25 recommendations, and implement the recommendations at pace.
- regeneration programme and project management. We recommended that the Authority should operate a single Programme Management Office and ensure that a consistent approach is applied to the management of all projects, including regeneration projects.
- regeneration procurement and contract management. We recommended that the Authority must ensure that procurement activity to deliver regeneration projects is carried out in accordance with its procurement rules and the risk of escalation of contract costs is minimised by fully completing design and specification work before letting contracts. Contract management arrangements should include prompt reporting to Members of cost and budget variations over specified thresholds.

D. Draft Audit opinion

- developing a Procurement Strategy, supporting frameworks and the Authority's contract management arrangements. We recommended the Authority further strengthens[ES17.1] its procurement and contract management arrangements by adopting a Procurement Strategy and Contract management Framework, developing and embedded contract management procedures, and cascading a comprehensive and mandatory training programme to all officers charged with procurement and contract management responsibilities.

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.

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 Wirral Council 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.[GEP19.1] 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**]

Sarah Ironmonger, Key Audit Partner

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

London

[**Date**]



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