



24 Cathedral Road / 24 Heol y Gadeirlan
Cardiff / Caerdydd
CF11 9LJ

Tel / Ffôn: 029 2032 0500

Fax / Ffacs: 029 2032 0600

Textphone / Ffôn testun: 029 2032 0660

info@audit.wales / post@archwilio.cymru

www.audit.wales / www.archwilio.cymru

Please contact us in Welsh or English.
Cysylltwch â ni'n Gymraeg neu'n Saesneg.

Councillor Meirick LL Davies (Chairman)
North Wales Fire and Rescue Authority
Ffordd Salisbury
St Asaph business park
St Asaph
Denbighshire
LL17 OJJ

Reference: 1107A2019-20

Date issued: 3 March 2019

Dear Councillor Davies

Annual Audit Letter – North Wales Fire and Rescue Authority 2017-18

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 and my reporting responsibilities under the Code of Audit Practice.

The Authority complied with its responsibilities relating to financial reporting and use of resources

It is the North Wales Fire and Rescue Authority's (the Authority's) responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a statement of accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;

- review the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards.

On 21 September 2018 I issued:

- an unqualified audit opinion on the 2017-18 accounting statements of the Fire Fighters' Pension Fund; and
- an unqualified audit opinion on the 2017-18 accounting statements of the Authority.

My audit report is set out at pages 9 to 10 of the audited Statement of Accounts¹. Prior to my certification of the 2017-18 accounting statements, on 17 September 2018 the key matters arising from my audit were reported to the members of the Authority through my Audit of Financial Statements Report². In addition to reporting my intention to issue an unqualified opinion, I made some recommendations as a result of issues identified during the audit. I also reported one significant matter, making the following points:

- the potential unlawfulness of payments made under the Firefighters' pension scheme prevented me from closing the audit; and
- the report considered at the March 2018 Authority meeting relating to Additional Pension Benefits and the subsequent minutes did not set out sufficient detail and therefore it was unclear whether members understood the impact of their decision.

On 17 December 2018 the proposals to resolve the Firefighter pension scheme issue were approved and I have now received outstanding documentation. I am content with the approach taken by the Authority and I am now able to issue a certificate confirming that the audit of the 2017-18 accounting statements has been completed, which is appended at page 4 to this Annual Audit Letter.

I am satisfied that the Authority had appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources

My consideration of the Authority's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounting statements as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. In September 2018, under the Measure I have issued my Annual Improvement Report 2017-18³.

¹ <http://www.nwales-fireservice.org.uk/media/338381/v-fire-cs-liasonoff-fa-meetings-full-fire-authority-meetings-2018-170918-pdf-8i-statement-of-accounts-2017-18-and-ags.pdf>

² <http://www.nwales-fireservice.org.uk/media/338382/v-fire-cs-liasonoff-fa-meetings-full-fire-authority-meetings-2018-170918-pdf-8ii-audit-of-financial-statements-report.pdf>

³ http://www.audit.wales/system/files/publications/nwfra_air_eng.pdf

Based on the results of my work I am satisfied that for 2017-18 the Authority had appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

The final financial audit fee for 2017-18 is £55,050, which is £10,050 more than the estimate that I communicated to you. The final fee includes an additional £7,000 as we had to carry out a significant amount of additional work as a result of the issues identified during the audit and reported to the Authority on 17 September 2018. In addition, there are legal fees of £3,050⁴, which is the Authority's third share (the other shares will be billed to Mid and West and South Wales Fire Authorities) of the external legal costs that we incurred in obtaining legal advice on the matters relating to the Fire Fighters' Pension Fund.

Yours sincerely

A handwritten signature in blue ink, consisting of the letters 'MJ' followed by a horizontal line.

Mark Jones

For and on behalf of the Auditor General for Wales

cc. Simon Smith, Chief Fire Officer
Ken Finch, Section 151 Officer
Helen MacArthur, Assistant Chief Officer

⁴ The legal fees attract VAT, which is included in the £3,050.

Audit certificate of the Auditor General to the members of North Wales Fire and Rescue Authority

Opinion

As I stated in my report dated 21 September 2018, in my opinion the statement of accounts give a true and fair view of the financial position of North Wales Fire Authority as at 31 March 2018 and of its income and expenditure for the year then ended.

Certificate of completion of audit

My report dated 21 September 2018 contained my audit opinion on the 2017-2018 accounts and explained that the audit could not be formally concluded until I had completed my consideration of matters relating to the Fire Fighters' Pension Fund.

This work has now been completed and the audit issues resolved.

I therefore certify that I have completed the audit of the accounts in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Code of Audit Practice issued by the Auditor General for Wales.

Anthony J Barrett
For and on behalf of the Auditor General for Wales
19 March 2019

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Cardiff
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