



**KPMG LLP**

3 Assembly Square  
Britannia Quay  
Cardiff CF10 4AX  
United Kingdom

Tel +44 (0) 29 2046 8138  
Fax +44 (0) 29 2046 8119  
DX 742270 Cardiff 37

Simon Smith  
Chief Fire Officer  
North Wales Fire and Rescue Service  
Headquarters  
Ffordd Salesbury  
St Asaph, Denbighshire  
LL17 OJJ

Our ref jw/612

29 November 2010

Dear Simon

### **Annual Audit Letter to the Members of North Wales Fire Authority**

The Local Government Measure 2009 has provided the Wales Audit Office with an opportunity to re think how to report the findings from both the financial audit and the performance audit work to local government bodies. As you will be aware the Auditor General for Wales will be issuing an Annual Improvement Report (AIR) to each local authority over the next few months and many of the issues that were traditionally reported in the Appointed Auditor's Annual Audit Letter will be included in that report. Therefore, I have taken the opportunity to summarise the key messages arising from the Appointed Auditor's statutory responsibilities (the accounts, the value for money conclusion and the audit of the improvement plan) into this short letter which forms the Annual Audit Letter. The letter is designed to be a standalone document, but will be presented to the Authority and the public as part of the Annual Improvement Report and therefore discharges my reporting responsibilities under the Code of Audit Practice.

### **North Wales Fire Authority complied with financial and performance improvement reporting requirements but is facing significant financial pressures in the near future.**

1. 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;
  - establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources; and
  - publish its Improvement Plan by 31 October



2. The Code of Audit Practice issued by the Auditor General (the Code) 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;
  - consider whether the Improvement Plan is prepared and published in accordance with statutory requirements; and
  - issue a certificate confirming that I have completed the audit of the accounts.
  
3. On 29 September 2010 I issued an unqualified audit opinion on the accounting statements, confirming that they present a true and fair view of the Authority's and the Pension Fund's financial transactions. My report is contained within the Statement of Accounts.
  
4. The following areas were noted during the accounts audit:
  - the accounting statements preparation processes have continued to improve, resulting in good quality draft statements supported by comprehensive working papers;
  - good progress has been made to date in preparation for implementing IFRS in 2010-11 and the Authority should aim to produce a draft set of IFRS accounts including comparatives as soon as possible; and
  - the Whole of Government Account's return was prepared effectively and in accordance with the Assembly's timetable.
  
5. My review 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 as part of the LG Measure. The main findings from this latter work will be set out in the Annual Improvement Report. In addition I also bring the following issues to your attention:
  - effective budgetary control arrangements are in place and medium-term financial planning is under development, but the Authority faces significant financial pressures in the future. This is referred to further in the Annual Improvement Report.
  
6. The Authority's Improvement Plan 2010-2011 meets all statutory requirements with the exception that although the Improvement Plan was finalised by 31 October 2010 it was not published until 1 November 2010 and provides a balanced view of its performance in 2009-2010.



7. I issued a certificate confirming that the audit of the accounts had been completed on 29 September 2010.
8. The financial audit fee for 2009-2010 was in line with that set out in the Financial Audit Strategy.

Yours sincerely



Virginia Stevens  
KPMG LLP

cc. Dawn Docx, Deputy Chief Fire Officer

