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Councillor Meirick Lloyd Davies
Chair of the North Wales Fire and Rescue Authority
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Dear Councillor Lloyd Davies

Annual Audit Letter - North Wales Fire and Rescue Authority 2015-16

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 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 27 September 2016 I issued an unqualified audit opinion on the financial statements confirming they present a true and fair view of the Authority's and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to the members of the Audit Committee on 12 September 2016 and also to Fire Authority members on 19 September through my *Audit of Financial Statements Report*. The most important audit matters were:

- There were a number of significant issues relating to the maintenance of the asset register. In particular, there is insufficient detail on the individual assets classified as operational and IT equipment. In addition, the financial information held in the asset register needs to be strengthened to ensure that accounting entries are fully supported.
- The Authority had not accounted for all its income and expenditure in its primary statements which resulted in a material misstatement to the financial statements in both 2015-16 and the prior period.

I issued a certificate confirming that the audit of the accounts has been completed on 27 September 2016.

I am satisfied that the Authority has 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 accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.

As a result of the issues identified during the audit we had to carry out a significant amount of additional work, particularly in order to gain sufficient audit assurance over the Authority's non-current assets. Consequently, fees of £15,500 will be charged in addition to the fee estimate of £34,500 set out in the Annual Audit Plan for 2015-16. The fee estimate for 2016-17 will be set within the fee-scale parameters for the fire and rescue authorities, which are set out in the Wales Audit Office's published *Fee Scheme 2016-17*.

Yours sincerely



Mark Jones

For and on behalf of the Auditor General for Wales

cc. Simon Smith, Chief Fire Officer
Dawn Docx, Deputy Chief Fire Officer