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

Councillor Merrick LL Davies
Chair of the North Wales Fire and Rescue Authority
Ffordd Salesbury
St Asaph Business Park
St Asaph
Denbighshire
LL17 0JJ

Reference: 1107A2019-20

Date issued: 25 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 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 11 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 and noting the corrections made to the financial statements, I also reported one significant matter relating to the potential unlawfulness of payments made under the fire fighters' pension scheme prevented me from closing the audit.

On 17 December 2018 the Authority's Members approved the proposals to resolve the fire fighter pension scheme issue and I have now received outstanding documentation. I am content with the approach taken by the Authority and on 19 March 2019 I re-certified my audit opinion, additionally including a certificate confirming that the audit of the 2017-18 accounting statements was complete.

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. Since my issue of the 2016-17 Annual Audit Letter in November 2017, under the Measure I have issued my Annual Improvement Report 2017-18.³

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 in my 2018 Audit Plan. The final fee includes additional £7,000 as I had to

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

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 South and Mid and West Wales Fire Authorities) of the external legal costs that I 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 initials '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.