

Internal Audit Annual Report & Head of Internal Audit Opinion 2025/26

North Wales Fire and Rescue Service

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1 Executive Summary

This annual report provides your 2025/26 Head of Internal Audit Opinion, together with the planned internal audit coverage and outputs during 2025/26 and MIAA Quality of Service Indicators.

In accordance with *Global Internal Audit Standards (UK public sector)*¹, the Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes. The opinion should contribute to the organisation's annual governance statement.

Head of Internal Audit Opinion	1 st April 2024 – 31 st March 2025	1 st April 2025 – 31 st March 2026	Factors considered in forming our opinion
High Assurance, can be given that there is a strong system of internal control which has been effectively designed to meet the organisation's objectives, and that controls are consistently applied in all areas reviewed.			<ul style="list-style-type: none"> • Inherent risks in the areas audited • Scope limitations of individual audit reviews • Control weaknesses identified and their impact • Internal control environment adequacy and effectiveness • Management's responses to recommendations • Progression of implementation of recommendations by management
Substantial Assurance , can be given that that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently.	✓	✓	
Moderate Assurance, can be given that there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk.			
Limited Assurance, can be given that there is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls impacts on the overall system of internal control and puts the achievement of the organisation's objectives at risk.			
No Assurance, can be given that there is an inadequate system of internal control as weaknesses in control, and/or consistent non-compliance with controls could/has resulted in failure to achieve the organisation's objectives.			

¹ This consists of the Global Internal Audit Standards (GIAS) of the IIA and the Application Note: Global Internal Audit Standards in the UK public sector

Key Area	Summary
Head of Internal Audit Opinion	<p>As highlighted above, the overall opinion for the period 1st April 2025 to 31st March 2026 provides Substantial Assurance, that that there is a good system of internal control designed to meet the organisation’s objectives, and that controls are generally being applied consistently.</p> <p>Context: This opinion is provided in the context that North Wales Fire and Rescue Service like other organisations across the public sector is continuing to face a number of challenging issues and wider organisational factors particularly with regards to the proposed changes to national and local bodies and the corresponding uncertainty this causes, ongoing financial challenges and increasing collaboration across organisations and systems.</p> <p>The Service has a Community Risk Management Plan in place covering 2024-2029 which contained improvement and well-being objectives to enable delivery against the long-term objectives. This was updated for 2025/26 which set out a number of deliverables for the year, including developing the business case for a new Training and Development Centre, procurement of firefighting appliances with enhancements and many programmes to support performance and service enhancements.</p> <p>The Authority approved a net revenue budget of £51.788m for 2025/26. In addition, a number of non-recurring measures were agreed, including the use of £0.601m from reserves. Based on expenditure to 31 March, the revenue expenditure was forecast to be £51.654m, which is an underspend of £0.134m, which includes costs relating to various projects, national pay settlements and movement to reserves.</p> <p>A Budget Scrutiny working group has met regularly in year which has included members of the Audit Committee to endorse the financial planning assessment process to set a balanced budget for 2026/27.</p> <p>In response to the Corporate Resilience review at NWFRS, the Authority commissioned an Emergency Cover Review last year to identify options for emergency response. In response to the recommendations made, the Authority set up an Emergency Cover Review Task and Finish Subgroup, in year this has been rearranged into a Collaborative Agreement Implementation Group (CAIG) following completion and sign-off of the collective agreement at regional and national levels. The CAIG continue to devise and test alternative solutions with representative bodies and updates are provided to the Fire and Rescue Authority at each meeting.</p>

Key Area	Summary
	<p>In year we have issued a limited level of assurance in relation to Equipment Asset Management. Internal work is being progressed within the Service such as exploring a new asset tracking system and researching potential suppliers.</p> <p>Following the Risk Management review undertaken in 2024/25 which resulted in a limited level of assurance, our work in year has identified that some progress has been made by the Service in addressing the recommendations raised. However, further work is required to improve and embed the risk management arrangements in place at the Service. It was also recognised that the Internal Audit work for 2025/26 has placed a focus on the key risks to NWFRS business and the key areas of concern.</p> <p>Compliance with professional standards: In providing this opinion we can confirm continued compliance with the definition of internal audit (as set out in your Internal Audit Charter), code of ethics and professional standards. We also confirm organisational independence of the audit activity and that this has been free from interference in respect of scoping, delivery and reporting.</p> <p>Purpose: The purpose of our Head of Internal Audit (HoIA) Opinion is to contribute to the assurances available to the Accountable Officer and the Fire Authority which underpin the Authorities own assessment of the effectiveness of the system of internal control. As such, it is one component that the Fire Authority takes into account in making its Annual Governance Statement (AGS) and the Annual Statement of Assurance.</p> <p><i>Please include the summary text in the table above when referring to the HoIA Opinion in your AGS.</i></p>
<p>Scope and Limitations of Our Work</p>	<p>Our opinion is formed through the completion of a risk-based plan of assignments, agreed with management and approved by the Audit Committee.</p> <p>Our opinion is subject to the following inherent limitations:</p> <ul style="list-style-type: none"> • We have not reviewed all risks and assurances relating to the organisation. • The opinion is substantially derived from the conduct of risk-based plans generated from a robust and organisation led assurance framework. The assurance framework is one component that the board takes into account in making its annual governance statement (AGS) • The opinion is based on the findings and conclusions of the agreed audit assignments which were limited to the objectives and scope agreed with management.

Key Area	Summary
	<ul style="list-style-type: none"> • Where strong controls have been identified and confirmed, their effectiveness may still be impaired in some instances. This may be due to human error, incorrect management judgement, management override, controls being by-passed or a reduction in compliance. • Due to the limited scope of individual audit assignments, there may be weaknesses in controls which we are not aware of, or which were not brought to our attention. • The points raised in this report relate only to the issues we encountered during delivery of the internal audit service. It is not an exhaustive list of all weaknesses or potential improvements. Management is responsible for maintaining a robust system of internal controls, and internal audit should not be the sole basis for identifying all strengths and weaknesses. • This report is prepared solely for the use of the Audit Committee and/or senior management of North Wales Fire and Rescue Service.
Planned Audit Coverage and Outputs	<p>The 2025/26 Internal Audit Plan has been delivered with the focus on the provision of your HoIA Opinion. This position has been reported within the progress reports across the financial year. Review coverage has been focused on:</p> <ul style="list-style-type: none"> • The organisation's Assurance Framework • Core and mandated reviews, including follow up; and • A range of individual risk-based assurance reviews.
Recommendations / Management Actions	<p>We have raised 21 recommendations as part of the reviews undertaken during 2025/26. All recommendations raised by MIAA have been accepted by management.</p> <ul style="list-style-type: none"> • Of these recommendations: 0 were critical and 3 were high risk recommendations in relation to the reviews of Equipment Asset Management and Risk Management Core Controls. • There were 22 outstanding recommendations relating to prior year reviews as at the 1st April 2025. • During the course of the year, we have undertaken follow up reviews and can conclude that the organisation implemented 18 actions during 2025/26 (11 of which related to prior year reviews).

Key Area	Summary
	<ul style="list-style-type: none"> • A further 4 recommendations in relation to Key Financial Transactional Processing Controls and Risk Management (from 2024/25) have been superseded and raised as part of current year reviews. • The total number of recommendations yet to be implemented as at 31st March 2026 is 21. None are overdue as revised dates for implementation have been agreed.
MIAA Quality of Service Indicators	<p>ISO9001: MIAA operate systems to ISO Quality Standards which is subject to annual reaccreditation.</p> <p>External Quality Assessment: The External Quality Assessment, undertaken by CIPFA (2026), provides assurance of MIAA’s compliance with the Global Internal Audit Standards (UK Public Sector). We also undertake regular internal assessments to ensure our ongoing compliance with requirements.</p> <p>Information Governance and Cyber Security: MIAA are committed to delivering and demonstrating the highest standards of information governance and cyber security to protect not only our information and systems but to protect the data we collect and create through our audit and advisory activities with clients.</p> <p>We have consistently submitted a compliant NHS Data Security and Protection Toolkit return and we are one of only circa 20 NHS organisations certified to the Cyber Essentials Plus standard. Certification to this standard required rigorous independent testing of our cyber security controls across our devices. That we have achieved this certification is a demonstration not only of the security of our devices but also a validation of the proactive monitoring and maintenance that we have in place to protect data and systems from malicious threats.</p> <p>Also, in 2025/26 MIAA was officially recognised as an Assured provider under the National Cyber Security Centre’s (NCSC) Cyber Assessment Framework (CAF). This accreditation reflects our ongoing commitment to helping organisations strengthen their cyber resilience and safeguard critical systems and services. This achievement, which is the result of a rigorous assessment process, demonstrates our credentials in auditing against the NCSC’s Cyber Assessment Framework and, highlights the exceptional skills and experience of our staff as well as our organisational commitment to the highest cyber security standards.</p>

2 The Head of Internal Audit Opinion

Your internal audit service has been performed in accordance with MIAA's internal audit methodology which conforms with Global Internal Audit Standards (UK public sector). Global Internal Audit Standards (UK public sector) require that we comply with applicable ethical requirements, including independence requirements, and that we plan and perform our work to obtain sufficient, appropriate evidence on which to base our conclusion.

2.1 Roles and Responsibilities

North Wales Fire and Rescue Authority is collectively accountable for maintaining a sound system of internal control and is responsible for putting in place arrangements for gaining assurance about the effectiveness of that overall system. The Fire Authority is responsible for ensuring public money is properly accounted for and used efficiently and effectively.

Production of an Annual Governance Statement (AGS) is a requirement under the Accounts and Audit Regulations (England) 2015 and helps to ensure that a reliable system of internal controls can be demonstrated. The AGS is an annual statement on behalf of the Fire Authority setting out:

- how the individual responsibilities of the Authority are discharged with regard to maintaining a sound system of internal control that supports the achievements of policies, aims and objectives;
- the purpose of the system of internal control as evidenced by a description of the risk management and review processes, including the Assurance Framework process; and
- the conduct and results of the review of the effectiveness of the system of internal control, including any disclosures of significant control failures together with assurances that actions are or will be taken where appropriate to address issues arising.

The organisation's assurance framework should bring together all of the evidence required to support the AGS requirements.

In accordance with Global Internal Audit Standards (UK public sector), the HoIA is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Audit Committee, which can provide assurance, subject to the inherent limitations described below. The outcomes and delivery of the internal audit plan are provided in Section 4.

3 Informing our Opinion

3.1 Basis for the Opinion

The basis for forming our opinion is as follows:

- 1 An assessment of the design and operation of the underpinning strategic governance, risk management arrangements and supporting processes.
- 2 An assessment of the range of individual assurances arising from our risk-based internal audit assignments that have been reported throughout the period. This assessment has taken account the relative materiality of systems reviewed and management's progress in respect of addressing control weaknesses identified.
- 3 An assessment of the organisation's response to Internal Audit recommendations, and the extent to which they have been implemented.

3.2 Commentary

The commentary below provides the context for our opinion and together with the opinion should be read in its entirety.

Our opinion covers the period 1st April 2025 to 31st March 2026 inclusive, and is underpinned by the work conducted through the risk-based internal audit plan.

A) Assurance Framework (AF)

A Risk Management review was undertaken in 2024/25 which resulted in a limited level of assurance. A further Risk Management Core Controls review has been undertaken in 2025/26 which identified that some progress has been made by the Service since the previous review. This included the approval of the Risk Management Strategy, oversight arrangements in relation to risk by the Strategic Risk Committee (SRC) and roll out of the training provision across Levels 1-4.

However, some of the recommendations raised in 2024/25 remain outstanding in relation to completeness of the risk registers in place (including the Strategic Risk Register) and the challenge and scrutiny of risks by the SRC and escalation of issues to the Senior Leadership Team and Fire Authority. Therefore, further work is required to improve and embed the risk management arrangements in place at the Service. These recommendations will be followed up in 2026/27 as part of the Internal Audit Plan.

B) Core & Risk-Based Reviews Issued

We issued:

0 high assurance opinions:	N/A	1 limited assurance opinions:	Equipment Asset Management
2 substantial assurance opinions:	Key Financial Transactional Processing Controls Business Planning	0 no assurance opinions:	N/A
0 moderate assurance opinions:	N/A	3 reviews without an assurance rating	Risk Management Core Controls National Fraud Initiative Attendance at Budget Scrutiny meetings

C) Follow Up

During the course of the year we have undertaken follow up reviews and can conclude that the organisation has made **good progress** with regards to the implementation of recommendations. We will continue to track and follow up outstanding actions.

D) Themes

Through delivery of your internal audit plan we noted the following thematic areas:

- The approved plan of Internal Audit work for 2025/26 has placed a considered focus on key risks to the Service for example Equipment Asset Management and Business Planning. The Service has directed our work to known areas of concern.
- Audit recommendations in year have highlighted themes in relation to both control design and operating effectiveness of controls and compliance with policy and procedures in place.

E) Third Party/Other Assurance

Whilst we have not placed any direct reliance on other assurance providers. At the time of issuing this opinion we have not received any information relating to third party assurance.

Prior to finalising this opinion we will confirm if further Service Auditor Reports/third party assurances have been issued to the organisation and update our opinion accordingly.

Chris Harrop

Managing Director, MIAA
March 2026

Louise Cobain

Assurance Director, MIAA
March 2026

4 Internal Audit Coverage and Outputs

The 2025/26 Internal Audit Plan has been delivered with the focus on the provision of your Head of Internal Audit Opinion. This position has been reported within the progress reports across the financial year.

The audit assignment element of the Opinion is limited to the scope and objectives of each of the individual reviews. Detailed information on the limitations (including scope and coverage) to the reviews has been provided within the individual audit reports and through the Audit Committee Progress Reports throughout the year.

A summary of the reviews performed in the year is provided below:

	Review	Assurance Opinion	Recommendations Raised					Issue Category	
			Critical	High	Medium	Low	Total	Control Design	Operating Effectiveness
1	Equipment Asset Management	Limited	0	2	4	2	8	6	2
2	Business Planning	Substantial	0	0	4	1	5	1	4
3	Key Financial Transactional Processing Controls	Substantial	0	0	2	2	4	1	3
4	Risk Management Core Controls	N/A	0	1	2	1	4	2	2
5	National Fraud Initiative	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6	Budget Scrutiny meetings	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Review	Assurance Opinion	Recommendations Raised					Issue Category	
		Critical	High	Medium	Low	Total	Control Design	Operating Effectiveness
TOTAL		0	3	12	6	21	10	11

We will continue to follow up progress against all recommendations as part of the 2026/27 Internal Audit Plan.

ADVISORY SUPPORT AND GUIDANCE: Areas where MIAA have supported the organisation in strengthening arrangements in respect of governance, risk management and internal control.

Preparation for the National Fraud Initiative (NFI) work and support provided in relation to the privacy notices.

Engagement and support provided from MIAA Solutions in relation to the Training Centre.

CONTRIBUTION TO GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROL ENHANCEMENTS: *Additional areas where MIAA have provided added value contributions.*

Detailed insight into the overall Governance and Assurance processes gained from liaison throughout the year with the Assistant Chief Fire Officer/ Treasurer, Senior Management Team and Officers.

Involvement and relationship with the organisation (e.g. attendance at Budget Scrutiny meetings).

Effective utilisation of internal audit including in year communication, and changes to timing of the audit plan in respect of the Business Planning review.

To keep our clients informed on emerging governance and wider policy developments we ran 9 events in 25/26 as part of our North West Masterclass Collaboration. Each event was accompanied by an event summary published on our website. We also issued an MIAA Insight on Local Authority Audit Committee Members Roles & Responsibilities.

Continued involvement and representation on National Bodies including the Institute of Internal Auditors (IIA) and CIPFA enabling us to be proactive in sharing best practice, wider benchmarking and providing early insights on national issues.

5 Areas for Consideration – your AGS

The Head of Internal Audit Opinion is one source of assurance that the organisation has in providing its AGS other third party assurances should also be considered. In addition the organisation should take account of other independent assurances that are considered relevant.

We have identified a number of other strategic challenges that should be considered by the Fire Authority when drafting the AGS. Whilst the scope of the Internal Audit Plan would have considered elements of these, it is important that the Fire Authority reflects more widely on how these should be factored into the AGS. Areas for consideration include:

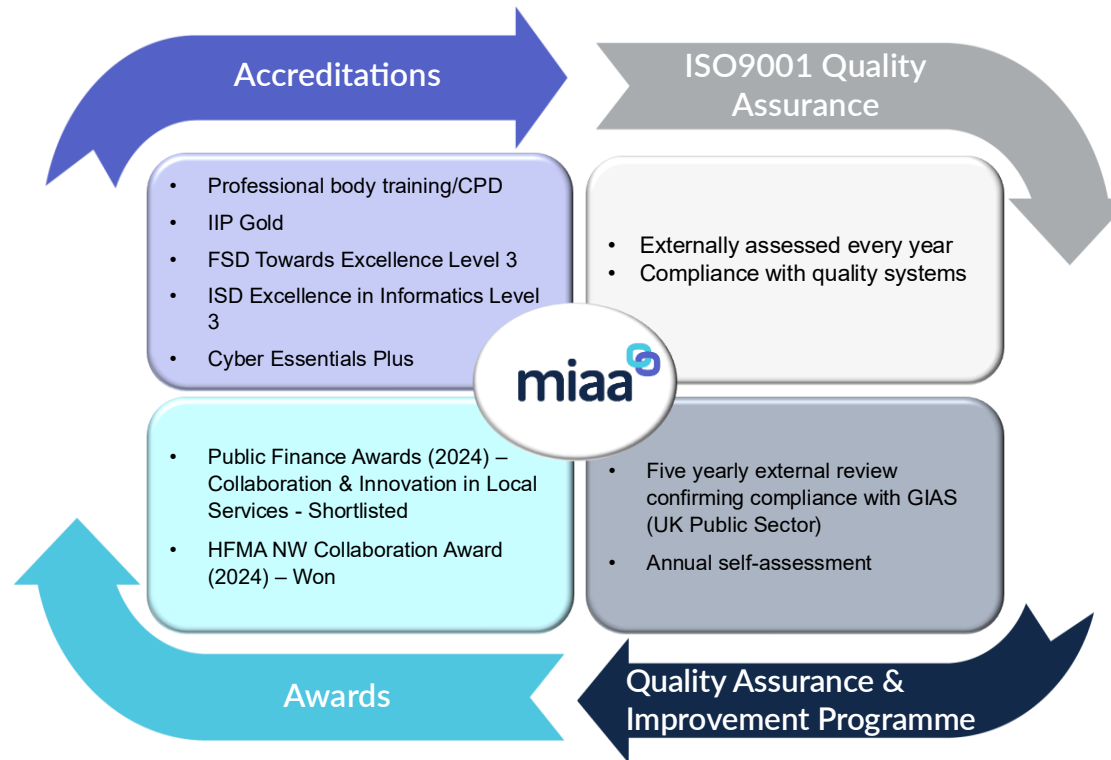
- Wider partnership/ collaborative working and engagement across the North Wales Footprint.
- Impact of the revised financial regime on decision making, achieving financial duties, ongoing financial viability, delivery of savings, service pressures and key relationships/ performance of third parties.
- Changes to governance, risk management and internal control arrangements (including the impact on decision making processes).
- Maintenance and improvement of the quality of services alongside and overall organisation performance, including the delivery of targets.
- Changes to leadership, including any significant changes to the Senior Leadership Team and Fire Authority.
- Workforce capacity, engagement, wellbeing and development.
- Ensuring there is a fit for purpose infrastructure.
- Cyber security, information governance risks and any associated reportable incidents to the Information Commissioner.
- Relationship and management of 3rd party providers upon which the organisation places reliance, and the provision of assurances from these.
- Compliance with all relevant laws, standards, regulations and Fire and Rescue National Framework for Wales 2016.
- Inspections and feedback during 2025/26 including any actions taken to address any areas of development.

6 Ensuring Quality

MIAA's strategy has quality at the heart of everything we do and our overall approach to quality assurance includes ISO9001:2015 accreditation, compliance with Global Internal Audit Standards (UK public sector), the quality of our people and how we supporting them, staffing levels, compliance and outcome measures.

Professional Standards and Accreditations

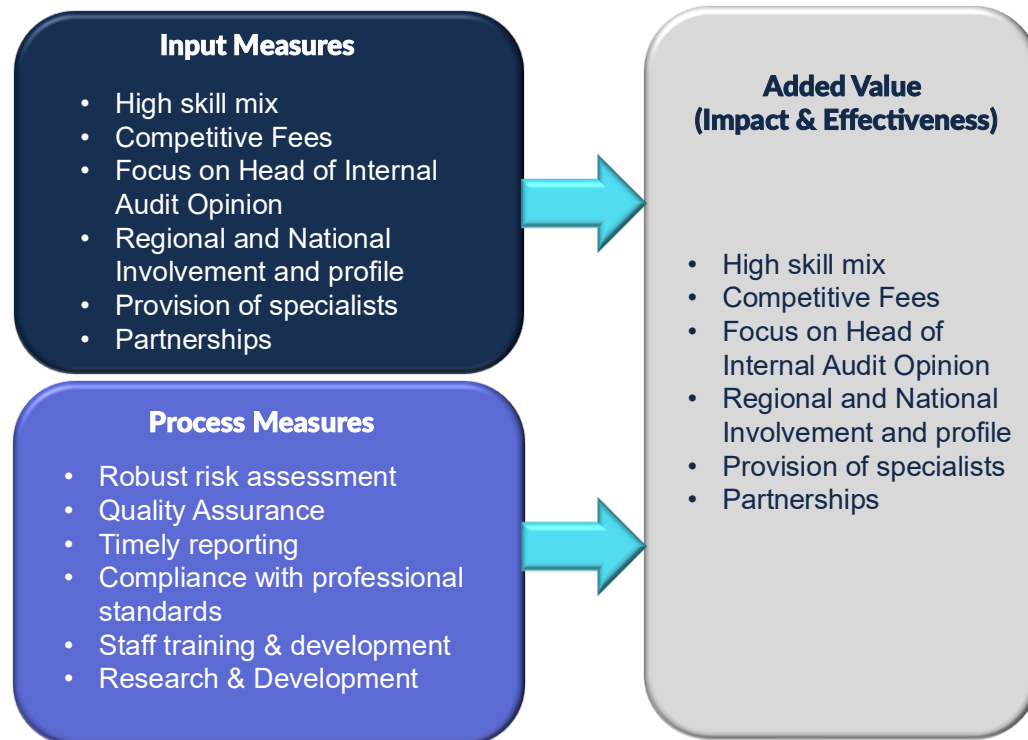
MIAA comply fully with professional best practice, internal audit standards and legal requirements.



Service delivery and outcome measures

It is important that client organisations ensure an effective Internal Audit Service, and whilst input and process measures offer some assurance, the focus should be on outcomes and impact from the service. The infographic on this page confirms the measures that we believe demonstrate an effective service to you.

MIAA regularly report on input and process KPIs as part of our Audit Committee Progress reports, and the impact and effectiveness measures can be assessed through the HOIA Opinion.



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