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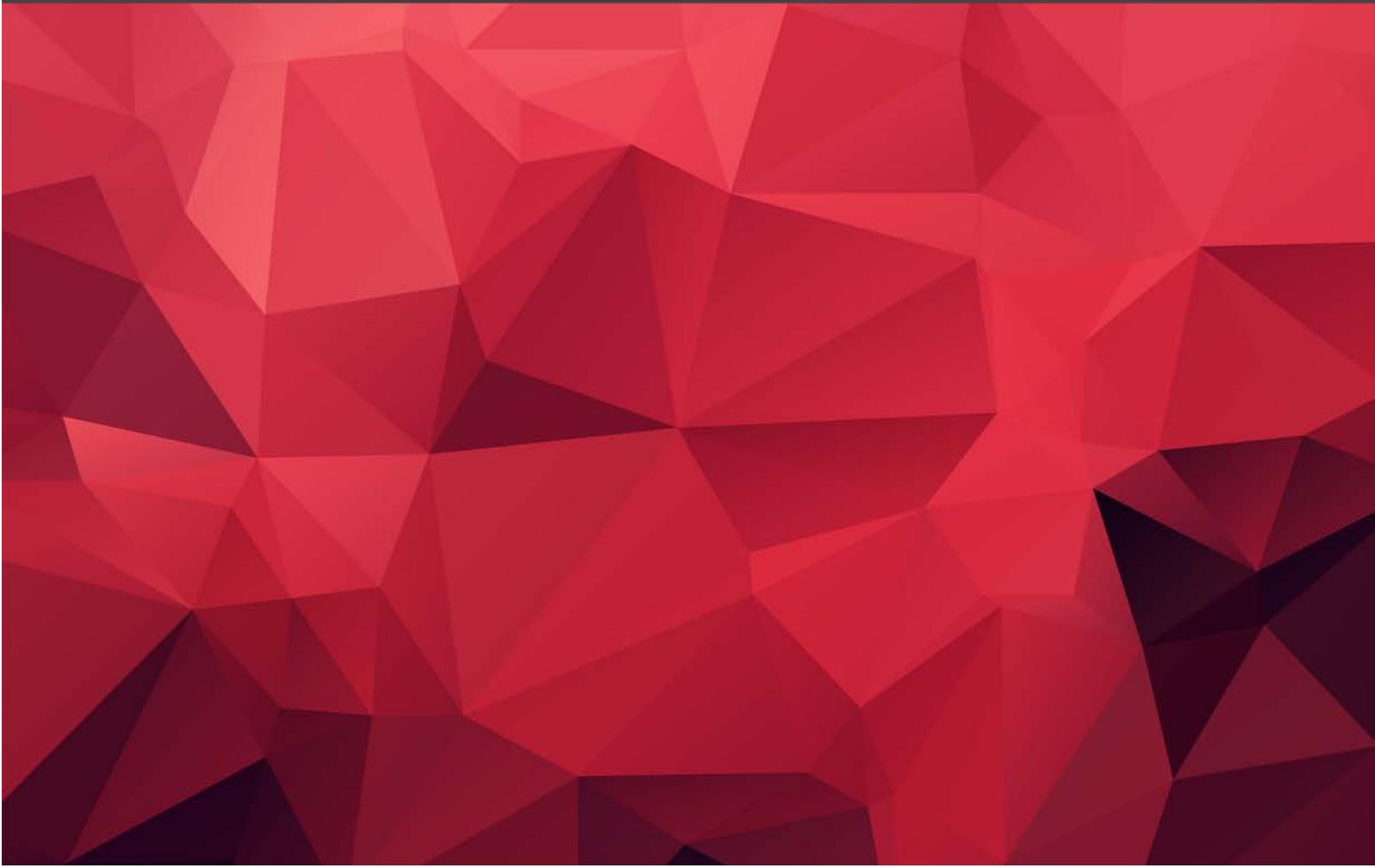
Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# 2018 Audit Plan – North Wales Fire and Rescue Authority

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# 2018 Audit Plan

## Summary

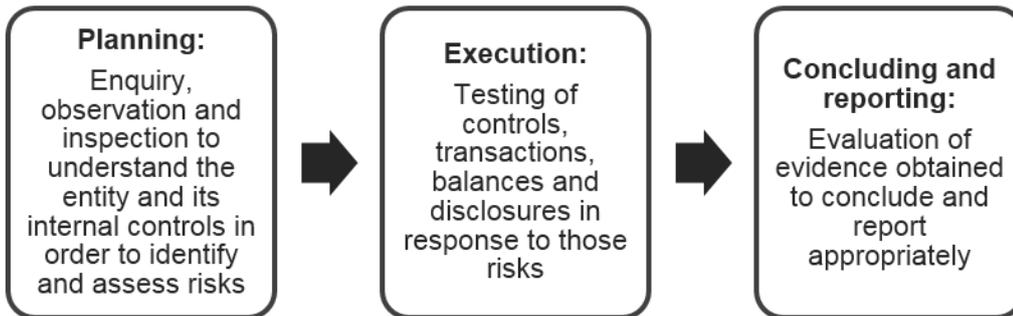
- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), Wellbeing of Future Generations (Wales) Act 2015, the Local Government Act 1999, and the Code of Audit Practice, namely to:
  - examine and certify whether your financial statements are ‘true and fair’;
  - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
  - audit and assess whether you have discharged the duties and met requirements of the Measure; and
  - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it. There have been no limitations imposed on me in planning the scope of this audit.
- 3 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

## Audit of accounts

- 4 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their ‘truth and fairness’. This provides assurance that the accounts:
  - are free from material misstatement, whether caused by fraud or error;
  - comply with statutory and other applicable requirements; and
  - comply with all relevant requirements for accounting presentation and disclosure.
- 5 I also consider whether or not North Wales Fire and Rescue Authority (the Authority) has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements. I am also responsible for the audit of the Authority’s Fire Fighters’ Pension Fund accounts.
- 6 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

**Exhibit 1: my audit approach**

My audit approach involves three key stages: planning, execution and finally concluding and reporting.



7 **Exhibit 2** sets out some of the main risks of material misstatement that my audit work to date has identified, together with a brief commentary on my proposed audit work.

**Exhibit 2: financial audit risks**

This table summarises the key financial audit risks identified at the planning stage of the audit.

<b>Financial audit risk</b>	<b>Proposed audit response</b>
There is the risk that the Authority’s key financial systems and controls are not designed or operating effectively to prevent and detect material misstatements in the financial statements.	My audit team will review the key controls to support the production of accurate accounts, including the main accounting system, closedown procedures and where necessary underlying systems.
There is the risk of material misstatement in the financial statements arising from error or omission of transactions, balances and disclosure.	My audit team will undertake a programme of audit testing to address risks identified as part of our planning work and review of the draft financial statements.
The accounting treatment for property, plant and equipment is complex, increasing the risk of error or omission in the financial statements. For the past two years I have raised concerns that the asset register does not hold sufficient details for IT and operational equipment and I recommended that the Authority should: <ul style="list-style-type: none"> <li>• revise its asset register so that it includes all relevant information, which fully meets the needs of the accounting policies in place and enables the preparation and audit of the annual financial statements;</li> </ul>	My audit team will review the accounting and disclosure of property, plant and equipment to ensure they are accounted for in accordance with relevant accounting standards. My audit team will also consider the progress made by the Authority in addressing the agreed recommendations.

Financial audit risk	Proposed audit response
<ul style="list-style-type: none"> <li>• implement a robust process so that the Finance Team is routinely notified of all equipment asset disposals; and</li> <li>• ensure that the classification of assets between tangible and non tangible assets is accurate.</li> </ul>	
<p>There is a risk that the financial statements do not agree to the underlying records or contain errors which could be resolved with a robust quality assurance review. In 2016-17 I raised concerns about:</p> <ul style="list-style-type: none"> <li>• working papers that were not self explanatory nor sufficiently detailed to support the financial statements;</li> <li>• accounting short cuts resulting in 'net' transactions which were not in accordance with correct accounting treatment;</li> <li>• the basis of accounting for grant income and expenditure (in balance sheet holding accounts) which increases the risk that the relevant income and expenditure is transferred to the revenue account incorrectly;</li> <li>• financial transactions to account for pension liabilities which are not being included in the financial ledger; and</li> <li>• prima facie errors and other inconsistencies in the financial statements.</li> </ul>	<p>My audit team will:</p> <ul style="list-style-type: none"> <li>• review the financial statements to ensure they agree with the underlying financial records (including pension liability transactions) and other relevant supporting information;</li> <li>• review the basis of accounting to ensure that it is in accordance with correct accounting treatment;</li> <li>• carry out audit testing to ensure that grant income and expenditure is accounted for correctly; and</li> <li>• review the progress made by the Authority in completing a robust quality assurance review of the draft financial statements.</li> </ul>
<p>The Authority participates in defined benefit pension schemes for both uniformed and non-uniformed employees. The accounting treatment for these schemes is complex, increasing the risk of error or omission in the financial statements.</p> <p>Last year I reported that benefits payable, in the Firefighters Pension fund account, had been accounted for incorrectly. May to April payments had been accounted for instead April to March payments. As a result a number of entries were misstated in both the Fire Authority accounts and the Firefighters Pension Fund Account.</p> <p>In addition, the actuary had prepared the pension disclosures on an incorrect basis. This treatment will need to be considered when preparing the 2017-18 financial statements.</p>	<p>My audit team will review the accounting and disclosure of the pension schemes to ensure they are in line with the relevant accounting standards.</p>

Financial audit risk	Proposed audit response
In December 2017, the Authority approved a change to its Minimum Revenue Provision (MRP) policy. There is a risk that the provision may not be in accordance with relevant Regulations.	My audit team will review the basis of the change in the MRP policy to ensure that it is appropriate.
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"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>

- 8 Next year the Authority will have to present its draft 2018-19 financial statements to me by 31 May 2019 (one month earlier), with my audit certification required by 31 July 2019 (two months earlier). The Authority therefore needs to develop a comprehensive project plan for its earlier preparation of the 2018-19 financial statements. As well as the earlier preparation of the draft financial statements, the plan will also need to cover key areas such as the timing of the relevant committees to consider and approve the financial statements, and the availability of key officers and their engagement with auditors during June and July.
- 9 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes, but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Authority prior to completion of the audit.
- 10 For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of 5% of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
- 11 My fees are based on the following assumptions:
- management has implemented their agreed actions in respect of the 2016-17 audit recommendations, by the agreed dates. However, from my discussions with officers, it would appear that a number of recommendations are still to be implemented despite the agreed dates having passed;
  - information provided to support the financial statements is timely, to the quality expected and has been subject to a robust quality assurance review;
  - all appropriate officials will be available during the audit and respond promptly to requests for information and audit queries;
  - 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; and

- Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

## Statutory audit functions

- 12 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
  - Section 31 Right to make objections at audit.
- 13 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 14 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Performance audit

- 15 I need to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments. In discharging my responsibilities I will continue to seek to strike the most appropriate balance and add value by:
- providing assurance on the governance and stewardship of public money and assets;
  - offering insight on the extent to which resources are used wisely in meeting people's needs; and
  - identifying and promoting ways by which the provision of public services may be improved.
- 16 As it is likely that the anticipated Local Government Wales Bill will propose that the Local Government (Wales) Measure 2009 no longer applies to councils, I will minimise work that focuses on the process of improvement planning.
- 17 In recent years I have placed reliance on my work under the Measure to help discharge my duty under the Public Audit (Wales) Act 2004 to satisfy myself that councils have made proper arrangements to secure economy, efficiency and effectiveness (value for money) in the use of resources. Given that in the future I will be unable to rely on my work under the Measure, in 2018-19, and subsequent years, the focus of my local performance audit programmes will be more clearly aligned to discharging my Public Audit (Wales) Act 2004 duty.
- 18 In 2017-18 I undertook my first work under the Wellbeing of Future Generations (Wales) Act 2015, the Year One Commentary. This work sought to identify how public bodies are beginning to respond to the Act and share emerging practice. My 2018-19 programme will include the first examinations to be carried out under the Act. These examinations will assess the extent to which you are applying the

sustainable development principle when taking steps towards meeting your well-being objectives.

- 19 The Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. **Exhibit 3** summarises the present position on the current programme of studies. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.
- 20 In the spring of 2018 I will also be consulting on my forward programme of studies across all sectors and I would welcome views on the areas I should focus my national reviews on when the consultation is launched.

### Exhibit 3: local government studies

In Spring 2018 I published three national reports related to local government and will undertake fieldwork for a further three reports during the summer and autumn of 2018

Study	Status
<b>2016-17 studies</b>	
How local government manages demand	Published January 9 2018
Strategic commissioning	Publish in April 2018
Improving wellbeing through housing adaptations	Published February 22 2018
<b>2017-18 studies</b>	
Services to rural communities	Fieldwork complete – Publish Summer/Autumn 2018
Use of data	Fieldwork complete – Publish Summer/Autumn 2018
Integrated care fund	Fieldwork February – Publish Autumn 2018

21 Taking all these factors into consideration, my 2018-19 programme of work will comprise:

**Exhibit 4: performance audit programme**

My 2018 performance audit programme will include local projects and national studies

<b>Performance audit programme</b>	<b>Brief description</b>
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) examinations	Examination of the extent to which the Authority has acted in accordance with the sustainable development principle when taking steps to meet one of the wellbeing objectives.
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Authority putting in place proper arrangements to secure value for money in the use of resources.
Audit Committee - Audit function review	The review will evaluate whether the FRA's Audit Committee is effectively discharging its audit function against the requirements laid down in relevant legislation, guidance and its own constitution.
<b>2018-19 Local Government Studies</b>	Funded by the Welsh Government
Implementation of the Social Services and Well-being Act	The Social Services and Well-being (Wales) Act 2014 focuses on reforming and simplifying the law relating to social services. The Act introduced new duties for local authorities, local health boards and other public bodies and covers adults, children and their carers, and came into force on 6 April 2016. The study will review progress by authorities in delivering their new duties under the Act and help to identify opportunities for improving current management and delivery arrangements. Further information can be found in our call for evidence report published in August 2017.

Performance audit programme	Brief description
Implementation of Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015	The Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 aims to improve the Public Sector response to violence against women, domestic abuse and sexual violence; provide a strategic focus on these issues; and ensure consistent consideration of preventive, protective and supportive mechanisms in the delivery of services. Our review will focus on the effectiveness of arrangements to improve support for people affected by such abuse and violence. Further information can be found in our <a href="#">call for evidence report</a> published in August 2017.
Value for Money of Planning Services	The Planning (Wales) Act 2015 (the Act) gained Royal Assent on 6 July 2015. The Act sets out a series of legislative changes to deliver reform of the planning system in Wales, to ensure that it is fair, resilient and enables development. An effective planning service will be at the front of shaping the character, development and prosperity of a local authority or national park. Given the requirements of the Act, it is important that planning authorities ensure that their services are fit for the future to ensure they meet both their statutory responsibilities but also support the delivery of corporate, regional and national priorities. Our review will consider the effectiveness and impact of planning services on local communities in Wales. Further information can be found in our <a href="#">call for evidence report</a> published in August 2017.

- 22 The performance audit projects included in last year’s Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 2](#).

## Fee, audit team and timetable

### Fee

- 23 Your estimated fee for 2018 is set out in [Exhibit 5](#).
- 24 As per our approved Fee Scheme for 2018-19, a small increase has been applied to my fee rates (less than 1%) which has been offset through efficiencies.

#### Exhibit 5: audit fee

The total audit fee is set out in the table below:

Audit area	Proposed fee (£) <sup>1</sup>	Actual fee last year (£)
Audit of accounts <sup>2</sup>	45,000	<sup>3</sup> 50,600
Performance audit work <sup>4</sup>	15,274	15,274
<b>Total fee</b>	<b>60,274</b>	<b>65,874</b>

#### Notes:

- <sup>1</sup> The fees shown in this document are exclusive of VAT, which is no longer charged to you.
- <sup>2</sup> Payable November 2017 to October 2018.
- <sup>3</sup> Last year's fee estimate was £45,000. The actual fee was £50,600, [as reported to the Authority on 29 January 2018](#)
- <sup>4</sup> Payable April 2018 to March 2019

- 25 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 Fire Authority.
- 26 Further information on my [fee scales and fee setting](#) can be found on the Wales Audit Office website.

## Audit team

27 The main members of my team, together with their contact details, are summarised in **Exhibit 6**.

### Exhibit 6: my team

This table provides contact details for the audit team

Name	Role	Contact number	E-mail address
Jane Holownia	Engagement Director	02920 320565	<a href="mailto:jane.holownia@audit.wales">jane.holownia@audit.wales</a>
Mark Jones	Engagement Lead – Financial Audit	02920 320631	<a href="mailto:mark.jones@audit.wales">mark.jones@audit.wales</a>
Amanda Hughes	Financial Audit Manager	07969 919986	<a href="mailto:amanda.hughes@audit.wales">amanda.hughes@audit.wales</a>
David Catherall	Financial Audit Team Leader	07870 265458	<a href="mailto:david.catherall@audit.wales">david.catherall@audit.wales</a>
Jeremy Evans	Performance Audit Manager	07825 052861	<a href="mailto:jeremy.evans@audit.wales">jeremy.evans@audit.wales</a>

28 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.

## Timetable

29 I will provide reports, or other outputs as agreed, to the Authority covering the areas of work identified in this document. My key milestones are set out in **Exhibit 7**.

### Exhibit 7: timetable

Planned output	Work undertaken	Report finalised
<b>2018 Audit Plan</b>	January – March 2018	April 2018
<b>Financial accounts work:</b> <ul style="list-style-type: none"><li>Audit of Financial Statements Report</li><li>Opinion on Financial Statements</li></ul>	February to September 2018	September 2018 September 2018
<b>Performance work:</b> <ul style="list-style-type: none"><li>Improvement Plan Audit</li><li>Assessment of Performance Audit</li><li>Assurance and Risk Assessment</li></ul>	April 2018 November 2018 April 2018 – March 2019	May 2018 December 2018

Planned output	Work undertaken	Report finalised
<ul style="list-style-type: none"> <li>WFG Act Examinations</li> <li>FAPM<sup>2</sup> review</li> </ul>	November 2018 to February 2019 July 2018 – December 2018	March 2019 December 2018
Annual Improvement Report	April 2018 – May 2019	June 2019

\* all dates are subject to timely clearance of my draft findings with the Authority.

<sup>2</sup> Finance, Audit and Performance Management Committee

## Future developments to my audit work

- 30 Details of future developments including changes to key International Financial Reporting Standards (IFRS) and of the Wales Audit Office's Good Practice Exchange (GPX) seminars are set out in [Appendix 3](#).
- 31 The Wales Audit Office's GPX programme seeks to support the improvement of public services across Wales by identifying and sharing good practice. The GPX seminars bring a range of public sector bodies together to share their practical experiences and learning in areas we consider would benefit from sharing good practice. The seminars are provided free of charge to delegates. Forthcoming events include:
- **Sustainable Procurement.** Focused upon how to create a mind-set that supports sustainable procurement in relation to the WFG Act
  - **Measuring Outcomes.** Supporting the WFG Act, 44 bodies shift their focus from outputs to outcomes and impact
  - **Adverse Childhood Experiences.** In partnership with ACE's Hub at Public Health Wales and the Future Generations Office
  - **Digital Seminar,** taking account of the Wales Audit Office 'Using Data Effectively' study. Working in partnership with The Information Commissioners Office and Y Lab
  - **Building Resilient Communities.** Focussing on renewable energy, community skills, Welsh Language, housing and economy and Public Health Wales
  - **Partnership working between Voluntary bodies and Public Sector Bodies.** Will also include the launch of the Good Practice Guide to Grants Management.
  - **Financial Audit – Early Closure of Local Government Accounts.** Focussing on cultural and behaviour changes
  - **Alternative Service Delivery Models.** In partnership with WLGA, WCVA, Community Housing Cymru, Welsh NHS Confederation, and Good Practice Wales
  - **Cybersecurity.** Focusing on governance arrangements
  - **Preventing Hospital Admissions.** Jointly with NHS, Social Care, Housing and partners from the Third Sector
  - **Youth.** Following thematic reports from Estyn, CSSIW, HIW and the Wales Audit Office on the topic of youth. The GPX team will follow on with a seminar to share the learning

# Appendix 1

## Respective responsibilities

### Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- their 'truth and fairness', providing assurance that they:
  - are free from material misstatement, whether caused by fraud or error;
  - comply with the statutory and other applicable requirements; and
  - comply with all relevant requirements for accounting presentation and disclosure.
- the consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether the Fire Authority has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- The Fire Authority's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the Fire Authority's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;

- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the Fire Authority from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

## Performance audit

The Public Audit (Wales) Act 2004 requires me, by examination of the accounts or otherwise, to satisfy myself that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. I must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities

and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Section 15 of the Well-being of Future Generations Act (Wales) 2015 requires me to carry out examinations of public bodies for the purposes of assessing the extent to which it has acted in accordance with the sustainable development principle when:

- (a) setting well-being objectives; and
- (b) taking steps to meet those objectives.

I must carry out such an examination of each public body at least once during a five-year period. Before the end of the period I must report on the results of those examinations to the National Assembly.

# Appendix 2

## Performance work in last year's audit plan still in progress

Exhibit 8: performance work in last year's audit outline still in progress

Performance audit work included in last year's audit plan that remains outstanding.

Performance audit project	Status	Comment
Annual Improvement Report (AIR)	Report from the Auditor General for Wales reviewing the Council's performance and arrangements.	To be published Summer 2018.

# Appendix 3

## Other future developments

### Forthcoming key IFRS changes

#### Exhibit 9: forthcoming key IFRS changes

There are three key changes to accounting rules that will impact on the Authority over the next three years.

Standard	Effective date	Further details
<b>IFRS 9 Financial instruments</b>	2018-19	IFRS 9 financial instruments will replace IAS 39 and includes a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39.
<b>IFRS 15 Revenue from contracts with customers</b>	2018-19	IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration the body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.
<b>IFRS 16 Leases</b>	2019-20	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on the balance sheet as an asset based on a 'right of use' principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

## General Data Protection Regulation (GDPR)

The GDPR is a new data protection law for the whole of the EU applicable from 25 May 2018, which has the intention of harmonising and updating data protection laws. The UK Government has introduced the Data Protection Bill which will incorporate the GDPR into UK law and replace the 1998 Data Protection Act, and which it intends will also come into force on 25 May 2018.

The GDPR introduces new requirements for personal data processing, including an accountability principle which will require more detailed records of the processing of personal data, evidence of compliance with the data protection principles and the technical and organisational security measures taken to protect the data. We are updating our own policies, processes and documentation with a view to meeting these requirements and expect that the bodies we audit will be taking similar steps. Key areas of additional work include the use of more detailed fair processing notices, more privacy impact assessments and more extensive record keeping in relation to processing activities.

## Wales Pension Partnership

The administering authorities for the eight Local Government Pension Scheme (LGPS) funds in Wales have established a pension investment pool in line with government requirements. The Wales Pension Partnership Joint Governance Committee will, from April 2018 onwards, oversee the pooling of some £15 billion of investments from the eight LGPS funds in Wales.

The relevant authorities need to be fully engaged in this process to ensure that appropriate arrangements are put in place that meet their requirements and to achieve the benefits of pooling which include economies of scale and reduced costs.

## Good Practice Exchange

The Wales Audit Office's Good Practice Exchange (GPX) helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face-to-face and resources shared online.

### Exhibit 10: planned forthcoming GPX webinars and Seminars.

My planned GPX programme includes 11 subject areas

Date	Format	Topic
April 2018	Webinar	<b>Sustainable Procurement.</b> Focused upon how to create a mind-set that supports sustainable procurement in relation to the WFG Act.
May 2018	Webinar	<b>Measuring Outcomes.</b> Supporting the WFG Act 44 bodies shift their focus from outputs to outcomes and impact.

Date	Format	Topic
June 2018	Seminar	<b>Adverse Childhood Experiences.</b> In partnership with ACE's Hub at Public Health Wales and the Future Generations Office.
June 2018	Seminar	<b>Digital.</b> Seminar, taking account of the Wales Audit Office 'Using Data Effectively' study. Working in partnership with The Information Commissioners Office and Y Lab.
July 2018	Seminar	<b>Building Resilient Communities.</b> Focussing on renewable energy, community skills, Welsh Language, housing and economy and Public Health Wales.
September 2018	Seminar	<b>Partnership working between Voluntary bodies and Public Sector Bodies.</b> Will also include the launch of the Good Practice Guide to Grants Management.
October 2018	Webinar	<b>Financial Audit – Early Closure of Local Government Accounts.</b> Focussing on cultural and behaviour changes.
December 2018	Seminar	<b>Alternative Service Delivery Models.</b> In partnership with WLGA, WCVA, Community Housing Cymru, Welsh NHS Confederation and Good Practice Wales.
January 2019	Webinar	<b>Cybersecurity.</b> Focusing on governance arrangements.
February 2019	Seminar	<b>Preventing Hospital Admissions.</b> Jointly with NHS, Social Care, Housing and partners from the Third Sector.
March 2019	Seminar	<b>Youth.</b> Following thematic reports from Estyn, CSSIW, HIW and the Wales Audit Office on the topic of youth. The GPX team will follow on with a seminar to share the learning.

# Appendix 4

## National value-for-money studies

The Council may also be interested in the national value-for-money examinations that I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are supported by funds approved by the National Assembly. Reports are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure and potentially support scrutiny by other National Assembly committees.

**Exhibit 11** covers all of the value-for-money studies work currently programmed. The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work, follow-up work, or based on the findings of other reactive examinations.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

### Exhibit 11: national value-for-money studies

Topic	Anticipated publication (as at 11 January 2018)
Primary care services <sup>3</sup>	February/March 2018
Access to public services with the support of specialist interpretation and translation	March/April 2018
Waste management (waste prevention) Waste management (municipal recycling) Waste management (procurement of infrastructure)	March/May 2018
Early intervention and public behaviour change <sup>4</sup>	March/April 2018
GP out-of-hours services – national summary report	April/May 2018
Rural Development Programme 2014 – 2020	April/May 2018
Business finance	May 2018

<sup>3</sup> An initial data rich report presenting a 'picture of primary care' in advance of further local audit work.

<sup>4</sup> Following on from some good practice work, we are planning to produce a short summary paper to highlight some of the issues raised and evidence gathered through that work, supported by a series of podcasts.

Topic	Anticipated publication (as at 11 January 2018)
NHS agency staffing costs <sup>5</sup>	Summer 2018
EU Structural Funds programmes 2014 – 2020	Summer 2018
Improving the wellbeing of young people	Autumn 2018
Radiology services – national summary	To be confirmed
Integrated Care Fund	To be confirmed
Care experienced by children and young people <sup>6</sup>	To be confirmed

<sup>5</sup> Work has recently commenced on gathering data from across the health services of the UK to support a paper on the various approaches being taken to address the increasing costs of employing agency medical and nursing staff within the NHS. The precise format for this output is still to be determined.

<sup>6</sup> The PAC has now set out its initial plans for some ongoing inquiry work on this topic. I will be supporting this work, although the precise nature of, and timescale for, any additional audit-related outputs is still to be determined.



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