

Audit of Accounts Report – North Wales Fire and Rescue Authority

Audit year: 2025-26

Date issued: September 2026



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

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

Introduction



Catherine Mealing-Jones

Auditor General for
Wales

As the newly appointed Auditor General for Wales, I am pleased to share my Audit of Accounts Report. The Report summarises the main findings from my audit of your 2025-26 annual report and accounts. My team have already discussed these findings with the Head of Finance and Procurement.

My team have substantially completed the audit work as set out in my Audit Plan dated June 2026. The remaining tasks involve continuous planning and review.

Since my Audit Plan, I have updated materiality to reflect the 2025-26 accounts. I have not identified any new audit risks. My

response to previously identified risks is set out in **Appendix 1**.

I am required to provide an opinion on whether the accounts have been properly prepared, and give a true and fair view, in all material respects. My proposed audit opinion and basis for it is outlined on page 8.

It is the responsibility of those charged with governance, i.e. the Authority to address any matters raised in my report and provide me with a Letter of Representation.

I would like to extend my gratitude to the officers and staff of North Wales FRA for their cooperation throughout the audit process which has been invaluable in completing this audit effectively.

Your audit at a glance



We intend to issue an **unqualified opinion** on the accounts

See [Appendix 3](#)



There are no **other significant matters** to report

See [Audit findings](#)



There are **uncorrected misstatements** in the accounts which we wish to draw to your attention.

See [Audit findings](#)



We have raised **One recommendation** as a result of our work

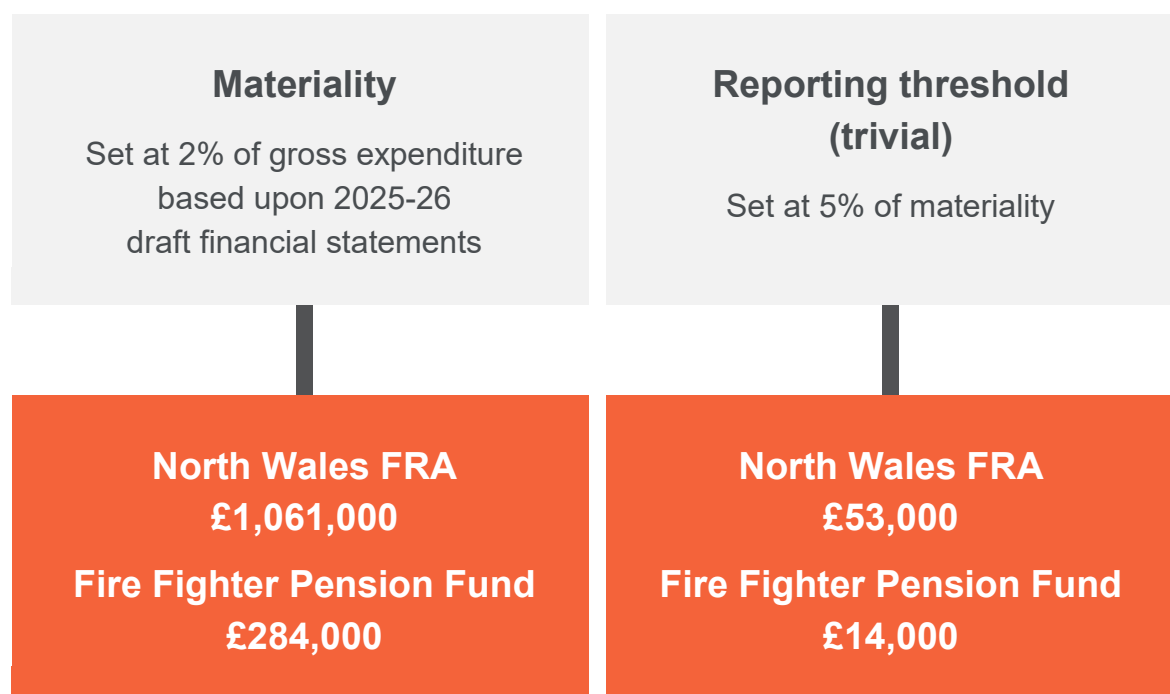
See [Appendix 5](#)



Subject to no further material issues being identified. We are aiming to certify your accounts ahead of the deadline of **30 September 2026**.

Materiality

I use professional judgement to set a materiality threshold to identify and correct misstatements that could affect users' decisions, considering both financial errors and disclosure requirements according to the applicable accounting framework and laws. My team updates materiality throughout the audit and I include in this report matters that exceed my reporting threshold, as set out below:



There are some areas of the accounts that may be of more importance to the user of the accounts. We confirm lower materiality levels for these:



Audit Findings

Misstatements

A misstatement arises where information in the accounts is not in accordance with accounting standards.

Uncorrected misstatements

We set out below the misstatements we identified in the accounts, which have been discussed with management but remain uncorrected. We request that these misstatements be corrected.

If you decide not to correct these misstatements, we ask that you provide us with the reasons in writing for not correcting them:

- £89,000 of impairment of assets was posted to the CIES rather than against the Revaluation Reserve. Correcting this would increase the surplus and reduce the Revaluation Reserve balance. Due to the nature of this transaction, this does not impact upon the General Fund.
- £85,000 of expenditure was incorrectly treated as a prepayment at year-end. Correcting this would reduce the balance of debtors and increase expenditure in 2025-26.

Corrected misstatements

During our audit, we identified misstatements that have been corrected by management, but which we consider should be drawn to your attention.

These are set out in **Appendix 2**.

Other significant issues

International Standard on Auditing 260 requires us to communicate with those charged with governance. We must tell you significant findings from the audit and other matters if they are significant to your oversight of North Wales FRA's financial reporting process.

There were no such issues identified during the audit.

Proposed audit opinion

Audit opinion

We intend to issue an unqualified audit opinion on this year's accounts once you have provided us with a Letter of Representation (see below).

Our proposed audit report is set out in **Appendix 3**.

Letter of representation

A Letter of Representation is a formal letter in which you confirm to us the accuracy and completeness of information provided to us during the audit. Some of this information is required by auditing standards; other information may relate specifically to your audit.

The letter we are requesting you to sign is included in **Appendix 4**, the contents of which are in line with our standard request for representations

Recommendations

We have made a recommendation during the audit, which is set out in **Appendix 5** along with management's response to the recommendation.

We will monitor progress against the recommendations during next year's audit.

Audit team and ethical compliance

The main members of my team who carried out the audit work, together with their contact details, are summarised in **Exhibit 1**.

Exhibit 1: My local audit team

Engagement Lead	Kate Havard Kate.Havard@audit.wales
Audit Manager	Carwyn Rees Carwyn.Rees@audit.wales

Audit Lead	Kieran Vickery Kieran.Vickery@audit.wales
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Compliance with ethical standards

We confirm that:

- we have complied with the ethical standards we are required to follow in carrying out our work;
- we have remained independent of yourselves;
- our objectivity has not been compromised; and
- we have no relationships that could undermine our independence or objectivity.

Appendix 1 – Audit risks and outcomes

My Audit Plan set out the risks of material misstatement for the audit of North Wales FRA's accounts. **Exhibit 2** lists these audit risks and sets out how they were addressed as part of the audit. No additional audit risks have been identified since that need to be brought to your attention.

Exhibit 2: Audit risks reported previously, work done and outcome

Audit risk	Work done	Outcome
Risk of 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 [ISA 240.32-33].	The audit team: • tested the appropriateness of journal entries and other adjustments made in preparing the financial statements; • reviewed accounting estimates for bias. • Considered if there were any transactions outside of the normal course of business	Audit work did not identify any instances of management override of controls.

Valuation of pension fund net liability/surplus The pension fund liability estimates are based on assumptions and as a result there is a high level of uncertainty in the calculations. The calculation is also sensitive to economic conditions and the impact of legal cases.	The audit team: • Evaluated the actuary's instructions, competence, and the accuracy of the information provided. • Tested the accuracy of the pension fund net liability and disclosures in the financial statements. • Assessed the reasonableness of assumptions and the impact of any legal cases on the net liability.	Audit work did not identify any issues with the valuation of pension fund net liability/surplus.
Valuation of land and buildings The value of land and buildings in the balance sheet is subjective and can change significantly due to economic conditions and revaluation requirements.	The audit team: • assessed the work undertaken by the authority to determine that asset values are not materially misstated.	Audit work did not identify any issues with the valuation of land and buildings.
Senior officer remuneration Remuneration paid to senior officers continues to be of high interest and is material by nature. Therefore, there is a risk that even low-value errors in the disclosure could result in a material misstatement.	The audit team: • Understood the movements in the senior management team during 2025-26. • Verified that amounts paid are consistent with evidence and were in accordance with the approved pay policy.	Audit work did not identify any issues with the disclosure of senior officer remuneration.

Related party disclosures

There is an increased risk of material misstatement because these disclosures are of significant public interest and are considered material by nature.

The audit team:

- Reviewed the Authority's process for identifying related party relationships and associated transactions and balances.
- Undertook procedures to confirm the completeness of related party relationships.
- Ensured disclosures are complete, accurate, consistent with evidence, and in accordance with the Local Government Code.

Audit work did not identify any issues with Related Party disclosures.

Appendix 2 – Summary of corrections made

During our audit, we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention.

Value of correction	Accounts area	Explanation
£2,192,000	Note 11 – Classification of Disposals Reclassification of movement in depreciation to show value of assets that have been disposed. There is no net impact on CIES or Balance Sheet.	To accurately disclose the historic depreciation of assets that have been disposed during the year.
£850,000	Note 11 – Classification of Impairments Reclassification of Impairments due to expenditure that does not impact the valuation due to prescribed valuation methods. There is no net impact on CIES or Balance Sheet.	To accurately disclose the movements on assets during the year
£177,000 - £2,133,000	Note 30 – Defined Benefit Pension Scheme Various reclassifications between lines within the note. There is no net impact on CIES or Balance Sheet.	To accurately reflect movements in pension balances in line with actuarial findings.

Appendix 3 – Proposed audit report

The report of the Auditor General for Wales to the members of North Wales Fire and Rescue Authority

Opinion on financial statements

I have audited the financial statements of:

- North Wales Fire and Rescue Authority;
- North Wales Fire and Rescue Authority Firefighters' Pension Fund

for the year ended 31 March 2026 under the Public Audit (Wales) Act 2004.

North Wales Fire and Rescue Authority financial statements comprise the Expenditure and Funding Analysis, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement and the related notes, including the material accounting policies.

The Firefighters' Pension Fund Accounts comprise the Fund Account and Net Assets Statement and related notes including the material accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26.

In my opinion, in all material respects, the financial statements:

- give a true and fair view of the financial position of North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority Firefighters' Pension Fund as at 31 March 2026 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and UK adopted international accounting standards as interpreted and adapted by the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)) and Practice Note 10 'Audit of financial statements and regularity of public sector bodies in the United Kingdom'. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report.

My staff and I are independent of the North Wales Fire and Rescue Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the North Wales Fire and Rescue Authority and the Firefighters' Pension Fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the responsible financial officer with respect to going concern are described in the relevant sections of this report.

Other Information

The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. The Responsible Financial Officer is responsible for the other information contained within the annual report or accompanying it. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to

determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025-26;
- the information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of North Wales Fire and Rescue Authority and the Firefighters' Pension Fund and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Annual Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- I have not received all the information and explanations I require for my audit.
- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by my team;
- the financial statements are not in agreement with the accounting records and returns.

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts included in the Statement, the responsible financial officer is responsible for:

- the preparation of the statement of accounts, which give a true and fair view and comply with proper practices;
- maintaining proper accounting records;
- internal controls as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error; and
- assessing the North Wales Fire and Rescue Authority and the Firefighters' Pension Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible financial officer anticipates that the services provided by North Wales Fire and Rescue Authority and North Wales Fire and Rescue Authority Firefighters' Pension Fund will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with section 13(2) of the Public Audit (Wales) Act 2004.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- Enquiring of management, internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to North Wales Fire & Rescue Authority and the North Wales Fire & Rescue Authority Firefighters' Pension Fund's policies and procedures concerned with:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Considering as an audit team how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the posting of unusual journals.
- Obtaining an understanding of North Wales Fire & Rescue Authority and the North Wales Fire & Rescue Authority Firefighters' Pension Fund's framework of authority as well as other legal and regulatory frameworks that North Wales Fire & Rescue Authority operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of North Wales Fire & Rescue Authority and the North Wales Fire & Rescue Authority Firefighters' Pension Fund.
- Obtaining an understanding of related party relationships.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Authority about actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all audit team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the North Wales Fire and Rescue Authority and Firefighters' Pension Fund's controls, and the nature, timing and extent of the audit procedures performed.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Other auditor's responsibilities

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Certificate of completion of audit

I certify that I have completed the audit of the accounts of North Wales Fire and Rescue Authority and the Firefighters' Pension Fund in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

Signature
Auditor General for Wales
Date

1 Capital Quarter
Tyndall Street
Cardiff, CF10 4BZ

Appendix 4 – Letter of representation

[Audited body's letterhead]

Auditor General for Wales
Wales Audit Office
1 Capital Quarter
Tyndall Street
Cardiff
CF10 4BZ

[date]

Representations regarding the 2025-26 financial statements

This letter is provided in connection with your audit of the financial statements of North Wales Fire and Rescue Authority for the year ended 31 March 2026, for the purpose of expressing an opinion on their truth and fairness and their proper preparation.

We confirm that to the best of our knowledge and belief, having made enquiries as we consider sufficient, we can make the following representations to you.

Management representations

Responsibilities

We have fulfilled our responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and Code of Practice on Local Authority Accounting in the United Kingdom 2025-26; in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;

- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to staff from whom you determined it necessary to obtain audit evidence;
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- our knowledge of fraud or suspected fraud that we are aware of and that affects North Wales Fire and Rescue Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements;
- our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements; and
- the identity of all related parties and all the related party relationships and transactions of which we are aware;

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. The effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these items is set out below:

- £89,000 of impairment of assets was posted to the CIES rather than against the Revaluation Reserve. Correcting this would increase the surplus and reduce the Revaluation Reserve balance. Due to the nature of this transaction, this does not impact upon the General Fund.
- £85,000 of expenditure was incorrectly treated as a prepayment at year-end. Correcting this would reduce the balance of debtors and increase expenditure in 2025-26.

Representations by those charged with governance

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by North Wales Fire and Rescue Authority on 21 September 2026.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Officer who signs on behalf of
management

Date:

Signed by:

Member who signs on behalf of those
charged with governance

Date:

Appendix 5 – Recommendation

1. Inventory Management of Fleet Items

The Authority's Technology One software includes an inventory module, which is used for their main stores inventory. This allows automatic calculations of issue prices and valuation of items remaining in stock at the year-end, based on invoices received and issues processed. This is not used for fleet inventory currently, which is maintained by a spreadsheet.

In the testing of issues of fleet inventory, it was identified that some fleet items were being issued at a price which was not consistent with the Authority's accounting policy of 'first in, first out' (FIFO). Whilst this had a trivial impact upon the accounts for 2025-26, it is recommended that the process for inventory management for fleet items is incorporated into the Technology One system to ensure that issue prices and closing inventory values are accurately recorded.

Priority:

Medium

Accepted in full by management:

Yes

Management response:

The Service will review the suitability and efficiency of transitioning fleet inventory management into the TechnologyOne inventory module. The review will be completed by December 2026 to enable full integration by March 2027, where appropriate. If full integration is not considered the most effective solution, an alternative process will be implemented to ensure inventory issues and stock valuations are calculated consistently in line with the Authority's FIFO accounting policy.

Implementation date:

March 2027

Audit quality

Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

We use a three lines of assurance model to demonstrate how we achieve this. We have established an Audit Quality Committee to co-ordinate and oversee those arrangements. We subject our work to independent scrutiny by the Institute of Chartered Accountants in England and Wales and our Chair of the Board acts as a link to our Board on audit quality. For more information see our latest [audit quality report](#).



Our People

- Selection of right team
- Use of specialists
- Supervisions and review



Arrangements for achieving audit quality Selection of right team

- Audit platform
- Ethics
- Guidance
- Culture
- Learning and development
- Leadership
- Technical support



Independent assurance

- EQRs
- Themed reviews
- Cold reviews
- Root cause analysis
- Peer review
- Audit Quality Committee
- External monitoring

Supporting you

Audit Wales has a range of resources to support the scrutiny of Welsh public bodies, and to support them in continuing to improve the services they provide to the people of Wales.

Visit our website to find:



Our publications which cover our audit work at public bodies.



Information on our upcoming work and forward work programme for performance audit.



Data tools to help you better understand public spending trends.



Details of our Good Practice work and events including the sharing of emerging practice and insights from our audit work.



Our newsletter which provides you with regular updates on our public service audit work, good practice, and events.



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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.

