

AWDURDOD TÂN AC ACHUB GOGLEDD CYMRU



NORTH WALES FIRE AND RESCUE AUTHORITY

A meeting of the NORTH WALES FIRE AND RESCUE AUTHORITY will be held MONDAY 20 JUNE 2022 virtually via Zoom.

The meeting will start immediately after the annual meeting.

Yours faithfully

Gareth Owens
Clerk

AGENDA

1. Apologies

2. Declarations of Interest

3. Notice of Urgent Matters

Notice of items which, in the opinion of the Chair, should be considered at the meeting as a matter of urgency pursuant to Section 100B (4) of the Local Government Act, 1972.

4. Minutes of meeting held on 14 March 2022

5. Matters Arising

6. Wildfires (presentation)

7. Financial Year End 2021/22

8. Annual Governance Statement 2021/22

9. Firefighters Pension Schemes Local Pension Board – Annual Report 2021/22

10. Internal Audit Annual Report 2021/22

11. Audit Plan 2022 – Audit Wales

12. Urgent Matters

To consider any items which the Chair has decided are urgent (pursuant to Section 100B (4) of the Local Government Act, 1972) and of which substance has been declared under item 2 above.

PART II

It is recommended pursuant to Section 100A (4) of the Local Government Act, 1972 that the Press and Public be excluded from the meeting during consideration of the following item(s) of business because it is likely that there would be disclosed to them exempt information as defined in Paragraph(s) 12 to 18 of Part 4 of Schedule 12A of the Local Government Act 1972.

13. None.

NORTH WALES FIRE AND RESCUE AUTHORITY

Minutes of the meeting of North Wales Fire and Rescue Authority held on Monday 14 March 2022 virtually via Zoom. Meeting commenced at 9.30am.

Councillor

P R Lewis (Chair)
D Rees (Deputy Chair)
R E Parry
B Blakeley
A Davies
M Ll Davies
A I Dunbar
V Gay
P Shotton
W O Thomas
D Wisinger
J B Hughes
G A Roberts
J W Parry
G Williams
B Apsley
G Lowe
A Roberts

Representing

Conwy County Borough Council
Anglesey County Council
Conwy County Borough Council
Denbighshire County Council
Denbighshire County Council
Denbighshire County Council
Flintshire County Council
Gwynedd Council
Gwynedd Council
Gwynedd Council
Gwynedd Council
Wrexham County Borough Council
Wrexham County Borough Council
Wrexham County Borough Council

Also present:

D Docx (Chief Fire Officer); G Owens (Clerk and Monitoring Officer); S Forshaw (Deputy Chief Fire Officer); R Fairhead, H MacArthur and S Millington (Assistant Chief Fire Officers); S Morris (Assistant Chief Officer); D Hughes and A Jones (Area Managers); G Williams (Conwy County Borough Council); M Georgiou (Deputy Clerk and Monitoring Officer); T Williams (Corporate Communications Manager); A Davies (Member Liaison Officer).

1 APOLOGIES

Councillor

M Dixon
P Evans
R Griffiths
S Lloyd-Williams
A Tansley

Representing

Wrexham County Borough Council
Denbighshire County Council
Anglesey County Council
Conwy County Borough Council
Conwy County Borough Council

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3 NOTICE OF URGENT MATTERS

3.1 There was no notice of urgent matters.

4 MINUTES OF THE MEETING HELD ON 20 DECEMBER 2021 AND MINUTES OF EXTRAORDINARY MEETINGS HELD ON 14 FEBRUARY 2022 AND 25 OCTOBER 2021

4.1 The minutes of the following Fire and Rescue Authority meetings were submitted for approval:
20 December 2021
25 October 2021 (extraordinary meeting)
14 February 2022 (extraordinary meeting)

4.2 **RESOLVED to approve the minutes as noted above as a true and correct record of the meetings held.**

5 MATTERS ARISING

5.1 There were no matters arising.

6 COVID UPDATE

6.1 ACFO Fairhead gave members the latest information about the impact of Covid across the Service.

6.2 It was noted that the Service's strategic intent throughout the pandemic had been 'to keep staff safe, continue to provide our services and work through the recovery phase'. The Service had held regular business continuity management meetings throughout and all actions and decisions have been recorded.

6.3 With the rules in Wales changing at the end of the month, the Service will continue to follow Welsh Government advice and will start moving towards the new 'normal' which will include more familiar working patterns and a return to face to face meetings with robust risk assessments and control measures in place.

6.4 The ACFO wished to place on record the principal officers' appreciation of the commitment, professionalism and dedication demonstrated by every member of staff throughout the pandemic and their continued support in moving through the recovery phase. The Chair, on behalf of Members, reiterated the ACFO's comments and thanked all NWFRS staff.

6.5 **RESOLVED to note the update.**

7 APPOINTMENT AND PROMOTION PROCESS TO THE NEW STRUCTURE

7.1 The CFO presented the report which provided Members with an update on the resolution of the internal recruitment and promotion issues and the implementation of a new structure.

7.2 The CFO explained that over the last nine months a new "Internal Recruitment and Promotion" process had been developed and agreed with the representative bodies. Following testing, it had been used to appoint to the many vacant operational manager posts within North Wales Fire and Rescue Service. Simultaneously a revised internal structure had been created and consulted upon. The structure sought to address the need for visible leadership, closer connection and support for stations. The new structure will be implemented as of 1 April 2022 and reviewed after the first year in operation.

7.3 The Chief Fire Officer wished to place on record her thanks to all employees working within the Human Resources and Training departments and the Officers, at every level, who undertook the training and carried out all the assessments and interviews. They should be congratulated for being able to undertake the work and resolve these cultural issues within such short timescales. Members reiterated the CFO's comments and were pleased with the progress that had been made in the relatively short space of time since the CFO's appointment into the role.

7.4 **RESOLVED to note the new structure and progress made to resolve the internal recruitment and promotion issues.**

8 CHAIR'S REPORT

8.1 The Chair informed Members of meetings and events he had attended including the WLGA fire and rescue panel online meeting which the Chair, Deputy Chair and Chief Fire Officer had attended. An update had been received on the Emergency Services Network, the future role of the firefighter and business fire safety requirements. Concern had been expressed by representatives from all three fire and rescue authorities in Wales about funding and future projections over the next two years.

8.2 **RESOLVED to note the information provided.**

- 9 ANNUAL REVIEW OF THE AUTHORITY'S CORPORATE PLAN 2021-24
- 9.1 ACO Morris presented the 2022/23 revision of the Authority's Corporate Plan 2021-24 which required Members' approval. The Corporate Plan outlined the seven long-term improvement and well-being objectives and the proposed actions to address these objectives.
- 9.2 Members were reminded that the Authority had published its Corporate Plan 2021-24 in March 2021. Thereafter in October 2021 Members had confirmed their intention to continue to pursue those same objectives in 2022/23. However, in November 2021 Members reflected on some key challenges that had been highlighted through the new Chief Fire Officer's situational assessment, and the consequences for the Authority's budget. The revenue budget subsequently approved in December 2021 included an increase of £1.3m to address those challenges.
- 9.3 It was noted that the revisions to the Corporate Plan for 2021-24 reflected the key challenges identified and the proposed actions to start addressing areas such as:
- maintaining enough availability of on-call fire crews;
 - ensuring enough resources to maintain and develop firefighter skills; and
 - having sufficient corporate capacity to meet current and future demand.
- 9.4 Members were supportive of the revisions and thanked the authors of the corporate plan for producing the comprehensive document.
- 9.5 **RESOLVED to approve the revision of the Corporate Plan 2021-24 for publication on the Authority's website before the end of March 2022.**
- 10 CAPITAL STRATEGY 2022/23 – 2024/25
- 10.1 The report presented the Capital Strategy for the period April 2022 – March 2025 and the prudential indicators and treasury strategies.
- 10.2 It was noted that the report had been presented to the Audit Committee on 24 January. Having received a detailed explanation about the strategy including the prudential indicators and the strategy to be followed regarding borrowing and investing the Authority's funds in the financial year 2022/23, Members of the Audit Committee had recommended that the report be submitted to the Authority for approval.

- 10.3 **RESOLVED to approve the Capital Strategy which incorporated the minimum revenue provision policy, treasury management strategy and prudential indicators.**
- 11 PROVISIONAL OUTTURN 2021/22
- 11.1 ACFO MacArthur presented the report detailing the projected revenue and capital expenditure position for 2021/22, as at 31 January 2022.
- 11.2 Members were reminded that the Authority approved the 2021/22 revenue budget of £37.074m at its meeting on 9 November 2020 and the forecast outturn position remained that the Authority will achieve a breakeven position against this budget. Due to Covid 19 restrictions, the budget for the capital plan had been kept under review and revised during the year with the provisional outturn for the capital programme being £1.176m.
- 11.3 **RESOLVED to note:**
- (i) the draft revenue and capital outturn projections for the 2021/22 financial year as detailed within the report; and**
 - (ii) the budget realignment request.**
- 12 PAY POLICY STATEMENT 2022/23
- 12.1 ACFO MacArthur presented the pay policy statement 2022/23 for approval.
- 12.2 It was noted that the pay policy statement is an annual requirement of the Localism Act 2011 and the Authority must approve the pay policy statement before the commencement of the financial year to which it relates.
- 12.3 **RESOLVED to**
- (i) note the requirements of the Localism Act 2011; and**
 - (ii) approve the Pay Policy Statement for the 2022/23 financial year.**
- 13 THE STANDARDS COMMITTEE'S ANNUAL REPORT
- 13.1 The Deputy Clerk presented the Standards Committee's annual report to members.
- 13.2 The Chair thanked members of the Standards Committee for their work and it was **RESOLVED to note the Standards Committee's annual report for 2021/22.**

14 THE INCLUSIVE FIRE SERVICE GROUP

- 14.1 ACO Morris presented the report which provided an update on the work of the Inclusive Fire Service Group (IFSG) and a proposal that formal meetings of the group be discontinued.
- 14.2 Members were advised that progress made in embedding equality, diversity and inclusion into the Service's day-to-day business is such that the need to hold formal meetings of the IFSG had now diminished. It was confirmed that by way of an additional safeguard, work is planned for the beginning of 2022/23 to ensure the actions in the IFSG Improvement Strategy 2019-22, which were continuous in nature, were sufficiently reflected in Service policies, procedures and/or plans.
- 14.3 Members thanked the IFSG for its work and it was **RESOLVED to**
- (i) note the progress made in delivering North Wales Fire and Rescue's IFSG Work Programme 2019-22;**
 - (ii) note the intention to check and confirm to the Service Leadership Team that ongoing actions are reflected in Service policies, procedures and/or plans; and**
 - (iii) endorse the proposal to discontinue formal meetings of North Wales Fire and Rescue's IFSG.**

15 FINANCIAL REGULATIONS

- 15.1 ACFO MacArthur presented the Authority's revised Financial Regulations for Members' approval.
- 15.2 Members were reminded that the Financial Regulations are contained within the Authority's Constitution and provide the governance framework for financial matters. The Regulations had been reviewed and revised to ensure that the Authority complied with the CIPFA Financial Management Code.
- 15.3 It was also noted that the Audit Committee had reviewed the financial regulations at its meeting on 24 January and recommended that they be approved by the Authority.
- 15.4 **RESOLVED to approve the financial regulations.**

16 TEMPORARY DELEGATION OF POWERS BEFORE THE ANNUAL MEETING

- 16.1 The Clerk presented the report which was necessary in order to delegate powers from the end of office of the present members of the Fire and Rescue Authority to the first meeting of the Authority after the elections.
- 16.2 The Clerk explained that Members of the Authority are appointed until the elections in May 2022. However, there is a short period between the elections and the annual meeting of the Authority where there will be no office holders during which time authority to act needs to be delegated to the Chief Fire Officer in respect of decision which cannot be delayed.
- 16.3 **RESOLVED**
- (i) that all the powers of the Fire and Rescue Authority, its committees and its office holders be delegated to the Chief Fire Officer, in consultation with the Clerk and Treasurer, for the period from 10 May 2022 until the first meeting of the Fire and Rescue Authority on 20 June 2022.**
 - (ii) to note that these delegations shall apply only so far as such powers relate to decisions that cannot reasonably be delayed until the date of that first meeting.**

Prior to closing the meeting, the Chair thanked everyone for their attendance. Cllr Lewis explained that this would be his last FRA meeting as he was retiring from his role as councillor; this would bring his 46 year involvement with the fire service in North Wales to an end. He wished everyone well for the future.

On behalf of Members, Cllr Rees thanked Cllr Lewis for the effective way in which he had discharged his duties as Chair of the Fire and Rescue Authority and for being a fantastic ambassador for the Fire and Rescue Service and the Authority.

Report to	North Wales Fire and Rescue Authority
Date	20 June 2022
Lead Officer	Helen MacArthur, ACFO Finance and Resources
Contact Officer	Helen Howard, Head of Finance
Subject	Financial year-end 2021/22



PURPOSE OF REPORT

- 1 To present to Members the draft year-end financial position and performance for 2021/22. The report incorporates the following items:
 - (i) draft 2021/22 Statement of Accounts (the Accounts) presented for audit (Appendix 1). Members are also asked to delegate approval of the final audited version to the Executive Panel at its meeting on 19 September 2022;
 - (ii) confirmation of the proposed reserves as at 31 March 2022 for approval and;
 - (iii) a summary of the bad debts written off during 2021/22.

EXECUTIVE SUMMARY

- 2 The Authority approved the 2021/22 revenue budget of £37.074m at its meeting on 9 November 2020. The final outturn position is an underspend of £0.07m including a transfer of £2.4m into earmarked reserves.
- 3 The Authority approved the 2021/22 capital budget of £3.08m on 9 November 2020. The capital programme remained under review throughout the year and an updated capital plan of £2.386m was agreed during the year. The final position was expenditure of £1.127m.
- 4 The Authority maintains earmarked reserves to provide financial contingency for future events or risks. As at 31 March 2022 a total of £5.7m is held in earmarked and grant reserves.
- 5 Bad debts totalling £787.42 were written off in 2021/22.

RECOMMENDATIONS

- 6 Members are asked to:
 - (i) note the draft revenue and capital outturn positions as detailed within the 2021/22 Statement of Accounts;

- (ii) delegate approval of the final audited 2021/22 Statement of Accounts to the Executive Panel, at its meeting on 19 September 2022;
- (iii) approve the earmarked reserves;
- (iv) note the bad debts written off in 2021/22.

OBSERVATIONS FROM EXECUTIVE PANEL/AUDIT COMMITTEE

7 This report has not previously been considered by members.

BACKGROUND

8 The draft Statement of Accounts for 2021/22 are set out in Appendix 1 and were presented to audit on 31 May 2022. This report provides information on the final revenue and capital expenditure outturn position contained within the draft statement of accounts including a summary of key balance sheet items including the maintenance of earmarked reserves. The report also confirms the outturn position for the Authority's Prudential Indicators contained within appendix 2.

9 Grants that have been awarded in year are detailed within this report.

INFORMATION

REVENUE BUDGET

10 The table below sets out the final revenue outturn position for the 2021/22 financial year. This details an underspend of £0.07m against the budget of £37.074m and includes the contribution to the earmarked reserves.

	2021/22 Budget £000	2021/22 Outturn £000	2021/22 Variance £000
Employee Costs	28,379	26,916	-1,463
Premises	2,725	2,579	-146
Transport	983	1,034	51
Supplies and third party payments	5,005	4,837	-168
Income	-2,485	-3,041	-556
Capital Financing and Interest Charges	2,467	2,305	-162
Transfers to/from Reserves	0	2,374	2,374
Total Revenue	37,074	37,004	-70

Employee Costs

- 11 For the 2021/22 financial year, the budget for expenditure relating to employees was £28.37m which represents 71% of expenditure. The final outturn is an underspend position of £26.92m. This is due to a high number of vacancies across the Service. Although these posts remain critical to the long term delivery of the Authority's objectives it was not possible to finalise the recruitment due to Covid-19 restrictions and the current jobs market.
- 12 Recruitment has re-commenced, several vacancies have been filled and the position will be closely monitored during 2022/23. However, as at 31 March there were 20 full-time equivalent vacancies across a range of functions. In addition there was budget allocated to increase the number of retained firefighters by 40, as recruitment events had been planned.

Premises

- 13 The budget for premises was £2.725m and the outturn was an under spend of £0.146m. Following the successful valuation appeals, there were national non domestic rate savings of £0.30m.
- 14 Since the relaxing of Covid restrictions it has proved difficult to secure contractors to complete works by 31 March and therefore provision has been made in the earmarked reserves to ensure the funding is available for these to be completed.

Transport

- 15 The expenditure for transport related costs was £1.034m which is £0.051m over budget. The Service has seen a marked increase in the cost of diesel and petrol, during the latter part of the year, which accounts for £0.032m of the overspend.

Supplies and Third Party Payments

- 16 The expenditure on supplies amounted to £4.837m which is an under spend of £0.168m against budget. Significant investment in relation to computer licences, equipment and ICT systems has continued as part of the agile working agenda and business continuity arrangements. In total £2.76m was spent on ICT systems and communications. Costs were partially offset by a year-end grant in relation to works completed in readiness for the Emergency Services Network upgrade (£0.210m).
- 17 An earmarked reserve has been increased to £0.848m to ensure that there is funding available for this work to continue.

- 18 Price increases are currently being experienced in relation to all supplies and services and an earmarked reserve of £0.25m has been created to help offset the future impact.

Capital Financing

- 19 The capital financing budget was £2.467m. The capital financing costs include the charge to revenue for depreciation and also the cost of borrowing. The underspend of £0.162m reflects a reduction in interest rates as well as a reduction in the need to borrow.
- 20 An earmarked reserve of £0.20m has been set up to ensure that the increase in interest rates does not impact on the financial position.

Income

- 21 The income budget was £0.356m (net of grants) with year-end income of £0.413m. The £0.057m increase in income is largely due to staff secondments, including to BCUHB to assist with the vaccination programme and the sale of equipment.

Revenue Grant Funding

- 22 A breakdown of grant funding received, for 2021/22, is detailed below.
- 23 Two additional grants were awarded in year to upgrade training facilities and to fund the work completed on IT systems to facilitate the new emergency services network.

	Allocation £000	Actuals £000
Arson Reduction	157	157
Home Safety Equipment	223	213
Youth & Young People Engagement	148	160
All Wales National Resilience	154	233
Firefighters Pension Contributions	1,089	1,089
Firelink Service Fees	416	416
Emergency Services Network Upgrade	210	210
Training Facility Upgrade	146	146
Ask and Act	10	10
Total Grant Funding	2,533	2,634

Although the grant for the training facility upgrade was approved in 2021/22, the works will be completed in 2022/23 as agreed with the Welsh Government.

CAPITAL PROGRAMME

- 24 The revised capital plan totalled £2.386m. This mainly relates to the replacement of 8 fire appliances (£1.95m), for which the order was placed in 2020/21. Due to the build time, these appliances will become operational in 2022/23 when the final payment will become due.
- 25 It was agreed that the order for 5 appliances, that were included in the 2022/23 capital plan, could be ordered during 2021/22 to ensure delivery in 2022/23.
- 26 The final position was expenditure of £1.176m.

		Capital Plan @ Apr 2021 £m	Capital Plan @ 31 Jan 2022 £m	Projection £m	Rollover £m
Fleet	Replacement vehicles and appliances	2.028	2.099	1.176	0.922
Facilities	Building upgrades	0.790	120	0	0.120
Information Technology	System upgrades and associated works	0.167	167	0	0
	Total	2.985	2.386	1.176	1.042

- 27 The financing of the 2021/22 capital plan is as follows:

Funding	Amount £m
Borrowing	1.027
Earmarked Reserves	0.149
Total	1.176

BALANCE SHEET

- 28 The Balance Sheet provides further information on the Authority's long term financial position and includes both assets and liabilities.

Fixed Assets and Borrowing

- 29 Fixed assets relate to items with a cost in excess of £5,000 which are expected to be used over a period exceeding 12 months. The Authority's fixed assets include land and buildings, vehicles, operational equipment and ICT equipment and software costs. The estimated value as at 31 March 2022 is £38.97m (2020/21: £40.1m).
- 30 The last valuation for land and buildings was in 2020/21. The Authority's land and buildings account for 76% of total assets with a net book value of £31.0m as at 31 March 2022.
- 31 The Authority's independent valuers have highlighted ongoing uncertainty in relation to asset values across the public sector. Accordingly, this remains an area of uncertainty and work is ongoing to determine whether a further valuation is required prior to the completion of the audit.
- 32 The Authority is permitted to enter into borrowing arrangements to fund the purchase of fixed assets. At as 31 March 2022 the value of borrowing was £24.43m (2020/21: £26.2m).
- 33 The capital financing costs within the revenue position include £0.350m relating to interest payments on borrowing.

Current Assets and Current Liabilities

- 34 The Authority must maintain adequate resources to ensure that it is able to meet its obligations. This is achieved through the management of cash alongside debtor and creditor balances. As at the balance sheet date the Authority recorded a balance of £6.34m relating to cash and debtors. This is offset by £3.14m relating to amounts owed by the Authority to creditors.
- 35 The cash level was high due to maintaining enough cash to fund the final instalment of the fire appliances, in the capital programme.

Pension Liabilities

- 36 The Authority is required to account for the estimated liabilities relating to its pension schemes. The Authority has two schemes; the Firefighters' Pension Scheme and the Local Government Pension Scheme. The value of future liabilities is calculated by the actuary for each scheme and estimated to be £327.50m as at 31 March 2022 (2020/21: £337.3m). This valuation includes the actuarial assessment of the costs of national legal challenges including the McCloud judgment relating to age discrimination in public sector pension schemes.

Useable Reserves

- 37 The Authority's reserves as at 31 March 2022 amount to £7.23m. This includes £5.71m of earmarked reserves and £01.52m of general reserves.
- 38 An earmarked reserve is created for specific items which are known about at the balance sheet date and may create a future liability. The Authority's earmarked reserves which are detailed in the table below.

Reserve	Value at 1 April 2020 £000	Transfers £000	Value at 31 March 2021 £000	Purpose of the Reserve
Pension reserve	85	0	85	This is a long term reserve which has been established to mitigate the impact of unforeseen in year costs associated with the pension schemes.
Radio Scheme	500	250	750	The Authority receives grant funding to support the national emergency services network for which a replacement is being procured. The reserve has been established to mitigate the risk of additional costs during the procurement phase.
Fire Safety Grant reduction	195	0	195	The Authority incurs revenue expenditure funded via Welsh Government grants. These are agreed on an annual basis and the reserve is in place to address short term costs arising from reductions in grant funding.
Capital Financing	100	200	300	To mitigate the impact of fluctuations in interest rates
Fire Hydrant repairs	90	0	90	To cover the backlog maintenance
Training	100	150	250	Implement legislative requirements regarding increased training and future recommendations expected following the Grenfell public enquiry.
Legal Reserve	200	25	225	Amount set aside to provide for any future legal liabilities

Reserve	Value at 1 April 2020 £000	Transfers £000	Value at 31 March 2021 £000	Purpose of the Reserve
Service Improvements	800	51	851	To fund costs incurred to deliver transformational change and service improvement
Facilities Improvements	490	832	1,322	To ensure buildings meet required standards and improve energy efficiency
Stock	250	0	250	To fund part of the costs of the replacement PPE kit and uniforms
Major Incident	150	0	150	2020/21: funding of additional costs for future major incidents
Systems Improvements	502	346	848	2020/21: Covid 19 resulted in delays in updating IT systems. Reserve set up to ensure funding available to finish the implementations
Inflation	0	250	250	2021/22: mitigate the impact of increased prices
WG grant – Training Facilities Upgrade	0	146	146	2021/22: grant funding to be spent in 2022/23 for upgrading training facilities.
Total	3,462	2,250	5,712	

BAD DEBTS

- 39 Bad debt totalling £787.42 were written off in 2021/22.
- 40 In total 6 invoices were written off, relating to room hire at Rhyl Community Fire Station (£390.00) and overpayments to staff that have left the Service (£397.42).
- 41 Despite numerous attempts it has not been possible to recover these amounts. The balances were deemed uneconomical to pursue any further.

Well-being Objectives	This report links to NWFRA's long-term well-being objectives. Funding for the Service benefits the communities of North Wales and ensures there is sufficient investment in infrastructure to enable the service to provide emergency responses and prevention work well in to the future.
Budget	Budget is set annually in accordance with the proposed service delivery which includes emergency response and prevention work.
Legal	It is a legal requirement that the Authority produces the Statement of Accounts in accordance with the prescribed standards
Staffing	None
Equalities/Human Rights/Welsh Language	None
Risks	Income and expenditure is closely monitored to ensure that deviations from the approved budget are properly identified and reported to Members.

Report to	North Wales Fire and Rescue Authority
Date	20 June 2022
Lead Officer	Shân Morris, Assistant Chief Officer
Contact Officer	Pippa Hardwick, Head of Corporate Planning 01745 352785
Subject	Annual Governance Statement 2021/22



PURPOSE OF REPORT

- 1 This report is to present to Members the draft Annual Governance Statement for 2021/22.

EXECUTIVE SUMMARY

- 2 The CIPFA/Solace Delivering Good Governance in Local Government Framework (2016) (the Framework) requires the Fire and Rescue Authority (the Authority) to publish an Annual Governance Statement.
- 3 The draft Annual Governance Statement for 2021/22 is set out in Appendix 1 and has been prepared in accordance with the principles set out in the Framework. The forward work programme for 2022/23 is contained within the draft Annual Government Statement.
- 4 The Annual Governance Statement will be published as part of the production of the statutory financial statements for 2021/22. An assessment will be made by the external auditor to confirm whether it is consistent with the financial statements and has been produced in line with the Framework.

RECOMMENDATION

- 5 Members are asked to:
 - (i) note the governance arrangements outlined within the draft 2021/22 Annual Governance Statement;
 - (ii) note the forward work plan for 2022/23; and
 - (iii) approve the draft 2021/22 Annual Government Statement.

BACKGROUND

- 6 Since 2010/11 all local government bodies have been required, by the Accounts and Audit Regulations 2015, to prepare an Annual Governance Statement which is published as part of the Statutory Accounts.
- 7 The purpose of the Annual Governance Statement is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation.

INFORMATION

- 8 In 2016, CIPFA and Solace published a new governance framework, Developing Good Governance in Local Government: Framework (the Framework). The Framework is structured around seven principles of governance which enables the Authority to demonstrate its overall arrangements and set out how it has discharged its responsibilities.
- 9 The purpose of the Annual Governance Statement is to set out the Authority's arrangements to ensure that:
 - (i) business is conducted in accordance with all relevant laws and regulations;
 - (ii) public money is safeguarded and properly accounted for ; and
 - (iii) resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.
- 10 The draft 2021/22 Annual Governance Statement is set out in Appendix 1. It provides an overview of the governance arrangements and confirms the work plan for 2022/23.
- 11 The Annual Governance Statement is reviewed by Audit Wales to confirm that it is consistent with its knowledge of the Authority and the financial statements.

IMPLICATIONS

Wellbeing Objectives	This report links to NWFRA's long-term well-being objectives and demonstrates the governance arrangements in place to enable the Service to provide emergency responses and prevention work well in to the future.
Budget	Not applicable
Legal	The Annual Governance Statement has been prepared in accordance with the prescribed standards.
Staffing	None
Equalities/Human Rights/Welsh Language	None
Risks	A sound governance framework supports the Authority's risk management arrangements.

Annual Governance Statement 2021/22

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Delivering Good Governance Framework

The Chartered Institute of Public Finance and Accountancy/Solace Delivering Good Governance in Local Government Framework (2016) (the Framework) requires the Fire and Rescue Authority to publish an Annual Governance Statement, to demonstrate that:

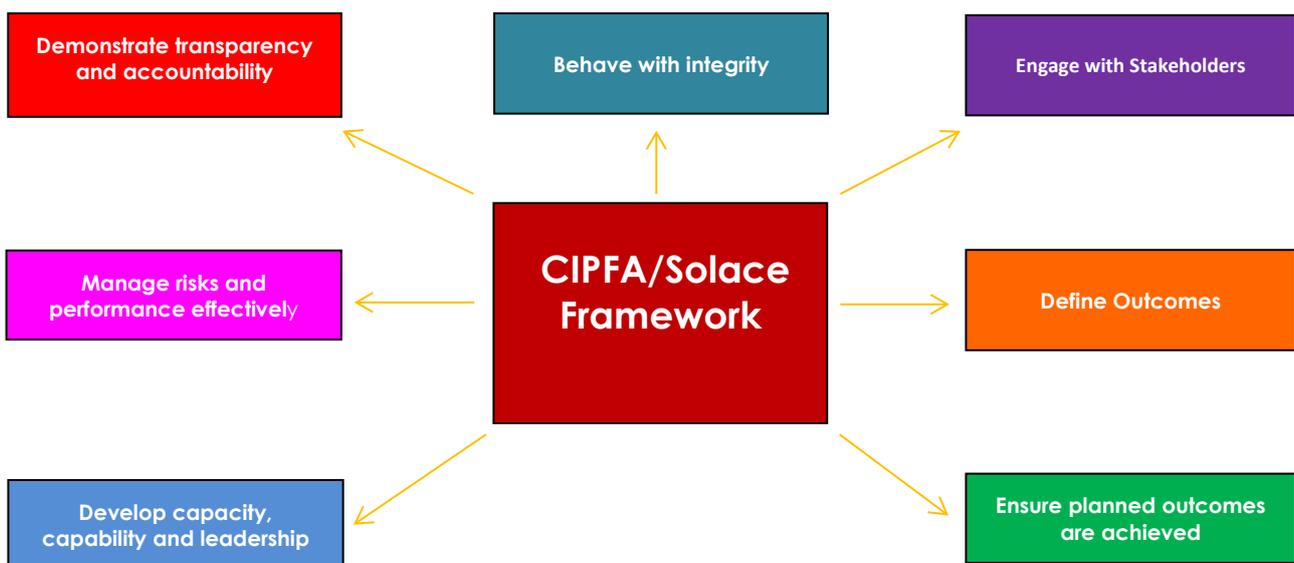
- business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for; and
- resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

To fulfil its wide range of functions, the Authority must satisfy political, economic, social and environmental objectives over the short, medium and longer term. This subjects it to a different set of external and internal constraints and incentives from those found in the private sector, all of which affect its governance arrangements. A key piece of legislation in Wales is the Well-being of Future Generations (Wales) Act 2015, which requires the Authority to consider the longer term in making its decisions and to work collaboratively with other public bodies to improve well-being in Wales.

Stakeholders are, therefore, interested in issues such as:

- whether the Authority's planned outputs have been delivered and outcomes achieved; and
- whether this has been done in an efficient, economic, effective and equitable manner.

The core principles underpinning the CIPFA/Solace Framework are set out below. The following pages detail how the Authority is meeting these principles.



Key Contributors to Developing and Maintaining the Governance Framework

Fire and Rescue Authority	Provides the strategic leadership, political interface and corporate challenge in relation to the provision of fire and rescue services across North Wales, encouraging public participation and conducting its affairs in an open and transparent manner. It agrees the Improvement and Wellbeing Plan, and the revenue and capital budgets.
Executive Panel	Monitors the performance of the Service and makes recommendations to the Authority on its key policies including the Improvement and Wellbeing Plan. The Panel reviews the strategic risk register.
Planning Working Group	Undertakes detailed work associated with the Authority's planning and budget-setting process. It submits its observations to the Executive Panel which in turn makes recommendations for improvement/risk reduction/well-being objectives to the Authority.
Audit Committee	Provides independent review of the governance, risk management and control frameworks and oversees the financial reporting, including the Treasury Management Strategy and annual accounts.
Standards Committee	Promotes and maintains high standards of conduct by Members of the Authority and oversees the whistle-blowing policy for complaints against Members of the Authority. Also, where statute permits, to receive reports and complaints about Members and to conduct or oversee investigations and make recommendations to the Authority.
Service Leadership Team	Sets and leads the implementation of the governance standards across the Service. Receives the annual improvement plan and feeds into the annual self-assessment.
Internal Audit	Provides an annual independent and objective opinion on the adequacy and effectiveness of internal control, risk management and governance arrangements. Investigates fraud and irregularity.

Summary: Governance Arrangements

The Authority is required to review the effectiveness of its arrangements each year to ensure that there is a sound system of governance. The key contributors to this process are summarised on page 2 and include:

- Regularly reviewing the effectiveness of the Authority's Constitution.
- Having an Authority and committee structure that:
 - monitors the effectiveness of risk management arrangements;
 - regularly reviews the governance arrangements;
 - considers and reviews internal and external audit strategies, plans and reports; and
 - reviews, scrutinises and approves the annual statement of accounts.
- Having an Executive Board that:
 - provides leadership on governance;
 - contributes to the completion and review of the Annual Governance Statement; and
 - provides clear direction to the Service and senior managers.
- The use of information from various sources to inform the governance arrangements, for example:
 - performance reports;
 - risk management arrangements;
 - external regulator reports; and
 - the Internal Audit Annual Report.

Achievements against the core principles are set out within pages 5 – 11. The Authority's agreed improvement actions for 2021/22 are contained on page 15, which confirms the progress made.

Covid-19 Governance Impact

In March 2021 North Wales Fire and Rescue Authority published a Corporate Plan for 2021-24 which it revised and updated in March 2022. This Plan is the latest in a series of published documents summarising the Authority's strategic priorities and planned actions, and provides the basis for regular and transparent reporting on progress.

The Authority acknowledged the impact that the COVID-19 had had on its own plans, the Service's workforce and the delivery of community-based services. Inevitably there had been some delay in planned activity, but this experience also provided an opportunity to reflect on the Authority's future course with a fresh perspective on how to progress towards meeting its long-term well-being objectives.

Summary of the Authority's Governance Framework

Principles of Good Governance

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
Ensuring openness and comprehensive stakeholder engagement
Defining outcomes in terms of sustainable economic, social and environmental benefits
Determining the interventions necessary to optimise the achievement of the intended outcomes
Developing the Authority's capacity, including the capability of its leadership and employees
Managing risks and performance through robust internal control and strong financial management
Implementing good practices in transparency, reporting and audit to deliver effective accountability

Evidence Sources

- Medium Term Financial Strategy
- Financial planning
- Partnership arrangements
- HR strategy and policies
- Contract Procedure Rules
- Constitution
- Job descriptions
- Chief Fire Officer
- Treasurer
- Monitoring Officer
- Published reports
- Community Engagement Plan
- Communication Strategy
- Improvement and Well-being Plan
- Integrated Impact Assessments

Assurance Sources

- Performance reports
- Financial reports
- Democratic arrangements
- Reports from external audit and regulators
- Internal Audit reports
- Partnership boards
- Customer feedback
- Consultations

Members

- Fire and Rescue Authority and its committees

Executive

- Executive Board

Evidence Sources

- Leadership
- Core Values
- Equalities arrangements
- FOI arrangements
- Codes of Conduct
- Anti-fraud and Corruption Policy
- Whistle-blowing Policy
- Audit and Standards Committees
- Expert advice and guidance
- Risk management
- Internal controls
- Internal Audit service
- Information management
- Staff and elected member development
- Complaints processes



**Annual Governance and Improvement Assessment signed by
Chair and Chief Fire Officer**



Governance Improvement Action Plan reviewed quarterly by Executive Board

Core Principles

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- The Constitution sets out the responsibilities of the Fire and Rescue Authority and its committees and includes the Scheme of Delegation to Officers.
- The Monitoring Officer ensures that decisions taken are within the law and comply with the provisions of the Constitution.
- The Constitution includes the Code of Conduct for Members and this is monitored by the Standards Committee.
- Where necessary legal advice is sought to inform decision making.
- Codes of Conduct for Members and Officers are in place, which requires the declaration of business interests and recording of the receipt of gifts and/or hospitality.
- The Authority has a procedure to receive and respond to any complaints received. A summary report of complaints and appreciations is provided to the Fire and Rescue Authority annually.
- Key policies are in place to prevent and minimise the risk of fraud. Policies include: Whistleblowing Policy, Anti-Fraud and Corruption Policy and Financial Regulations and Contract Procedure Rules. Where irregularity is suspected arrangements are in place to ensure that it is thoroughly investigated.
- The recruitment policy, induction and training processes incorporate personal behaviours with ethical values. The core values of the Service are fully embedded and include; service to the community, striving for excellence, people and diversity and inclusivity.
- Attainment of the Public Health Wales Corporate Health Bronze and Platinum awards.
- The Inclusive Fire Service Group (IFSG) was established to consider matters relating to equality, diversity and cultural issues. The Group reviewed and updated the core values in 2019/20 to reflect the Service's modern and professional ways of working - [core-values](#)
- Disciplinary cases and any allegations of wrongdoing are investigated in accordance with the Service's Discipline Handbook.
- A Strategic Equality Plan is published in compliance with the Equality Act 2010. Equality objectives are reviewed annually and monitored throughout the year.
- As part of our commitment to the Welsh language, all new members of staff are required to achieve a minimum of Level 2 Welsh language skills.
- The Improvement and Well-being Plan is published on the Authority's website. This details the improvement objectives as required by the Local Government (Wales) Measure 2009, and well-being objectives in accordance with the Well-being of Future Generations (Wales) Act 2015.
- Safeguarding policy and procedure is in place to refer vulnerable people the Service come into contact with, to other agencies.

Core Principles

Ensuring openness and comprehensive stakeholder engagement

- All meetings are advertised and open to the public (subject to pandemic regulations and multi-location meetings guidance), full Authority meetings are webcast. Agendas and papers are available on the Authority's website.
- Information is published on the Authority's website as part of the publication scheme. Easy read/read speak/Welsh versions of documents are provided.
- Public consultation arrangements are in place to invite the views of stakeholders prior to developing and implementing key changes. This includes consultation on the Improvement and Well-being Plan
- The commitment to openness is also shown through:
 - completion of impact assessments for all key decisions;
 - the Complaints and Compliments Procedure which includes Authority reporting arrangements;
 - the Public Engagement and Consultation Strategy (presented to the July 2018 meeting of the Executive Panel);
 - engagement with Employee Representative Bodies;
 - membership of the North Wales Equality Group.
 - Audit Wales identified areas of good engagement activity but recognised a need to move to an integrated strategic approach to involvement. The full report can be accessed [2019-20 review of involvement](#) and will be considered further as part of the annual performance assessment.
- A variety of engagement methods are used including:
 - directed communication using social media, with accounts on Facebook and Twitter. Ability to sign up for email updates on specific issues via the website;
 - engagement with young people via the Phoenix programme, Fire cadets and school visits;
 - community safety engagement with householders and businesses;
 - Positive Action events and attendance at park runs for firefighter recruitment;
 - attendance at open days/events – for example the Eisteddfod;
 - internal communications include the Weekly Brief and Y Fflam newsletter;
 - participation in the Local Resilience Forum's Warning and Informing Group including an agreement to retweet messages to reach a wider audience;
 - public media campaigns, led by the Community Safety Managers.
- Partnership arrangements are in place to deliver certain outcomes. For example, Principal Officers attend the four local Public Services Boards and the Regional Partnership Board.
- Collaboration with other Emergency Services partners.

Core Principles

Defining outcomes in terms of sustainable economic, social and environmental benefits

- The Improvement and Well-being Plan sets the strategic direction for the Authority and details the improvement objectives in accordance with the Local Government (Wales) Measure 2009, and well-being objectives in accordance with the Well-being of Future Generations (Wales) Act 2015.
- The Service has four core values – People, Diversity and Inclusivity, Striving For Excellence and Service to the Community. These summarise the principles and personal values that staff are encouraged to adopt and demonstrate.
- The Service has gained White Ribbon accreditation which demonstrates a commitment to stop violence against women.
- The Service has a statutory duty to put in place business continuity arrangements. Plans across the Service have been updated. There is ongoing collaboration with the other fire and rescue services in Wales to improve planning and consider current risks. The National Issues Committee includes a business continuity work stream.
- The Medium-Term Financial Strategy (MTFS) and annual budget process aims to ensure that financial resources are directed to the Authority's priorities.
- Partnership working is undertaken where there are shared objectives and advantages from working together - for example, the Strategic Arson Reduction Board and Public Services Boards.
- The Strategic Risk Management Policy sets out the process used to identify and control exposure to uncertainty, which may impact on the achievement of the objectives or activities. This is reviewed throughout the year to ensure that risks are identified and appropriately assessed. The Corporate Risk Register records these risks, and they are regularly monitored, by the Corporate Planning Department and reported to the Executive Panel.
- Key decisions are subject to an integrated impact assessment, which takes account of equality; data protection; health, safety and wellbeing; Welsh language; finance; sustainability and staffing; Well-being of Future Generations (Wales) Act 2015 and the socio-economic duty that came into force on 1 April 2021.
- Safeguarding policy and procedure is in place to refer vulnerable people the Service come into contact with, to other agencies.

Core Principles

Determining the interventions necessary to optimise the achievement of the intended outcomes

- Public consultation is carried out as part of setting the Authority's objectives which are set out in the Improvement and Well-being Plan. This outlines how the Authority intends to work together with other public bodies to tackle the complex issues that affect people's lives. An assessment of the Authority's performance is published in October each year.
- The Authority's Strategic Risk Management Policy sets out the process used to identify and control exposure to uncertainty, which may impact on the achievement of the objectives or activities. This is reviewed throughout the year to ensure that risks are appropriately managed.
- Following scrutiny from the Executive Group, performance and financial reports are presented to the Authority and its committees.
- Monitoring of availability, incidents, the workforce and budgets ensures that issues are identified and appropriate interventions agreed.
- National Operational Guidance available and an operational learning forum manages and implements any changes
- There is a significant amount of partnership working across Wales to respond to issues facing the fire sector and other more general public sector issues. Collaboration with multiple agencies is an important aspect of the Authority's work including prevention and protection, responding to incidents and use of resources.
- The budget planning processes ensure budgets are prepared in accordance with objectives, strategies and the Medium-Term Financial Strategy (MTFS). This involves input from both Service leads and Authority Members. It shows how the resources will be deployed over the next few years to deliver agreed outcomes and agreed priorities.
- The Audit Wales review of corporate resilience will be considered as part of the annual planning cycling to ensure that opportunities for improvement are fully considered.

Core Principles

Developing the entity's capacity, including the capability of its leadership and the individuals within it

- The Authority's Constitution outlines the roles of elected members and designated officers to enable shared understanding of roles and objectives. The designated posts include the Chief Fire Officer, Treasurer and Monitoring Officer.
- Collaborative and partnership working is in place regionally and nationally. For example, the three fire and rescue services in Wales are part of the all Wales Fire Investigation Training Forum. This supports shared learning and promotes a consistent approach across Wales.
- The All Wales People and Organisational Development Strategy 2021-2024 underpins the commitment to lifelong learning and workplace competence.
- Induction processes are in place for Members and employees. These include an introduction to the organisation's core values, the standards of conduct and the role requirements.
- The development needs of employees are identified through one to one, supervision and appraisal meetings. The Service operates a future leaders programme for staff already employed and has developed a future leader apprenticeship programme, which commenced in April 2021, in conjunction with Coleg Llandrillo.
- The health and wellbeing of the workforce is key to the organisation and support is provided to maintain physical and mental wellbeing. This is achieved through a range of measures including HR policies and guidance documents, flexible working approach, the occupational health service and the employee assistance programme.
- The Service has a dedicated training department, with competency frameworks for operational staff. Training is delivered using a variety of methods including e-learning modules which are mandatory for certain subjects e.g. Data Protection.
- Arrangements are in place for internal reviews of compliance with Service standards and health and safety requirements.
- Staff are members of relevant professional bodies and undertake the required continual professional development.

Core Principles

Managing risks and performance through robust internal control and strong public financial management

- The Treasurer is responsible for the proper administration of the Authority's financial affairs as required by S151 Local Government Finance Act 1992.
- The Monitoring Officer ensures compliance with established policies, procedures, laws and regulations.
- The Strategic Risk Management Policy details the process for the identification and control of risks. A corporate risk register is maintained by the Corporate Planning Department and is monitored throughout the year.
- Reports to the Authority and its committees include an integrated impact assessment to inform and support decisions.
- Business continuity arrangements are in place to ensure that critical services can continue to be delivered at all times.
- Management arrangements ensure that recommendations for improvement made by the Internal Auditor are agreed and monitored.
- Members and senior management are provided with regular reports on Service performance against key performance indicators and milestones.
- The Authority has arrangements to maintain registers of Members' personal and business interests and a register of gifts and hospitality.
- Policies for Anti-Fraud and Corruption and Whistle-blowing are in place which confirms the Authority's commitment to operating in a fair and transparent manner.
- Policies and arrangements are in place to manage the handling of data. These are the Data Protection Policy, Freedom of Information Policy, Data Retention Policy and Communications and Information Security Policy. These policies are supplemented with training and the e-learning module on data protection is mandatory for all staff.
- Information sharing protocols have been developed and agreed with partners.
- Financial management supports the delivery of services and transformational change as well as securing good stewardship. A financial update is presented to each Authority meeting, with reports available to the public on the website.
- The Treasury Management arrangements follow professional practices and are reviewed annually by members.
- The Authority's Statements of Accounts are subject to scrutiny by external audit.

Core Principles

Implementing good practices in transparency, reporting and audit to deliver effective accountability

- The Authority, with assistance from the Monitoring Officer, oversees and reviews the adequacy and effectiveness of the governance arrangements and internal control environment.
- Agendas and minutes of meetings are publicly available on the internet along with webcasts of the Authority meetings (when available).
- Authority reports follow a structured format which ensures that key information is presented in a clear and consistent manner to aid decision making.
- The Authority has a publication scheme and complies with the requirements of the Information Commissioner in relation to Freedom of Information requests which ensures the public have access to information held.
- The Improvement and Well-being Plan documents the objectives of the Authority.
- The Annual Statement of Accounts are produced in a user-friendly format. This provides clear information on income and expenditure and demonstrates the stewardship of public money for the year. The accounts are submitted for audit by the statutory deadline of 31 May.
- The Annual Pay Policy Statement is approved and published in accordance with the Localism Act 2011. Members' salaries are paid in accordance with the Independent Remuneration Panel decisions and reported on the internet.
- Members and senior officers declare relevant interests in accordance with the Code of Practice on Local Authority Accounting in the UK. These declarations enable the Authority to identify and report any related party transactions.
- The Annual Governance Statement provides transparency on the governance arrangements and the planned improvements for the coming year.
- Audit Wales is the external auditor appointed by statute and provides an opinion on the Statement of Accounts, which is published on the Authority's website. The Authority acts on recommendations and, where necessary, takes corrective action.
- The Internal Audit arrangements include a risk-based approach, which provides assurance that key risks are being managed. The Authority acts on recommendations and where necessary, takes corrective action.
- Processes are in place to ensure that recommendations from inspection and regulatory bodies are actioned.
- The Audit Wales review of corporate resilience summarised on page 5 will be considered as part of the annual planning cycling to ensure that opportunities for improvement are fully considered.

How has the Authority Addressed the Governance Improvement Actions from 2021/22?

The Annual Governance and Improvement Assessment 2021/22 contained the following improvement actions. Here is how they have been addressed:

Improvement Action	Responsibility	Progress as at May 2022
<p>The Financial Regulations will be reviewed to ensure they reflect the requirements of the Fire and Rescue Authority, including an assessment of arrangements to achieve the principles of the CIPFA Financial Management Code.</p>	<p>ACFO (Finance and Resources) Head of Finance</p>	<p>The Financial Regulations were updated during 2021/22 and approved by the Fire and Rescue Authority at its meeting in March 2022 following scrutiny by the Audit Committee</p>
<p>Continuation of 2020/2021 action by the ICT Department, in relation to Cyber Essentials Plus to guard against cyber threats.</p>	<p>ACFO (Fire Safety) Senior Control and ICT Manager</p>	<p>In the past year the threat from cyber criminals has increased. The ICT department, working to the guidelines of the National Cyber Security Centre (NCSC) at GCHQ, has taken all possible measures to protect the organisation. The threat is constantly changing and we are vigilant to ensure continued protection. Within ICT there is a Cyber Security Protection Team that meets regularly to plan strategy and threat protection. We also attend meetings with WARP (Warning, Advice and Reporting Point) who are part of the NCSC. We are engaged with cyber security experts (SEP2) to design an Incident Response Plan. Every month we use a product called NESSUS that scans our network for vulnerabilities so that we make interventions to improve security.</p>

Improvement Action	Responsibility	Progress as at May 2022
<p>Following on from the environmental and energy policy statements adopted previously, the Planning Working Group will consider a new environmental strategy.</p>	<p>ACO (Planning and Performance) Corporate Planning Manager</p>	<p>As a consequence of the impact of COVID-19 informal planning working groups could not be held resulting in slower than expected progress, however work has now been reinvigorated to recruit a Climate Change Manager and develop a robust environmental strategy.</p>
<p>Support a regional and national response to the Grenfell incident and implement any procedural changes resulting from the independent review.</p>	<p>ACFO (Fire Safety) Senior Fire Safety Manager</p>	<p>The Service continues to work to improve the safety of High-Rise Residential Buildings (HRRB). At a local level, this involves continuing to audit residential building and providing support to Responsible Persons (RP) in order for them to comply with current fire safety requirements. Nationally, we are working with Welsh Government to support initiatives and law changes they are making to make residential properties safer. This includes the creation of a Joint Inspection Team (JIT), advising and informing the remediation scheme being run by Welsh Government and working to ensure any future legislation is fit for purpose.</p> <p>At a UK level, we are part of the National Fire Chiefs Council's (NFCC) group of fire safety professionals. This allows us to influence UK wide thinking regarding fire safety. We have also been consulted on proposed changes to UK fire safety law.</p> <p>All of the action from stage 1 of the Grenfell Tower Inquiry have been completed and we continue to follow and await the outcome of stage 2 of the inquiry.</p>

Improvement Action	Responsibility	Progress as at May 2022
<p>Ensure the recommendations from the internal Covid-19 response report are progressed during 2021/22.</p>	<p>ACFO (Operations and Training) Senior Operations and Training Managers</p>	<p>Progress has been made against all 20 recommendations with most being fully completed and others transitioning into business as usual process that will change the way that we do things now and in the future. For the purposes of monitoring the actions from the Learning from COVID report are considered to be complete.</p>
<p>Complete all actions and requirements arising from the updated government advice and Scheme Advisory Board for Wales.</p>	<p>ACFO (Finance and Resources) Pensions Manager</p>	<p>The Authority continues to prepare for the implementation of UK Government remedy proposals following the McCloud Judgment. The legislative process is ongoing and implementation is anticipated by October 2023. Update reports have been issued to the Fire and Rescue Authority and the matter is discussed at each Local Pension Board meeting.</p>

Governance Improvement Action Plan 2022/23

The actions planned for 2022/23 are summarised in the table below. Progress during the year will be reported to the Service Leadership Team through the forums shown.

Improvement Area	Planned Action	Forum	Responsibility	Timescale
Cyber Security	Action through the ICT Department to prepare for achieving Cyber Essentials Plus certification to help protect against cyber security threats to the organisation.	Information Steering Group	Head of ICT, Control and Central Area Head of ICT	March 2023
Service Restructure (introduced 1 st April 2022)	Action through the Finance and Corporate Planning Departments to check and confirm that the integrated planning approach remains appropriate and effective.		Head of Finance Head of Corporate Planning	September 2022
	Action through the Service Leadership Team to trial the Service's recently developed Assurance Framework and Building Blocks; and revise if necessary.	Service Leadership Team	DCFO	March 2023
	Action through the Service Leadership Team to design an annual process that explicitly involves the SLT and Internal Audit in assessing the extent to which the principles contained in the Good Governance Framework are being applied.	Service Leadership Team	ACO Head of Corporate Planning	December 2022

Improvement Area	Planned Action	Forum	Responsibility	Timescale
Environmental Strategy	Action through the FRA's Planning Working Group to develop a new Environmental Strategy	Organisational Resourcing Committee Environment and Sustainability Group Planning Working Group (FRA)	Head of Operations and East Area Head of Sustainability Head of Corporate Planning	March 2023
Internal Audit	Review the contract for the provision of Internal Audit services to ensure its continuing effectiveness in providing assurance with regard to governance arrangements and that recommendations are acted upon.		ACFO (Finance and Resources)	December 2022
FRA Member Development	Working with the FRA, design a more structured programme of Member Development to support Members to be effective in fulfilling their leadership and governance roles on the Authority.		ACO Clerk to the FRA Head of Training and Development	December 2022

Improvement Area	Planned Action	Forum	Responsibility	Timescale
Constitution	Action for the Clerk to the FRA to incorporate into the Constitution arrangements for pre-election periods leading up to local government elections and interregnum periods between Authorities.		Clerk to the Fire and Rescue Authority.	March 2023

Governance Opinion and Conclusion

The Authority recognises that good governance provides the foundation for the delivery of good quality services that meet the needs of stakeholders and ensures that public money is well spent. This review confirms the governance systems and monitoring in place for 2021/22 and the steps taken to ensure that they are working effectively.

The Authority is satisfied that appropriate governance arrangements are in place and remains committed to enhancing these through the implementation of the action plan for 2022/23.

Signed:.....(Chair)2022

Signed:(Chief Fire Officer)2022

Report to	North Wales Fire and Rescue Authority
Date	20 June 2022
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer (Finance and Resources)
Contact Officer	Helen MacArthur (01745 535286)
Subject	Firefighters Pension Schemes Local Pension Board – Annual Report 2021/22



PURPOSE OF REPORT

- 1 To present to Authority members the annual report of the Local Pension Board which details the work of the board during the 2021/22 financial year. The annual report is attached at appendix 1.

EXECUTIVE SUMMARY

- 2 The annual report of the Local Pension Board details the work undertaken by the board during 2021/22 and provides a work programme for 2022/23.

RECOMMENDATION

- 3 Members approve the Local Pension Board annual report 2021/22 for publication on the Authority's website.

OBSERVATIONS FROM THE LOCAL PENSION BOARD

- 4 The Annual Report was considered by the Local Pension Board on 15 March 2022 and a recommendation for approval was made.

BACKGROUND

- 5 This document sets out the work undertaken by the Local Pension Board of North Wales Fire and Rescue Authority (the Authority). The Authority is the Scheme Manager as defined under Section 4 of the Public Service Pensions Act 2013. The Local Pension Board is established in accordance with Section 5 of that Act.

INFORMATION

- 6 The new governance requirements around pensions were introduced as a result of the Public Service Pensions Act 2013. The Act provides for clearer governance arrangements with specific defined roles, the publication of more information on a consistent basis, and administration practices in line with those in the private sector.

- 7 The Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015 relating to the creation and ongoing operation of local pensions came into force on 1 April 2015. These regulations require the Authority to establish a Local Pension Board in respect of the Firefighter's Pension Scheme by 1 April 2015.
- 8 The role and remit of the Local Pension Board is to assist the Authority in its capacity as Scheme Manager by making sure it is administering the Firefighters' Pension Scheme effectively and efficiently and is complying with relevant laws and regulations. In order to aid transparency, the Scheme Manager is required to publish the annual report of its Local Pension Board.
- 9 As set in the terms of reference for the Local Pension Board, attached at appendix 2, the annual report should include:
- a summary of the work of the Local Pension Board and a work plan for the coming year;
 - details of areas of concern reported to or raised by the Board and recommendations made;
 - details of any conflicts of interest that have arisen in respect of individual Local Pension Board members and how these have been managed;
 - any areas of risk or concern the Board wish to raise with the Scheme Manager;
 - details of training received and identified training needs; and
 - details of any expenses and costs incurred by the Local Pension Board and any anticipated expenses for the forthcoming year.
- 10 The current Terms of Reference are set out in an appendix to the Annual Report. No amendments are proposed as following review it is considered that these are consistent with the requirements of the Act.

IMPLICATIONS

Wellbeing Objectives	Considered not relevant
Budget	Cost of the Local Pension Board is funded from existing Members' Services budget
Legal	The new governance requirements around pensions were introduced as a result of the Public Service Pensions Act 2013. FPS (Amendment) Governance regulations 2015.
Staffing	Considered not relevant

Equalities/Human Rights/ Welsh Language	It is not considered that there are any issues that need addressing as the recommendations apply equally to all Members regardless of protected characteristics under the Single Equality Act.
Risks	All FRAs need to comply with the guidance provided by the Pensions Regulator around the governance arrangements for Local Pension Boards.

**North Wales Fire and Rescue Service
Firefighters' Pension Scheme**

**Local Pension Board
Annual Report
2021/22**

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1.0 Introduction

This is the Annual Report of the North Wales Fire and Rescue Authority Local Pension Board (the Board), covering the period from 1 April 2020 to 31 March 2021. This report includes commentary on the following:

- Details of any conflict of interest that have arisen in respect of Board members;
- Details of training received and identified training needs for Board members;
- A summary of the work undertaken by the Board during 2021/22;
- Areas of concern or risk reported to or raised by the Board; and
- The forward work programme for 2022/23.

2.0 Roles and Functions

In accordance with Section 5 and Section 30 (1) of the Public Services Pensions Act 2013 and Regulation 4A of the Firefighters' Pension Scheme (Amendment) (Governance) Regulations 2015, the North Wales Fire and Rescue Authority Local Pension Board (the Board) was established in April 2015. The role and remit of the Board is to assist the Scheme Manager (North Wales Fire and Rescue Authority) to secure compliance with:

- The relevant laws and regulations;
- Any other legislation relating to the governance and administration of the Scheme;
- The requirements imposed by the Regulator in relation to the Scheme; and
- To ensure the effective and efficient governance and administration of the Scheme.

The Board is expected to complement and enhance the Authority's existing arrangements for managing the firefighter pension schemes. It does not replace the existing arrangements and it is not a decision making body. Rather, it is designed to act as a critical friend to the Authority and its officers when they act in the capacity of scheme manager.

3.0 Membership and meetings of the Board

During the reporting period, the Board comprised of 10 members as follows:

- Five employer representatives comprising of three members of North Wales Fire and Rescue Authority, the Clerk to the Authority (or nominated deputy) and Treasurer of the Authority.
- Five employee representatives – all of whom are from each representative body officially associated with North Wales Fire and Rescue Authority (the Authority).

In addition to local pension Board members, the following key officers support the Board and attend Board meetings:

- Assistant Chief Fire Officer (Finance and Resources) and
- Pensions Manager

The term of appointment for all members currently falls in line with council elections.

Chair of the Board

The Chairperson of the Board is rotated every two years between a member representing employers and those representing scheme members.

Councillor B Apsley was elected as Chair for the period 2019-2021 and was passed to ACFO Richard Fairhead at the April 2021 meeting. ACFO Fairhead is an employee representative and is also nominated to sit on the National Firefighters' Pension Scheme Advisory Board.

The Board has met four times during the period of this annual report.

4.0 Conflicts of Interest Policy

The Public Service Pensions Act 2013 requires that a member of a pension board does not have a conflict of interest. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of a pension board. The Act is clear that actual membership of one of the Firefighter Pension Schemes is not in itself a conflict of interest, so would not preclude a scheme member from serving on the Board.

The Board has a policy for the management of potential conflicts in order to ensure that they do not become actual conflicts and all members of the Board are familiar with the policy. In addition, conflicts of interest is a standing item on all Board agendas and any interests noted by members are recorded so that appropriate action can be taken to manage the conflict.

There have been no declarations made by any member, advisor or attendee during the relevant period.

A copy of the Conflict of Interest policy can be found here:

[Conflict of Interest Policy](#)

5.0 Knowledge and Understanding

It is a statutory requirement of the Public Service Pensions Act 2013 that members of the Local Pension Board should have the capacity to become conversant with, and develop a knowledge of, detailed pension related issues to effectively carry out their duties.

Each individual appointed to the Board must have knowledge and understanding of the law relating to pensions and such other matters as may be prescribed in other legislation.

A Board member should have an understanding of what is relevant to their role and be able to identify and challenge a failure to comply with:

- The Firefighter Pension Scheme regulations;
- Other legislation relating to the governance and administration of the schemes;
- Requirements imposed by the Pensions Regulator; or
- The standards and expectations set out in any relevant code of practice issued by the Pensions Regulator.

Within six months of appointment, members are required to complete the online training modules available on the Pensions Regulator's website. In addition, the Authority provides both induction training to new Board members and ongoing training sessions during Board meetings for all members to assist them in undertaking their role.

The Scheme Manager keeps appropriate records of the learning activities of individual members and the Board as a whole. This assists the Authority and members in demonstrating compliance, if necessary, with the legal requirement and records how risks associated with knowledge gaps have been mitigated. Annually, members complete a knowledge and training needs analysis self-assessment form, which is used to prepare a forward training programme. The training of Board members is largely carried out in house at no direct cost; the national events such as the LGA conference have, so far, been free of charge. Where Board members are required to travel to attend training events this cost is contained in existing budgets.

A schedule detailing the training undertaken by Board members during 2021/22 is detailed below:

Date	Topics Covered
April 2021	Modules 1 and 2 of the Pensions Regulator Training Modules
July 2021	Modules 3 and 4 of the Pensions Regulator Training Modules
October 2021	Modules 5,6 and 7 of the Pensions Regulator Training Modules
March 2022	Update on the abatement rules following the Pensions Ombudsman case

6.0 Work Programme 2021/22

The Board has met four times during the year; 21 April, 21 July, 20 October and 15 March 2022.

The work undertaken by the Board during the course of the year has been defined by the Terms of Reference. The Board approves and reviews the Terms of Reference on an annual basis, the most recent copy can be found within Appendix 2.

During the period 1 April 2021 to 31 March 2022 the following specific matters were considered by the Board:

- Review and approval of the Terms of Reference
- Review and approval of the Annual Report 2020/21
- Consideration of the national legal challenge relating to the transitional pension scheme arrangements (McCloud Judgment)
- Knowledge and training needs analysis update
- Updates on emerging issues including the Pensions Dashboard and the Matthews Judgment.

Each agenda also includes the following standing items:

- Declaration of Interest
- Minutes of last meeting
- Firefighters' Pension Schemes Update Report (including legislative update)
- Administrators Update Report (Dyfed Pension Fund)
- Scheme Advisory Board Update
- Training
- Risk Register
- Matters for escalation to full FRA

Since the Local Firefighter Pension Board was set up in 2015, the work of the Board has been shaped by the Board members and by officers supporting the Board. Some regular reports have been developed and these are:

- The Firefighters' Pension Schemes Update Report provides the Board with the latest information on areas of significant pension work, and includes both local and national issues. As well as enhancing the knowledge and understanding of Board members, this regular report serves to prompt discussion at the Board about the impact of issues on pension Scheme members and about how workloads are being managed. This helps to achieve the Board's purpose of securing effective governance and administration;
- The Dyfed Pension Fund Update Report is produced by the administrators and provides assurance that the scheme is being properly administered. As well as providing regulatory updates, the report focuses on specific workload issues, such as, the Guaranteed Minimum Pension reconciliation, data quality, appeals, breaches and activity levels on the 'My Pensions Online' tool; and
- Specific areas of the Risk Register are reviewed regularly by the Scheme Manager and is presented to the Board at each meeting, with any

amendments highlighted. This allows the Board to keep track of the key risks and the control measures designed to manage those risks.

To improve the efficient and effective administration and governance of the pension function, the Board made the following recommendations all of which were carried out over the year:

- The Service to undertake measures to improve the registrations on 'My Pensions Online'.

More detail is available in the agendas and minutes of the above Board meetings which can be accessed via following link:

[Local Pension Board](#)

8.0 Work Programme 2022/23

The Work Programme for 2022/23 is as set out below:

- In accordance with the Terms of Reference, appointment of members following Local Government elections;
- Appointment of new chair for the period 2022/23 and 2023/24;
- Provision of member induction and initial training for all members;
- Undertake a training needs analysis with members of the Board and agree a training programme including updates on and presentations on current pension issues as necessary;
- Agree the schedule of meetings for 2022/23;
- Review and update the risk register;
- Receive updates to each meeting on regulatory matters contained within Welsh Government circulars and Local Government Association bulletins;
- Receive updates on the work of the Scheme Advisory Board (Wales);
- Receive updates from the scheme administrator including data improvement plans; and
- Continue to improve registrations on My Pensions Online;
- Keep a watching brief of the O'Brien and Matthews legal cases.

Appendix 2- Terms of Reference

Terms of reference for the Local Pension Board of North Wales Fire and Rescue Service

1. This document sets out the terms of reference for the Local Pension Board of North Wales Fire and Rescue Service, Firefighters' Pension Scheme as required by the Public Service Pensions Act 2013 and the Local Government (Amendment) (Governance) Regulations 2014.

Scheme Management

2. North Wales Fire and Rescue, as administering authority, is the Scheme Manager. Its functions are discharged in accordance with the Authority's scheme of delegation by the Treasurer and Chief Fire Officer.

The Local Pension Board

3. The role of the Local Pension Board is to assist North Wales Fire and Rescue Authority (NWFRA), as the administering authority:
 - to secure compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme;
 - to secure compliance with requirements imposed in relation to the scheme by the Pensions Regulator;
 - ensure the effective and efficient governance and administration of the Firefighters' Pension Schemes for Dyfed Pension Fund;
 - the role of the Board will be oversight of these matters and not decision making;
 - in undertaking any relevant work as requested;
 - in such other matters as the scheme regulations may specify.
4. The Local Pension Board will ensure that the Code of Practice on governance and administration issued by the Pensions Regulator is complied with. The Board will also ensure that it complies with the knowledge and understanding requirements in the Pensions Regulator's Code of Practice.
5. The Local Pension Board is accountable to the Pensions Regulator, the National Scheme Advisory Board and the Administering Authority in their role as Scheme Manager.
6. The principal functions of the Local Pension Board shall include, but not be limited to:
 - reviewing decision making processes, policies and procedures to ensure they are compliant with relevant Regulations;
 - seeking assurance that these are followed and adhered to with regard to Pensions decisions;
 - seeking assurance that administration performance is in compliance with the Authority's performance framework and that monitoring arrangements are adequate and robust;

- considering the effectiveness of communication with employers and scheme members including a review of the Communication Strategy; considering and commenting on internal audit recommendations and external auditor reports.

7. Any complaint or allegation of a breach of the Regulations brought to the attention of the Local Pension Board shall be dealt with in accordance with the Code of Practice as published by the Pensions Regulator.

Frequency and Notice of Meetings

8. The Local Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively; four meetings will be scheduled during each financial year.

9. The Members' Liaison Officer shall give notice to all Local Pension Board members of each meeting of the Board, including the date, location and time of the meeting and shall ensure that a formal record of the Local Pension Board proceedings is maintained.

10. Papers will be provided three working days before each of the formal Local Pension Board meetings.

11. All agendas and non-confidential Local Pension Board papers and minutes of meetings will be published on NWFRA' website, together with the Board Terms of Reference and details of the Board membership.

Membership

12. The Local Pension Board shall consist of no fewer than 6 members (in total), and must include an equal balance of employer and scheme member (employee) representatives. These shall be constituted as follows:

Constituency	Definition/Constraints
Employer	To represent NWFRA
Scheme Member (employee)	To represent all members of the scheme (active, deferred and pensioner)

13. The term of office for all members of the Board will fall in line with council elections and therefore it is anticipated that the membership will remain until 2022. Members may at the end of their term, express a wish to be considered for re-election.

14. Local Pension Board members must meet key attendance and training requirements to retain their membership during this period. All members must:

- endeavour to attend all meetings of the Board
- comply with the training plan produced by the Pensions Manager
- ensure compliance with the Pension Regulator's Code of Practice.

15. Each Employer Representative and Scheme Member Representative will have an individual voting right.
16. All members within the Firefighters' Pension Schemes must have an equal opportunity to be nominated for the role of member representative.
17. For the purpose of appointing employer representatives to the Board, nominations will be sought from all Fire and Rescue Authority members. The Treasurer and Monitoring Officer (or deputy) will also provide employer representation.
18. For the purpose of appointing scheme member (employee) representatives to the Board, nominations will be requested through the Departmental Representatives and Trade Union Forum with further nominations being sought via an advert placed on the Authority's website. Where more than three nominations are received candidates will be considered, shortlisted and interviewed by a representative of the Scheme Manager who will then make recommendations to the Chief Fire Officer to formally appoint.
19. If a Local Pension Board member acting as an employer representative leaves the employment of the employer they are representing they will no longer be eligible to sit on the Board.
20. In the event of consistent non-attendance of a Board member, or for failure to meet key attendance and training requirements as set out in (13) above, the tenure of that membership will be reviewed. In the case of a member representative, this will be done by a representative of the Scheme Manager who may make recommendation for the membership to be revoked if considered necessary.
In such event, there will be a right of appeal to the Chief Fire Officer prior to any recommendation. In the case of an employer representative, any such decision will be considered by the chair of the Fire and Rescue Authority.
21. If an employer or scheme member representative wishes to resign they must write to the Chief Fire Officer, giving at least one month's notice.
22. The Chairperson of the Local Pension Board will be rotated on a bi-annual basis between a member representing employers and those representing scheme members.
23. It will be the role of a representative acting as Chairperson to:
 - agree and set the agenda for a meeting of the Board
 - manage the meetings to ensure that the business of the meeting is completed in the agreed time
 - ensure that all members of the Board show due respect for process and that all views are fully heard and considered
 - strive as far as possible to achieve a consensus as an outcome
 - ensure that the actions and rationale for decisions taken are clear and properly recorded.

24. Due to the specialist nature of the work of the Board, personal attendance at all meetings is expected of all Board members with no provision for a substitute. However, deputies would be allowed, but they would be responsible for maintaining their own training to ensure they were *au fait* with pensions issues.
25. The Board may, with the approval of the Chief Fire Officer, co-opt persons who are not members to aid the Board for a period of time or for a specific task where this would provide additional skills, knowledge or experience. The co-opted members would not be permitted to vote.

Quorum

26. Four of the Board members must be present for a meeting to be quorate. If the Chairperson is absent at a meeting and there is a quorum then the attending members must choose a Chairperson to preside over that meeting.

Knowledge and Skills

27. A member of the Pension Board must be conversant with:
 - the legislation and associated guidance of the four Firefighter Pension Schemes;
 - any policies, procedures or decision making processes about the administration of the Schemes adopted by NWFRA and Dyfed Pension Fund.
28. A member of the Local Pension Board must have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in Regulations.
29. It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board.
30. Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.
31. Pension Board members must confirm to the Pensions Manager within six months of joining the Board that they have completed the Pension Regulator training.
32. During the first meeting of the financial year, Pension Board members must consider and agree an annual training programme.

Standards of Conduct and Conflicts of Interest

- 33 The role of the Local Pension Board members requires the highest standards of conduct and therefore the 'seven principles of public life' will be applied to all Local Pension Board members. Board members will be required to observe the members' code of conduct and data protection policies of NWFRA. The Board is required to always act within these terms of reference. In accordance with the Public Service Pension Act 2013 a board member must not have a financial or other interest that could prejudice them in carrying out their Board duties. This does not include a financial or other interest arising merely by virtue of membership of the FPS.
- 34 As such all members of the Local Pension Board will be required to declare any interests and any potential conflicts of interest in line with the requirements of the Public Service Pensions Act 2013 and the Pension Regulator's Code. These declarations are required as part of the appointment process, as well as at regular intervals throughout a member's tenure.

Reporting

- 35 The Board is expected to produce an annual report to the Fire and Rescue Authority which should include:
- a summary of the work of the Local Pension Board and a work plan for the coming year
 - details of areas of concern reported to or raised by the Board and recommendations made
 - details of any conflicts of interest that have arisen in respect of individual Local Pension Board members and how these have been managed
 - any areas of risk or concern the Board wish to raise with the Scheme Manager
 - details of training received and identified training needs
 - details of any expenses and costs incurred by the Local Pension Board and any anticipated expenses for the forthcoming year.
- 36 Although the Board is only required to produce a single annual report, minutes for each meeting of the Board will be published on the Authority's website.
- 37 Should the Board have concerns believed to be sufficiently serious that they should be reported at a higher level than is standard (to the Pensions Manager) they should report to the Chief Fire Officer. This may include, but not be limited to, occasions where the Board feel that previous recommendations have not been acted upon. In extreme cases such as a fundamental breach of Regulations or a fundamental failure by the Administering Authority to ensure effective governance of the fund, the Board may consider reporting to the National Scheme Advisory Board and/or the Pensions Regulator.

Remuneration

- 38 Remuneration for members of the Local Pension Board will be limited to a refund of actual expenses incurred in attending Board meetings and training. It is expected that employers of board members will provide appropriate capacity to allow the member to perform this role within their normal working day without any reduction to pay.
- 39 Expense claims should be submitted no later than 1 month following the incursion.

Publication of Local Pension Board Information

- 40 Up to date information will be posted on NWFRA' website showing:
- names and information of the Local Pension Board members
 - how the scheme members and employers are represented on the Local Pension Board
 - responsibilities of the Local Pension Board as a whole
 - full terms of reference and policies of the Local Pension Board and how they operate
 - Local Pension Board appointment process.

Review

- 41 These terms of reference were formally adopted by the Board at its first meeting on 20 April 2015 and are reviewed annually to or upon statutory or regulatory changes in line with paragraph 41.
- 42 The Chief Fire Officer is authorised to make minor amendments, consequential upon statutory or regulatory change, or to update arrangements consequential on other external factors.

Report to	Fire and Rescue Authority
Date	20 June 2022
Lead Officer	Head of Audit and Procurement Services
Contact Officer	Keith Williams (Audit Manager)- 01492 576217 keith.williams@conwy.gov.uk
Subject	Internal Audit Annual Report 2021/22



PURPOSE OF REPORT

- 1 Under the terms of the Accounts and Audit (Wales) Regulations 2014 Part 3 5. (2), the North Wales Fire and Rescue Authority (the Authority) is required annually to conduct a review of the effectiveness of its system of Internal Control. Internal Audit is an integral part of that system, and is a significant contributor to the preparation of the Annual Governance Statement.
- 2 CIPFA's Public Sector Internal Audit Standards 2017 require the Head of Internal Audit to provide the Audit Committee with assurance on the whole system of internal control, including the adequacy of risk management and corporate governance arrangements.
- 3 The report analyses the work of the Internal Audit Service for 2021/22 and contains the assurance statement based on the work of Internal Audit during the year ended March 2022.

EXECUTIVE SUMMARY

- 4 The Head of Internal Audit is able to provide assurance to the Audit Committee, based on the internal audit work undertaken, together with our maintained knowledge of the organisation and its procedures, that the Authority has effective corporate governance, risk management and internal control arrangements to manage the achievement of the Authority's objectives.
- 5 There was a planned allocation of 52 days (50 days plus 2 c/f from 2020/21) and the report identifies that 44 days of Internal Audit work was performed during 2021/22. As a result 8 days will be carried forward into 2022/23, increasing the allocation to 58 days. This additional time will be useful due to the fact that financial services, which were previously managed by Conwy, are coming back in house from April 2022.

- 6 The audit reviews provide a positive level of assurance upon the adequacy of the systems of internal control in place, although 8 recommendations have been made in the year to address some weaknesses. A formal follow up process is in place to ensure that the recommendations are implemented within agreed timescales.
- 7 The work of Internal Audit has not identified any weaknesses that would qualify this opinion and there are no significant issues that are relevant to the preparation of the Annual Governance Statement.
- 8 The report also provides assurance that the Internal Audit Service operates in compliance with the UK Public Sector Internal Audit Standards to enable the Authority to take assurance from this opinion.

RECOMMENDATIONS

- 9 The Committee should note the content of Head of Audit and Procurement's Annual Report and the overall 'opinion' upon the adequacy and effectiveness of the Authority's framework of governance, risk management and control.

BACKGROUND

The Role of Internal Audit

- 10 Under the terms of The Accounts and Audit (Wales) Regulations 2014, Fire Authorities have a statutory responsibility to maintain "an adequate and effective system of internal audit."
- 11 The role of Internal Audit Services is to provide management with an objective assessment of whether systems and controls are working properly. It is a key part of the organisation's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:
 - The Audit Committee and senior management are aware of the extent to which they can rely on the whole system; and
 - Individual managers are aware of how reliable are the systems and controls for which they are responsible.
- 12 The internal control system comprises the whole network of systems and controls established to manage the Authority, to ensure that its objectives are met. It includes financial and other controls and also arrangements for ensuring that the Authority is achieving value for money from its activities.

- 13 In accordance with the Public Sector Internal Audit Standards the Head of Audit is required to deliver an annual internal audit opinion and report that can be used by the Authority to inform its governance statement.

INFORMATION

Internal Audit Opinion 2021/22

- 14 I am satisfied that internal audit work undertaken, together with our maintained knowledge of the organisation and its procedures allow me to draw a reasonable conclusion as to the adequacy and effectiveness of the Authority's risk management, control and governance processes.
- 15 It is my opinion that the Authority has adequate and effective control processes to manage its achievement of the Authority's objectives for the 12 month period to 31st March 2022.
- 16 In giving an audit opinion, it should be noted that assurance can never be absolute. The most that the Internal Audit Service can provide to the Audit Committee is a reasonable assurance based upon the work undertaken in that year, that there are no major weaknesses other than those identified.
- 17 In addition, in arriving at our opinion, we have taken into account:
- The results of all audits undertaken during the year ended 31st March 2022;
 - The results of follow-up action taken in respect of audits from previous years;
 - Whether any Critical or Major category of recommendations have not been accepted by management and the consequent risks;
 - The effects of any material changes in the Authority's objectives or activities;
 - Matters arising from previous reports to the Executive Panel or Audit Committee; and
 - The resource constraints placed upon Internal Audit that have impinged on the Service's ability to meet the full internal audit needs of the Authority.
- 18 The overall audit opinion may be used in the preparation of the Annual Governance Statement.

Summary of Work Supporting the Audit Opinion 2021/22

- 19 A schedule giving an audit opinion of the adequacy and effectiveness of internal control processes and a summary of the key messages in respect of all the audit assignments undertaken during 2021/22 is attached at **Appendix A**.
- 20 The schedule summarises the audit work, opinions and number of recommendations made in respect of each area reviewed, which form the basis of the assurance given to Audit Committee of the overall adequacy and effectiveness of the Authority's governance, risk management and internal control frameworks for 2021/22.
- 21 Where relevant, internal audit reports are categorised to give an audit opinion of the internal control environment for that particular system or establishment. The audit opinions on the assignments are categorised as follows:
- High Assurance
 - Satisfactory Assurance
 - Limited Assurance
 - No Assurance

In support of the audit opinions, the recommendations made during the year have been categorised as Critical, Major, Moderate and Minor, in accordance with the way in which the Authority assesses and measures risk.

- 22 As a result of the Covid-19 pandemic and in response to government advice and restrictions, Internal Audit ceased all on site work, staff worked from home and continued to make progress, whilst working and engaging with clients remotely. Internal Audit tried to ensure that audit work did not have a detrimental impact upon clients at a time when Services were stretched and focused on dealing with COVID-19. Two audit reports, a special investigation and consultancy work was completed during the year covering:
- **Emergency Fire Appliance Driving (EFAD)** – A review was undertaken to provide a level of assurance to management that internal controls are operating effectively, potential risks well managed and corporate objectives are being achieved. The audit included a review of the following:
 - Policies & Procedures
 - Training & Development
 - Fitness & Medicals
 - Driving Licence Checks

- Driving Accidents & Near Misses
- Driving Offences & Licence Penalties
- Driving Complaints
- Driver, Vehicle & 3rd Party Insurance

The audit made 8 recommendations and provided a *Satisfactory* level of assurance.

- **National Fraud Initiative** - NFI is a comprehensive and thorough 'data matching' exercise organised by the Cabinet Office in partnership with the Audit Wales. Its objective is to detect and prevent payment errors and fraud being perpetrated against local authorities, NHS, Police and Fire Authorities etc. and to identify any overpayments for recovery and for appropriate action to be taken against offenders. The exercise identified 313 data matches, which were examined and cases reviewed in relation to their priority. The results of the exercise provide a *High* level of assurance that payroll and creditor systems are well controlled, which effectively reduces the risk of fraud & irregularity.
- **Special Investigation – Creditor Scam ‘Phishing’ Emails** - There was an attempted creditor fraud by the use of scam 'phishing' emails, with the aim of getting the Service to make a payment, legitimately due to a local plumber, to a fraudulent bank account. The plumbing company's emails and/or computer were compromised and emails intercepted on delivery (rather than intercepted in transmission). Conwy's internal control procedures were complied with and the attempted fraud was prevented. A number of actions were recommended to the plumbing company to enhance their email security and the fraud was reported to *Action Fraud*, the UK's national reporting centre for fraud and cybercrime.

- 23 The outcome of each audit and the evaluation of the adequacy of the internal control environment is based on the number of recommendations and their risk rating. All audits undertaken during the year were assessed as providing positive levels of assurance.
- 24 To address the weaknesses identified during the audit reviews 8 recommendations have been made. Action plans setting out the agreed response to the audit recommendations were issued with the audit reports and these have been returned from Fire and Rescue Authority management, completed with the action to be taken to ensure implementation of the recommendations. Management have agreed to implement all the audit recommendations.

- 25 To comply with CIPFA's Public Sector Internal Audit Standards a formal follow up process is in operation within the Section to confirm that the recommendations made in Internal Audit reports have been implemented by management within agreed timescales. A follow up audit will normally take place six months after the issue of the final report.
- 26 A schedule of the follow up audits conducted during 2021/22 is attached at **Appendix B**. It demonstrates the number of recommendations accepted and subsequently implemented by management in each area and reveals changes that impact on the original audit opinion. It is evident that there was a significant improvement in the levels of internal control with regards to the Payroll (Starters & Leavers) and Safe & Well Check audits completed in 2020/21, with both receiving a revised audit opinion of *High*.
- 27 During 2021/22 44 audit days were provided, in comparison with the planned allocation of 52 days as indicated in the annual audit plan. A summary of audit activity is attached at **Appendix C** and shows the planned allocation of audit resources in terms of man days over departments and services and compares actual work done for 2021/22 with the plan. As a result 8 days will be carried forward into 2022/23, increasing the allocation to 58 days.
- 28 In accordance with the Public Sector Internal Audit Standards, the plan needs to be flexible to be able to reflect and respond to the changing risks and priorities of the Authority. The plan was reviewed during the year and updated as necessary. The Payroll & Central Stores audits were delayed due to fact that financial services, which were previously managed by Conwy, are coming back in house from April 2022 and additional audit work will be required in 2022/23.

Compliance with Public Sector Internal Audit Standards

- 29 Internal Audit employ a risk-based approach to determining the audit needs of the Authority at the start of the year and use a risk based methodology in planning and conducting our audit assignments. The work of Internal Audit Services has been performed in compliance with the UK Public Sector Internal Audit Standards 2017.
- 30 The Internal Audit Service has developed a Quality Assurance & Improvement Programme (QAIP), which covers all aspects of internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated.

- 31 The Public Sector Internal Audit Standards (PSIAS) became effective from 1st April 2013 and introduced a requirement for an external assessment of all internal audit services, which must be conducted at least once every five years by a qualified, independent reviewer from outside of the organisation. Wrexham County Borough Council's (WCBC) Service Manager – Audit & Technical performed the assessment in November 2016. The external assessors' overall opinion is that the Internal Audit Service generally conforms to the PSIAS and Code of Ethics in all significant areas and that it operates independently and objectively. The next external assessment is scheduled for June 2022.

IMPLICATIONS

Wellbeing Objectives	This report links to the Authority's long-term well-being objective which is "To facilitate high quality, responsive and better integrated fire and rescue services so that prevention activity and emergency response can continue to be available when and where required, affordably, equitably and on the basis of risk."
Budget	Internal Audit Services is provided as part of an SLA and within budget constraints.
Legal	N/A
Staffing	N/A
Equalities/Human Rights/ Welsh Language	N/A
Risks	<p>The Statement of Assurance is submitted in compliance with the Accounts & Audit Regulations and the Public Sector Internal Audit Standards. Without such assurance from the Head of Internal Audit Services, Members would be unaware of the adequacy & effectiveness of the corporate governance, risk management & internal control arrangements and its associated ability to achieve its objectives.</p> <p>Any significant issues or weaknesses identified by Internal Audit would not be considered in the preparation of the Annual Governance Statement.</p>

NORTH WALES FIRE AND RESCUE AUTHORITY
Internal Audit Services – 2021/22 Annual Summary of Key Messages & Recommendations

APPENDIX A

	Auditable Area	Key Messages & Recommendations for Improvement	Critical	Major	Moderate	Minor	Total	Audit Opinion
1	Emergency Fire Appliance Driving (EFAD)	<p>A review of Emergency Fire Appliance Driving (EFAD) was undertaken to provide a level of assurance to management that internal controls are operating effectively, potential risks well managed and corporate objectives are being achieved.</p> <p>The audit included a review of the following:</p> <ul style="list-style-type: none"> • Policies & Procedures • Training & Development • Fitness & Medicals • Driving Licence Checks • Driving Accidents & Near Misses • Driving Offences & Licence Penalties • Driving Complaints • Driver, Vehicle & 3rd Party Insurance <p>The recommendations made to improve the levels of internal control are as follows:</p> <ol style="list-style-type: none"> 1. The Service should ensure that the draft Managing Operational Road Risk (MORR) Policy is reviewed, updated and approved by SLT. 2. The Driving Standards & Use of Service Vehicles (SAPPO Section 6 Order 12) and the Responding To Fire Calls (SAPPO Section 5 Order 16) should be reviewed and the updated policies approved by SLT. 3. The Generic Risk Assessments, that detail the hazards & risks likely to be encountered when attending operational incidents, require review and updating. 4. When drivers pass the LGV course either through Training & Development or privately and become qualified LGV licence holders, this should be recorded on iTrent. 5. Daylight and darkness driving should be logged in pdrPRO to ensure there is a 	0	0	7	1	8	Satisfactory

		<p>central record of driving experience, which may be verified by instructors prior to the EFAD course.</p> <p>6. EFAD should complete the Practical Pump Operator's development programme, prior to becoming available to drive to emergency incidents and completion of the programme recorded on pdrPRO and/or iTrent.</p> <p>7. Officer Response Driving Training & Reassessments must be logged in iTrent to ensure that reassessments are properly scheduled for every 3 years.</p> <p>8. a) A DVLA Driving Licence Checks User Manual must be completed to provide guidance to Line Managers. b) Line Managers must input the driving licence checks on to pdrPro so there is a central record of driving licence checks.</p>						
2	National Fraud Initiative (NFI)	<p>NFI is organised by the Cabinet Office in partnership with the Audit Wales and is part of the programme of work identified by the Auditor General for Wales (AGW). Its objective is to detect and prevent payment errors and fraud being perpetrated against local authorities, NHS, Police and Fire Authorities etc. and to identify any overpayments for recovery and for appropriate action to be taken against offenders. It is run biennially and has established itself as an integral part of the external audit process and the wider governance framework.</p> <p>NFI is a comprehensive and thorough 'data matching' exercise; the data required for 2020/21 in relation to Payroll and Creditor payments was provided by Conwy CBC on behalf of NWFRA and submitted via an electronic data submission facility to a secure web site. It is input to a central Cabinet Office database that has been designed to match data items to identify potential fraud or other irregularity.</p> <p>The audit objectives were to review the results of the data matching to determine any errors or fraud and to comment on the adequacy and effectiveness of the internal controls in operation in respect of Payroll and Creditor type payments. Transactions falling within the 2020/21 financial year were examined and cases reviewed in relation to their priority, a sample of cases in each classification was then selected on a judgemental basis for further examination.</p> <p>The data matches and the number of duplicate records is summarised below:</p>	N/A	N/A	N/A	N/A	N/A	High

		<p>Audit were informed. Internal Audit contacted the company owner who confirmed that he had no knowledge of the emails & it was evident that the Company had been the victim of a scam 'phishing' emailer.</p> <p>The plumbing company's emails and/or computer were compromised and emails intercepted on delivery (rather than intercepted in transmission).</p> <p>Recommended Actions:</p> <ol style="list-style-type: none"><u>Plumbing Company</u><ul style="list-style-type: none">The plumbing company was advised to check their email communications to ensure they were not being fraudulently used or intercepted.Passwords on their email accounts and any other cloud and/or shared accounts (especially if the same password is used elsewhere) should be changed immediately to a strong, complex standard.Any device they use to access their emails should be checked for malware, updates and anti-virus (eg, health check). Any unsupported software (Windows or office applications) should be checked and updated accordingly.<u>Action Fraud</u> was contacted to report the fraud. It is the UK's national reporting centre for fraud and cybercrime. The report was sent to the National Fraud Intelligence Bureau (NFIB) for review & matching against other available data in order to enrich and corroborate the details of the fraud. The NFIB assess whether there are viable lines of enquiry that would enable a law enforcement body, such as the police service, to investigate. On this occasion it was not possible to identify a line of enquiry which a law enforcement organisation in the UK could pursue.						
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APPENDIX B

NORTH WALES FIRE AND RESCUE AUTHORITY

Schedule of Follow up Audits 2021/22

	Description	Audit Date	Follow up Date	No. Recs	Implemented	WIP / Partially	Not Implemented	No Longer Applicable	Original Audit Opinion	Revised Audit Opinion
1	Payroll (Starters & Leavers)	May 2021	Jan 2022	3	1	2	0	0	Satisfactory	HIGH
2	Safe & Well Checks	Feb 2021	Mar 2022	11	2	4	0	5	Satisfactory	HIGH

**North Wales Fire and Rescue Authority
Summary of Internal Audit Activity 2021/22**

	Department / Service	Planned Days 2021/22	Actual Days 2021/22
1	Payroll – Payments & Deductions	13	0
2	Central Stores	13	0
3	National Fraud Initiative	8	9
4	Training & Development – Emergency Fire Appliance Driving (EFAD)	0	16.5
5	Special Investigation – Creditors Fraud (Scam ‘Phising’ Emails)	0	4
6	Audit Follow ups: <ul style="list-style-type: none"> • Payroll (Starters & Leavers) • Community Safety - Safe & Well Checks 	8	8.5
7	NWFRA Planning & Reporting (Including Annual Report & Strategic Plan)	6	6
8	Contingency Reserve	2	0
	TOTAL DAYS	50	44
	Days Allocated 2021/22		52
	Actual Days 2021/22		44
	Total Days C/F to 2022/23		8

Report to	North Wales Fire and Rescue Authority
Date	20 June 2022
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer
Contact Officer	Helen MacArthur (01745 535286)
Subject	Audit Plan 2022



PURPOSE OF REPORT

- 1 To present to Members the external audit plan 2022 for North Wales Fire and Rescue Authority as attached at appendix 1.

EXECUTIVE SUMMARY

- 2 The audit plan sets out the proposed work of Audit Wales for the coming year as well as its fee.

RECOMMENDATION

- 3 Members are asked to note the information provided.

BACKGROUND

- 4 The Auditor General for Wales has a statutory responsibility to undertake an audit and fulfil his obligations under the Public Audit (Wales) Act 2004, Wellbeing of Future Generations (Wales) 2015, Local Government Act 1999 and the Code of Audit Practice.
- 5 In previous years and in accordance with the Local Government (Wales) Measure 2009 the Authority has had to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General would assess whether the Authority is likely to (or has) met these requirements.
- 6 The Auditor General must also assess the extent to which public bodies comply with the sustainable development principle when setting and taking steps to meet their well-being objectives.

INFORMATION

- 7 The Audit Plan 2022 attached at appendix 1 details the work that Audit Wales will undertake which includes:

- an audit of financial statements and an assessment as to whether the Authority's Narrative Report and Annual Governance Statement is prepared in line with relevant guidance;
 - an audit of performance work including audits of the improvement plan and a value for money review.
- 8 Timescales for individual projects will be discussed with the Authority and detailed within the specific project briefings produced for each piece of work.
- 9 The estimated fee noted in the audit plan is £63,721. However, should additional work be identified as being necessary, there may be an additional fee.

IMPLICATIONS

Wellbeing Objectives	To facilitate high quality, responsive and better integrated fire and rescue services so that prevention activity and emergency response can continue to be available when and where required, affordably, equitably and on the basis of risk.
Budget	Cost of £63,721 for which budget provision has been made.
Legal	The work proposed by Audit Wales will prove an objective assessment of compliance with the following legislation and codes. Public Audit (Wales) Act 2004 Local Government (Wales) Measure 2009 Local Government Act 1999 Code of Audit Practice Well-being of Future Generations (Wales) Act 2015
Staffing	Fire and Rescue officers and Conwy CBC officers' time to work with Audit Wales during the audits.
Equalities/Human Rights/ Welsh Language	None
Risks	If financial audits were not undertaken errors or omissions to the accounts may not be detected which would provide a distorted view of expenditure to stakeholders.

2022 Audit Plan – North Wales Fire and Rescue Authority

Audit year: 2021-22

Date issued: April 2022

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This document has been prepared as part of work performed in accordance with statutory functions.

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

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2022 Audit Plan

About this document

- 1 This document sets out the work I plan to undertake during 2022 to discharge my statutory responsibilities as your external auditor and to fulfil my obligations under the Code of Audit Practice.

My duties

- 2 I complete work each year to meet the following duties.

Audit of financial statements

- 3 Each year I audit 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

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

Continuous improvement

- 5 Under the Local Government (Wales) Measure 2009 (the Measure) the Authority has to put in place arrangements to make continuous improvements, including related plans and reports, and the Auditor General has to assess whether the Authority is likely to (or has) met these requirements.

Sustainable development principle

- 6 The Authority needs to comply with the sustainable development principle when setting and taking steps to meet their well-being objectives. The Auditor General must assess the extent to which they are doing this.

Impact of COVID-19

- 7 The COVID-19 pandemic has had an unprecedented impact on the United Kingdom and the work of public sector organisations.
- 8 While Wales is currently at Coronavirus Alert Level 0, Audit Wales will continue to monitor the position and will discuss the implications of any changes in the position with your officers.

Audit of financial statements

- 9 It is my responsibility to issue a certificate and report on the financial statements. This includes:
 - an opinion on the on the 'truth and fairness' of the Authority's financial statements (including the Firefighters' Pension Fund Account) for the financial year ended 31 March 2022; and
 - an assessment as to whether the Authority's Narrative Report and Annual Governance Statement is prepared in line with the CIPFA Code and relevant guidance and is consistent with the financial statements and with my knowledge of the Authority.
- 10 In addition to my responsibilities for auditing the Authority's financial statements, I also have responsibility for responding to questions and objections about the accounts from local electors (additional fees will be charged for this work, if necessary).
- 11 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 Fire and Rescue Authority prior to completion of the audit.
- 12 Any misstatements below a trivial level (set at 5% of materiality), I judge as not requiring consideration by those charged with governance and therefore will not report them.
- 13 There have been no limitations impose on me in planning the scope of this audit.
- 14 I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#), along with further information about my work.

Audit of financial statements risks

- 15 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.

Audit risk	Proposed audit response
Significant risks	
<p>Management Override 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.</p>	<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 audit risks	
<p>Asset valuations In light of the COVID restrictions that were in place throughout 2021-22 and uncertainties over market values for assets since the start of the pandemic, there is a risk that the carrying value of assets reported in the accounts may be materially different to the current value of assets as at 31 March 2022.</p>	<p>My audit team will seek to confirm that valuations carried out earlier than as at 31 March 2022 are not materially different to the current value of assets as at the year-end.</p>

Audit risk	Proposed audit response
Other audit risks	
<p>McCloud judgement – immediate detriment cases</p> <p>The Authority is currently reviewing the impact of the UK Government’s remedy for the McCloud judgement on pension benefits owed to retired members and those about to retire.</p> <p>Whilst accounting for any payments made is relatively straightforward, the Authority is considering the potential legal, tax and funding implications of making payments.</p>	<p>My audit team will review the latest position during the audit and confirm that any transactions recognised, and disclosures made in the financial statements are appropriate and consistent with legislation and guidance.</p>
<p>Senior Officer Remuneration</p> <p>Appointments to senior officer roles and the disclosure of their remuneration in financial statements continue to be of high interest and are material by nature. A number of changes have taken place to the senior officer team during the financial year. There is a risk that these changes are not correctly disclosed within the financial statements.</p>	<p>My audit team will review changes in the senior officer team and the remuneration due to them. The team will ensure that the disclosures in the financial statements are consistent with our knowledge and underlying evidence.</p>

Audit risk	Proposed audit response
Other audit risks	
<p>Provision of financial services and systems by Conwy County Borough Council</p> <p>The service level agreement between the Authority and Conwy County Borough Council ended on 31 March 2022.</p> <p>This represents a risk for the Authority as it takes on new roles and responsibilities which were previously provided under this agreement.</p> <p>The financial statements for 2021-22 will be produced from data in the existing financial systems hosted by Conwy.</p> <p>From 1 April 2022, the Authority has implemented a new financial system which will be used for the 2022-23 financial year.</p>	<p>We will continue to monitor the arrangements and engage with officers at the Authority and at Conwy County Borough Council as appropriate throughout the audit.</p> <p>Our work as part of the 2022-23 audit will include review of the implementation of the new financial system.</p>

Performance audit

- 16 In addition to my Audit of Financial Statements I also carry out a programme of performance audit work to discharge my duties as Auditor General as set out in paragraphs 4 and 6 in relation to value for money and sustainable development.
- 17 In response to the pandemic, I adopted a flexible approach to my performance audit work both in terms of topic coverage and methodology. This enabled me to respond to the fast-moving external environment and provide more real-time feedback in a range of formats. For 2022-23, I intend to continue this approach to help enable my work to be responsive and timely, and where possible to share learning more quickly.
- 18 During 2020-21, I consulted public bodies and other stakeholders on how I will approach my duties in respect of the Well-being of Future Generations (Wales) Act 2015 from 2020-2025.
- 19 In March 2021, I wrote to the public bodies designated under the Act setting out my intentions, which include a). carrying out specific examinations of how public bodies have set their well-being objectives and b). integrating my sustainable development principle examinations of steps to meet well-being objectives with my national and local audit programmes.

- 20 The examination of steps to meet well-being objectives will be conducted as part of work set out in this audit plan and successive audit plans, leading up to my statutory report under the Act in 2025.
- 21 For 2022-23 my performance audit work at the Authority is set out below.

Exhibit 2: Performance Audit Programme 2022-23

This table summarises the performance audit programme for 2022-23.

Performance audit programme	Brief description
Local Government Measure 2009	Audit of Improvement Plan and assessment of performance.
Value for Money review/thematic review	Further details to follow on conclusion of consultation

- 22 In March 2022, I published a consultation inviting views to inform our future audit work programme for 2022-23 and beyond. In particular, it considers topics that may be taken forward through our national value for money examinations and studies and/or through local audit work across multiple NHS, central government and local government bodies. As we develop and deliver our future work programme, we will be putting into practice key themes in our new five-year strategy, namely:
- the delivery of a strategic, dynamic, and high-quality audit programme; supported by
 - a targeted and impactful approach to communicating and influencing.
- 23 The possible areas of focus for future audit work that we set out in the consultation were framed in the context of three key themes from our [Picture of Public Services](#) analysis in autumn 2021, namely: a changing world; the ongoing pandemic; and transforming service delivery. We also invited views on possible areas for follow-up work.
- 24 We will provide updates on the performance audit programme through our regular updates to officers and the Fire and Rescue Authority.

Statutory audit functions

- 25 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.

26 As this work is reactive, I have made no allowance in the fee table below. If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee, audit team and timetable

27 My fees and planned timescales for completion of the audit are based on the following assumptions:

- the financial statements are provided in accordance with a timescale to be agreed taking into account the impact of COVID-19, 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;
- appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
- 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; and
- Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

28 If I do receive questions or objections, I will discuss potential audit fees at the time.

Fee

29 As set out in our Fee Scheme 2022-23, our fee rates for 2022-23 have increased by 3.7% as a result of the need to continually invest in audit quality and in response to increasing cost pressures.

30 The estimated fee for 2022 is set out in **Exhibit 3**. This represents a 3.7% increase compared to your actual 2021 fee.

Exhibit 3: audit fee

This table sets out the proposed audit fee for 2022, 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	47,670	45,955
Performance audit work ³	16,051	15,490
Total fee	63,721	61,445

- 31 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.
- 32 Further information can be found in my [Fee Scheme 2022-23](#).

Audit team

- 33 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
Mike Whiteley	Audit Manager (Financial Audit)	02920 829389	mike.whiteley@audit.wales
Nick Selwyn	Audit Manager (Performance Audit)	02920 320612	nick.selwyn@audit.wales

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

² Payable November 2021 to October 2022.

³ Payable April 2022 to March 2023.

Name	Role	Contact number	E-mail address
Jodie Williams	Senior Auditor (Financial Audit)	02920 829351	jodie.williams@audit.wales
Euros Lake	Senior Auditor (Performance Audit)	02920 320517	euros.lake@audit.wales

34 We can confirm that team members are all independent of you and your officers.

Timetable

35 The key milestones for the work set out in this plan are shown in **Exhibit 5**.

36 The Public Audit (Wales) Act 2004 provides electors with the right to ask questions and to make objections to the Authority's accounts to the Auditor General. The rights to ask questions and make objections at audit are linked to electors' rights to inspect the accounts that are also set out in the 2004 Act.

Exhibit 5: Audit timetable

Planned output	Work undertaken	Report finalised
2022 Audit Plan	March – April 2022	June 2022
Audit of Financial statements work: <ul style="list-style-type: none"> • Audit of Financial Statements Report • Opinion on Financial Statements • Financial Accounts Memorandum 	February – September 2022	September 2022 (To be confirmed) September 2022 (To be confirmed) October 2022

Planned output	Work undertaken	Report finalised
Performance audit work: <ul style="list-style-type: none"> • Local Government Measure 2009 • Local value for money review 	Timescales for individual projects will be discussed with the Authority and detailed within the specific project briefings produced for each piece of work.	
Annual Audit Summary	Not applicable	December 2022



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We welcome correspondence and telephone calls in Welsh and English.
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg.