



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report

## North Wales Fire and Rescue Authority

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This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Nick Selwyn, Steve Frank, Sara Leahy, Matt Brushett and Euros Lake under the direction of Jane Holownia.

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The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office Board, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

# Contents

## Summary report

2018-19 performance audit work	4
The Authority is meeting its statutory requirements in relation to continuous improvement	4
Recommendations and proposals for improvement	4
Audit, regulatory and inspection work reported during 2018-19	6

## Appendices

Appendix 1 – Status of this report	8
Appendix 2 – Annual Audit Letter	9
Appendix 3 – National report recommendations 2018-19	13

# Summary report

## 2018-19 performance audit work

- 1 To decide the range and nature of the work we would undertake during the year, we considered how much we already know from all previous audit and inspection work and from other sources of information including North Wales Fire and Rescue Authority's (the Authority) own mechanisms for review and evaluation. For 2018-19, we undertook improvement assessment work; an assurance and risk assessment project and work in relation to the Wellbeing of Future Generations Act at all authorities. At some authorities, we supplemented this work with local risk-based audits, identified in the Audit Plan for 2018-19.
- 2 The work carried out since the last Annual Improvement Report (AIR), including that of the relevant regulators, is set out in [Exhibit 1](#).

## The Authority is meeting its statutory requirements in relation to continuous improvement

- 3 Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Authority is likely to comply with the requirements of the Local Government Measure (2009) during 2019-20.

## Recommendations and proposals for improvement

- 4 Given the wide range of services provided by the Authority and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
  - make proposals for improvement – if proposals are made to the Authority, we would expect it to do something about them and we will follow up what happens;
  - make formal recommendations for improvement – if a formal recommendation is made, the Authority must prepare a response to that recommendation within 30 working days;
  - conduct a special inspection, publish a report and make recommendations; and
  - recommend to ministers of the Welsh Government that they intervene in some way.

- 5 During the course of the year, the Auditor General did not make any formal recommendations. However, we have made a number of proposals for improvement and these are repeated in this report. We will monitor progress against them and relevant recommendations made in our national reports ([Appendix 3](#)) as part of our improvement assessment work.

## Audit, regulatory and inspection work reported during 2018-19

### Exhibit 1: audit, regulatory and inspection work reported during 2018-19

Description of the work carried out since the last AIR, including that of the relevant regulators, where relevant.

Issue date	Brief description	Conclusions	Proposals for improvement
June 2019	<p><b>Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations</b></p> <p>Examination of the extent to which the Authority has acted in accordance with the sustainable development principle when taking steps to meet the following well-being objective:</p> <ul style="list-style-type: none"> <li>‘Continue to explore opportunities to work with other organisations to offer a wider range of integrated services to the public of North Wales.’</li> </ul> <p>As part of this review we also completed a partnership survey and assessed the effectiveness of the Authority’s partnership work under the Safe and Well Visits and the Arson Reduction Team. The findings of these reviews were reported within our WFG Act examination.</p>	<ul style="list-style-type: none"> <li>The Authority has a track record of long-term prevention activity driven by good use of data but there are opportunities to improve the long-term focus on other aspects of its funding, planning and collaboration work.</li> <li>Integration is progressing slowly and needs to move from commitment to actual integration of plans, strategies and activity.</li> <li>The Authority has some positive examples of how it involves communities in reducing arson and deliberate fire setting but has more work to do to mainstream involvement in all its work.</li> <li>The Authority can demonstrate the positive impact of its collaborations with some key partners but needs to develop and strengthen its relationships and contribution to the objectives of wider partnerships.</li> <li>Prevention is at the heart of the work of FRAs and the Authority has good examples of its positive work. Strengthening evaluation will help avoid duplication and maximise impact.</li> </ul>	<p>Whilst our examination did not make any recommendations, our report did set out opportunities for improvement. These include:</p> <ul style="list-style-type: none"> <li>financial constraints limit the ability of the Authority to implement some non-statutory aspects of potential prevention work;</li> <li>more scope to make use of data around vulnerability, social exclusion and isolation to further target key risks;</li> <li>systematic evaluation of prevention initiatives will help pinpoint impact;</li> <li>co-location effective but more scope to share data with partners;</li> <li>least visible progress is in improving involvement and making the results of engagement a strategic resource; and</li> <li>capacity issues caused by servicing PSBs need to be managed.</li> </ul>

Issue date	Brief description	Conclusions	Proposals for improvement
March 2019	<p><b>Annual audit letter 2017-18</b> Letter summarising the key messages arising from the Auditor General's statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. The Annual Audit Letter is in <a href="#">Appendix 2</a> of this report.</p>	<ul style="list-style-type: none"> <li>• The Authority complied with its responsibilities relating to financial reporting and use of resources.</li> <li>• On 21 September 2018 an unqualified audit opinion was issued on the accounting statements of the Authority and the Fire Fighters' Pension Fund.</li> <li>• The Auditor General is satisfied that the Authority has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.</li> </ul>	None
<b>Improvement planning and reporting</b>			
May 2018	<p><b>Wales Audit Office annual improvement plan audit</b> Review of the Authority's published plans for delivering on improvement objectives.</p>	The Authority has complied with its statutory improvement planning duties.	None
December 2018	<p><b>Wales Audit Office annual assessment of performance audit</b> Review of the Authority's published performance assessment.</p>	The Authority has complied with its statutory improvement reporting duties.	None

# Appendix 1

## Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake a forward-looking annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. Improvement authorities (defined as local councils, national parks, and fire and rescue authorities) have a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'.

The annual improvement assessment considers the likelihood that an authority will comply with its duty to make arrangements to secure continuous improvement. The assessment is also the main piece of work that enables the Auditor General to fulfil his duties. Staff of the Wales Audit Office, on behalf of the Auditor General, produce the annual improvement report. The report discharges the Auditor General's duties under section 24 of the Measure, by summarising his audit and assessment work in a published annual improvement report for each authority. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether (as a result of his improvement plan audit under section 17) he believes that the authority has discharged its improvement planning duties under section 15.

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.



# Appendix 2

## Annual Audit Letter

Councillor Meirick LL Davies (Chairman)  
North Wales Fire and Rescue Authority  
Ffordd Salesbury  
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 Accounts<sup>1</sup>. 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 Report<sup>2</sup>. 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 2017-18<sup>3</sup>.

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.

<sup>1</sup> <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>

<sup>2</sup> <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>

<sup>3</sup> [http://www.audit.wales/system/files/publications/nwfra\\_air\\_eng.pdf](http://www.audit.wales/system/files/publications/nwfra_air_eng.pdf)

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 £3,050<sup>4</sup>, 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, appearing to be '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

<sup>4</sup> 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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# Appendix 3

## National report recommendations 2018-19

### Exhibit 2: national report recommendations 2018-19

Summary of proposals for improvement relevant to local government, included in national reports published by the Wales Audit Office, since publication of the last AIR.

Date of report	Title of review	Recommendation
November 2018	<u><a href="#">Local Government Services to Rural Communities</a></u>	<p>R1 Socio economic change, poor infrastructure and shifts in provision of key services and facilities has resulted in the residualisation of communities in rural Wales. <b>We recommend that Welsh Government support public bodies to deliver a more integrated approach to service delivery in rural areas by:</b></p> <ul style="list-style-type: none"><li>• <b>refreshing rural grant programmes to create sustainable financial structures, with multi-year allocations; and</b></li><li>• <b>helping people and businesses make the most of digital connectivity through targeted and more effective business and adult education support programmes.</b></li></ul> <p>R2 The role of Public Service Boards is evolving but there are opportunities to articulate a clearer and more ambitious shared vision for rural Wales (see paragraphs 2.2 to 2.9 and 2.28 to 2.31). <b>We recommend that PSB public services</b></p>

Date of report	Title of review	Recommendation
		<p><b>partners respond more effectively to the challenges faced by rural communities by:</b></p> <ul style="list-style-type: none"> <li>• <b>assessing the strengths and weaknesses of their different rural communities using the Welsh Governments Rural Proofing Tool and identify and agree the local and strategic actions needed to support community sustainability; and</b></li> <li>• <b>ensuring the Local Well-Being Plan sets out a more optimistic and ambitious vision for ‘place’ with joint priorities co-produced by partners and with citizens to address agreed challenges.</b></li> </ul> <p>R3 To help sustain rural communities, public services need to think differently in the future (see paragraphs 3.1 to 3.12). <b>We recommend councils provide a more effective response to the challenges faced by rural communities by:</b></p> <ul style="list-style-type: none"> <li>• <b>ensuring service commissioners have cost data and qualitative information on the full range of service options available; and</b></li> <li>• <b>using citizens’ views on the availability, affordability, accessibility, adequacy and acceptability of council services to shape the delivery and integration of services.</b></li> </ul> <p>R4 To help sustain rural communities, public services need to act differently in the future (see paragraphs 3.1 to 3.12).</p>

Date of report	Title of review	Recommendation
		<p><b>We recommend councils do more to develop community resilience and self-help by:</b></p> <ul style="list-style-type: none"> <li>• <b>working with relevant bodies such as the Wales Co-operative Centre to support social enterprise and more collaborative business models;</b></li> <li>• <b>providing tailored community outreach for those who face multiple barriers to accessing public services and work;</b></li> <li>• <b>enhancing and recognising the role of town and community councils by capitalising on their local knowledge and supporting them to do more;</b></li> <li>• <b>encouraging a more integrated approach to service delivery in rural areas by establishing pan-public service community hubs, networks of expertise, and clusters of advice and prevention services;</b></li> <li>• <b>enabling local action by supporting community asset transfer identifying which assets are suitable to transfer, and having the right systems in place to make things happen; and</b></li> <li>• <b>improving community-based leadership by developing networks of interest, training and coaching, and encouraging volunteering.</b></li> </ul>

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