



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

2020 Audit Plan – North Wales Fire and Rescue Authority

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Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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2020 Audit Plan

Our duties

- 1 We complete work each year to meet the following duties.

Audit of financial statements

- 2 Each year we audit the North Wales Fire and Rescue Authority's (the Authority) financial statements to make sure that public money is being properly accounted for.

Value for money

- 3 The Authority has to put in place arrangements to get value for money for the resources it uses, and we have to be satisfied that it has done this.

Continuous improvement

- 4 The Authority also has to put in place arrangements to make continuous improvements and we also check if it has done this.

Sustainable development principle

- 5 Public bodies need to make sure that when making decisions they consider the impact they could have on people living in Wales now and in the future. We have to assess the extent to which they are doing this.

Audit of financial statements

- 6 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness':
 - we plan to give an opinion on the Authority's financial statements by 31 July 2020.
 - assess whether the Authority's Annual Governance Statement and Narrative Report were prepared in line with the CIPFA Code and relevant guidance. We also review whether they were consistent with the financial statements prepared by the Authority and with our knowledge of the Authority.
- 7 In addition to our responsibilities for auditing the Council's financial statements, we also have responsibility for:
 - certifying a return to the Welsh Government which provides information about the Authority's to support preparation of Whole of Government Accounts;

- responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary).
 -
- 8 Further information about our work is provided in our Statement of Responsibilities, which is available on our website (www.audit.wales).

Financial Statement Audit Risks

- 9 The following table sets out the significant risks I have identified for the audit of the Authority.

Exhibit 1: financial statement audit risks

This table summarises the key financial statement audit risks identified at the planning stage of the audit. My audit planning will continue to be ongoing and I will notify you if any key new risks emerge.

Audit risk	Proposed audit response
Significant risks	
The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business. •
Other areas of audit attention	
<p>McCloud judgement</p> <p>In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015.</p> <p>In December 2018, the Court of Appeal ruled that the ‘transitional protection’ offered to some members of the judges’ and firefighters’ schemes, as part of the reforms, amounted to unlawful discrimination. On 15 July 2019 the Government announced that they accept that the judgment applies to all of the main public service pension schemes.</p>	<p>My audit team will review the provision made in relation to the McCloud judgement, and other emerging pension issues and monitor progress on the development of proposals for a remedy to be applied in the Local Government and Firefighters pensions scheme.</p>

Audit risk	Proposed audit response
<p>The impact of the judgement is likely to have a significant impact on the IAS 19 disclosed liabilities.</p> <p>In addition, there are a number of other emerging pension issues that may also impact on the IAS19 disclosed liabilities.</p>	
<p>Following the audit in 2018-19 I highlighted the following points:</p> <ul style="list-style-type: none"> • some issues remained with the asset register that needed to be addressed; • the Authority would benefit from conducting a comprehensive review of the form and content of the financial statements and the accounting policies applied in their preparation; and • the process for the collection of annual declarations from members could be strengthened. 	<p>My audit team will review the progress made by the Authority in addressing the agreed recommendations arising from the audit of the 2018-19 accounts.</p>
<p>Introduction of IFRS 16 Leases in 2020-21 may pose implementation risks.</p>	<p>My team will undertake some early work to review preparedness for the introduction of IFRS 16 Leases.</p>

Performance audit

10 In addition to our Audit of Financial Statements we also carry out a programme of performance audit work to discharge the Auditor General's duties set out on [page 4](#) in relation to value for money, continuous improvement and sustainable development. For 2020-21 this work is set out below.

Exhibit 2: Performance Audit Programme 2020-21

This table summarises the performance audit programme for 2020-21

Performance audit programme	Brief description
Improvement audit and assessment work including improvement planning and reporting audit	Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance.
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examination	To be confirmed in discussion with the Authority.
Local risk-based work	To be confirmed in discussion with the Authority.
2020-21 Local Government Studies	(Funded by the Welsh Consolidated Fund) The Auditor General has recently completed his consultation on his forward

Performance audit programme	Brief description
	work programme and new local government studies to commence in 2020-21 will be confirmed shortly.

Fee, audit team and timetable

- 11 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with the agreed timescales, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me;
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements; and
 - set out the extent to which you intend to rely on Internal Audit's work and where reliance is to be placed on the work of other auditors, specialists, etc.
- 12 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

- 13 Your estimated fee for 2020 is set out in [Exhibit 3](#) and is at the same level as last year. There have been some small changes to my fees rates for 2020 however my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed to you.

Exhibit 3: audit fee

This table sets out the proposed audit fee for 2020, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ¹	Actual fee last year (£)
Audit of accounts ²	45,000	45,000
Performance audit work ³	15,309	15,309
Total fee	60,309	60,309

- 14 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Authority.
- 15 Further information on my [fee scales and fee setting](#) can be found on our website.

Audit team

- 16 The main members of my team, together with their contact details, are summarised in [Exhibit 4](#).

Exhibit 4: my audit team

This table lists the members of the local audit team and their contact details.

Name	Role	Contact number	E-mail address
Derwyn Owen	Engagement Director	02920 320651	Derwyn.owen@audit.wales
Amanda Hughes	Audit Manager (Financial Audit)	07969 919986	Amanda.hughes@audit.wales
Nick Selwyn	Audit Manager (Performance Audit)	02920 320612	Nick.Selwyn@audit.wales

- 17 I can confirm that my team members are all independent of the Authority and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

¹ Notes: The fees shown in this document are exclusive of VAT, which is not charged to you

² Payable November 2019 to October 2020.

³ Payable April 2020 to March 2021

Timetable

- 18 Financial accounts work will be undertaken over the period February to July 2020. The timing and exact scope of individual performance audit projects will be confirmed by the Audit Manager with responsibility for performance audit work in due course.

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