

AWDURDOD TÂN AC ACHUB GOGLEDD CYMRU



NORTH WALES FIRE AND RESCUE AUTHORITY

A meeting of the **AUDIT COMMITTEE** will be held
MONDAY 15 JUNE 2026 at **09.30 hrs**
virtually **via Zoom**

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 Chairman, 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 the Meeting held on 16 March 2026

5. Draft Annual Governance Statement 2025/26, for recommendation

6. Draft Annual Statement of Accounts 2025/26, for recommendation

7. Head of Internal Audit Opinion and Annual Report 2025/26, for assurance

8. Internal Audit Charter 2026/27, for assurance

9. Quarterly Internal Audit Progress Report 2026/27, for assurance

10. Treasury Management Outturn Report 2025/26, for assurance

11. Audit Plan 2026, for assurance

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 3 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.

NORTH WALES FIRE AND RESCUE AUTHORITY
AUDIT COMMITTEE

Minutes of the **Audit Committee** of the North Wales Fire and Rescue Authority held on Monday 16 March 2026 virtually via Zoom. Meeting commenced at 09.30hrs.

Councillor

Gareth Sandilands (Chair)
Tina Claydon (Deputy Chair)
Ann Davies
Chrissy Gee (left 10.22)
Ian Hodge
John Brynmor Hughes
Gareth R Jones
Gwynfor Owen (left 10:14)
Beverley Parry-Jones (left 10:24)

Representing

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

Also present:

Helen MacArthur	Assistant Chief Fire Officer
Elgan W Roberts	Head of Finance and Procurement
Dafydd Edwards	Treasurer
Gareth Owens	Clerk and Monitoring Officer
Angharad Ellis	MIAA
Timothy Buckle	Audit Wales
Heledd Davies	Translator
Lisa Allington	Executive Assistant – minute taker

1.0 APOLOGIES

Name

Jeff Evans
Arwyn Herald Roberts

Representing

Anglesey County Council
Gwynedd Council

ABSENT

Name

Bryan Apsley
Marc Jones
Austin Roberts

Representing

Wrexham County Borough Council
Wrexham County Borough Council
Conwy County Borough Council

2.0 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest to record.

3.0 NOTICE OF URGENT MATTERS

3.1 There were no notices of urgent matters.

4.0 MINUTES OF THE MEETING HELD ON 15 DECEMBER 2025

4.1 The minutes of the meeting held on 15 December 2025 were submitted for approval. A proposal was made that they were a true and accurate record of proceedings. This was seconded and passed with all in favour.

4.2 It was noted that the budget had now been approved by the full North Wales Fire and Rescue Authority (the Authority) and the levy had been communicated to local authorities.

4.3 **RESOLVED to:**

i) approve the minutes as a true and accurate record of the meetings held.

5.0 AUDIT OF NORTH WALES FIRE AND RESCUE AUTHORITY'S ASSESSMENT OF PERFORMANCE 2024/25

5.1 ACFO Anthony Jones delivered the Audit of the Authority's Assessment of Performance 2024/25 which presented the outcome of the external audit of the Authority's Assessment of 2024-25 Performance, as required by the Local Government (Wales) Measure 2009 (the Measure).

5.2 **RESOLVED to:**

i) Note the audit letter which confirms that the Authority has discharged its responsibilities under the Local Government (Wales) Measure 2009.

6.0 AUDIT WALES – ANNUAL AUDIT SUMMARY 2025

6.1 Timothy Buckle from Audit Wales was welcomed to the meeting and presented Audit Wales's Annual Audit Summary 2025.

- 6.2 It was noted that this report was standard and there were no new developments to report.
- 6.3 ACFO HM confirmed that the Auditor General had written to confirm that the accounts had been submitted on time against a difficult backdrop for the public sector, and that as an organisation, procedures were in place to ensure that this continued with preparations for the next audit in hand.
- 6.4 It was asked if a new Audit Wales Plan was in development, and Timothy confirmed that this was updated annually and the next iteration would cover the 2025-26 accounts and 2026-27 performance audit.
- 6.5 ACFO MacArthur confirmed mechanisms were in place within the Service to address any recommendations arising from audits carried out.
- 6.6 It was asked whether all well-being objectives had been completed, and ACFO Jones confirmed that the Service was on course to deliver against these and that monitoring took place via the Community Risk Management Implementation Plan (CRMIP).
- 6.7 The Clerk noted that continuous improvement was apparent to Members through the work demonstrated by officers, for example the identification of the need to improve training facilities resulting in the proposals for the development of a new Training Centre.
- 6.8 The Treasurer asked whether there was a timescale for the replacement of Adrian Crompton as Auditor General, and Timothy confirmed that this would likely be confirmed in June 2026.

6.9 **RESOLVED to:**

i) Note the Annual Audit Summary

6a AUDIT WALES FINANCIAL SUSTAINABILITY REPORT

- 6a.1 Timothy Buckle provided a summary of the Audit Wales Financial Sustainability Report, the purpose of which was to enable the Audit Committee to review the findings and provide assurance regarding the Authority's approach to medium and long-term financial planning.
- 6a.2 ACFO MacArthur confirmed that work would take place with Audit Wales to address the recommendations arising from this report.

6a.3 **RESOLVED to:**

- i) Note the Audit Wales Financial Sustainability Review;**
- ii) Consider and endorse the Authority's Management Response and associated action plan; and**
- iii) Support ongoing monitoring of progress through the Audit Committee's forward work programme.**

7.0 INTERNAL AUDIT PROGRESS REPORT 2025-26

7.1 Angharad Ellis was welcomed to the meeting and delivered the Internal Audit Progress Report 2025-26. The aim of this report was to update Members on the work undertaken by the Authority's internal audit providers, MIAA, for the 2025/26 financial year from 1 December 2025 to 28 February 2026.

7.2 It was asked how reliant upon the Tech One software North Wales Fire and Rescue Service (the Service) was, and Elgan Roberts responded that this was a key financial system and a certain allocation of hours from Tech One were provided for maintenance and training for key stakeholders across the Service. Contingencies and processes were in place should the system go down but it had to date proven to be a reliable piece of software.

7.3 It was further asked how Artificial Intelligence (AI) was helping the Service in relation to auditing and Elgan Roberts confirmed that there was an AI function within Tech One, but this had not yet been adopted due to cost implications. Investigations were in place to look at how AI could help further across the Service.

7.4 **RESOLVED to:**

- i) Note the work undertaken by MIAA during 2025/26; and**
- ii) Note the work finalised between December 2025 to February 2026.**

8.0 TREASURY MANAGEMENT REPORT Q3 2025/26

8.1 Dafydd Edwards presented the Treasury Management Report Q3 2025/26, the purpose of which was to provide Members of the Authority with an update on the treasury management activity and compliance with the treasury management prudential indicators for the period 1 September 2025 to 31 December 2025. Key data throughout the report was highlighted.

- 8.2 It was confirmed that the day-to-day management of borrowing was carried out by the Head of Finance and while interest rates had been going down, the current global situation was anticipated to impact in this area resulting in a rise in long-term borrowing rates. However, this was difficult to predict.
- 8.3 Elgan Roberts confirmed that from a loan book perspective, the Service was in a good position and that all loans secured by the Service were at a fixed interest rate for the length of the loan.
- 8.4 A Member asked how Members were informed of loans secured by the Service. ACFO MacArthur confirmed that each year, the financial strategies were agreed by the Authority and officers operated within the delegated limits of those strategies, reporting back retrospectively via the Audit Committee.
- 8.5 **RESOLVED to:**
- i) Note the treasury management activities and prudential indicators for the period 1 September 2025 to 31 December 2025.**

9.0 FINANCIAL STRATEGIES AND STATEMENTS FOR 2026/27

- 9.1 Elgan Roberts, Head of Finance, presented the Financial Strategies and Statements for 2026/27 paper which presented to Members the statutory financial strategies and statements for 2026/27: the Capital Strategy, the Treasury Management Strategy, and the Minimum Revenue Provision (MRP) Statement. These documents set the framework for capital investment, borrowing, and repayment of debt.
- 9.2 **RESOLVED to:**
- i) Endorse the Capital Strategy;**
ii) Endorse the Treasury Management Strategy including prudential indicators; and
iii) Endorse the Annual MRP Statement 2026/27.

10.0 MEDIUM-TERM RESOURCE STRATEGY 2026-30

- 10.1 ACFO MacArthur gave a summary of the Medium-Term Resource Strategy 2026-30 which provided Members with the financial framework that supports delivery of the Community Risk Management Plan (CRMP) 2024–2029 and sets out the Authority's medium-term financial outlook, risks and planning assumptions.

10.2 It was asked how certain officers were that the budget for pay awards would be adequate, and ACFO MacArthur confirmed that none of the pay awards had yet been agreed but anything over and above the predicted 4% would be met from general reserves should it not be possible to manage within existing budgets in the first instance.

10.3 **RESOLVED to:**

i) Endorse the Medium-Term Resource Strategy 2026–2030.

11.0 INTERNAL AUDIT PLAN 2026/27

11.1 Angharad Ellis delivered to Members the proposed Internal Audit Plan for the 2026/27 financial year.

11.2 ACFO MacArthur noted that the plan included work around the recruitment and promotions process, a key area of the Crest Culture Report. A great deal of work had taken place within the Service to improve this area and scrutiny by internal audit around this was welcomed.

11.3 Furthermore, partnership work did take place where possible and again, scrutiny by internal audit in this area was a welcome addition, along with AI governance.

11.4 **RESOLVED to:**

i) Approve the proposed audit work programme for 2026/27.

12.0 EXTERNAL QUALITY ASSESSMENT

12.1 Angharad Ellis presented the Internal Audit External Quality Assessment, the purpose of which was to provide Members with awareness of the requirement for the Authority's internal auditors to comply with the Global Internal Auditing Standards (GIAS) and the arrangements for obtaining assurance on compliance.

12.2 **RESOLVED TO:**

i) Note and endorse the approach undertaken by MIAA to fulfil its obligations under the Global Internal Auditing Standards.

13.0 URGENT MATTERS

There were no urgent matters to discuss.

Meeting concluded at 10:26

Report to	Audit Committee
Date	15 June 2026
Lead Officer	Anthony Jones, Assistant Chief Fire Officer
Contact Officer	Mike Plant, Head of Planning, Performance and Transformation
Subject	Draft Annual Governance Statement 2025/26



PURPOSE OF REPORT

1. To provide Members with a draft version of North Wales Fire and Rescue Authority's (the Authority) Annual Governance Statement (AGS) relating to financial year 2025-26.

EXECUTIVE SUMMARY

2. The Annual Governance Statement provides assurance that the Authority has effective governance, risk management and internal control arrangements in place, in accordance with the Accounts and Audit (Wales) Regulations 2014, the CIPFA/SOLACE Framework, and relevant Welsh legislation including the Well-being of Future Generations (Wales) Act 2015
3. During 2025–26, governance has been further strengthened, including enhanced oversight of risk, performance and programme delivery, and the establishment of a Culture Board in response to the Crest Advisory review.
4. A focused set of improvement actions for 2026–27 has been identified to ensure continued alignment with emerging Welsh Government expectations, inspection requirements and the Fire and Rescue National Framework

RECOMMENDATION

5. It is recommended that Members:
 - i) **Note the content of the Annual Governance Statement 2025-26; and**
 - ii) **Approve that the Annual Governance Statement 2025-26 be provided to Audit Wales in line with The Accounts and Audit (Wales) Regulations 2014**

BACKGROUND

6. Since 2010/11 all local government bodies have been required, by the Accounts and Audit (Wales) Regulations 2014, to prepare an Annual Governance Statement which is published as part of the statutory accounts.
7. The purpose of the AGS is to assess and demonstrate that there is a sound system of corporate governance throughout the organisation.

INFORMATION

8. The Accounts and Audit (Wales) Regulations 2014 require the Authority to publish an AGS to demonstrate that;
 - i. Business is conducted in accordance with all relevant laws and regulations
 - ii. Public money is safeguarded and properly accounted for;
 - iii. Resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people

IMPLICATIONS

Well-being Objectives	The Annual Governance Statement supports the Authority's well-being objectives by ensuring that governance, risk management and decision-making arrangements align with the sustainable development principle and the delivery of long-term outcomes.
Budget	No direct budget implications. However, reporting allows the Authority to consider any potential impacts on budget due to unanticipated incident activity.
Legal	The Annual Governance Statement provides assurance that the Authority has effective governance, risk management and internal control arrangements in place, in accordance with the Accounts and Audit (Wales) Regulations 2014, the CIPFA/SOLACE Framework, and relevant Welsh legislation including the Well-being of Future Generations (Wales) Act 2015
Staffing	No staffing implications.
Equalities/Human Rights/ Welsh Language	No implication identified.
Risks	All control measures above contribute to the management, and reduction of risks identified, and the governance of the controls in place.



TÂN FIRE

North Wales Fire & Rescue Service
DRAFT Annual Governance Statement 2025-26

North Wales Fire and Rescue Authority

ANNUAL GOVERNANCE STATEMENT ON INTERNAL CONTROL

For the year ending 31 March 2026

This Statement has been prepared in accordance with The Accounts and Audit (Wales) Regulations 2014 and the guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), the 'Delivering Good Governance in Local Government Framework' 2016, including the 2025 Addendum on the Annual Review of Governance and the Annual Governance Statement.

The relationships between the seven principles for good governance in the public sector are illustrated below.

Delivering Good Governance in Local Government (CIPFA and Solace, 2016)

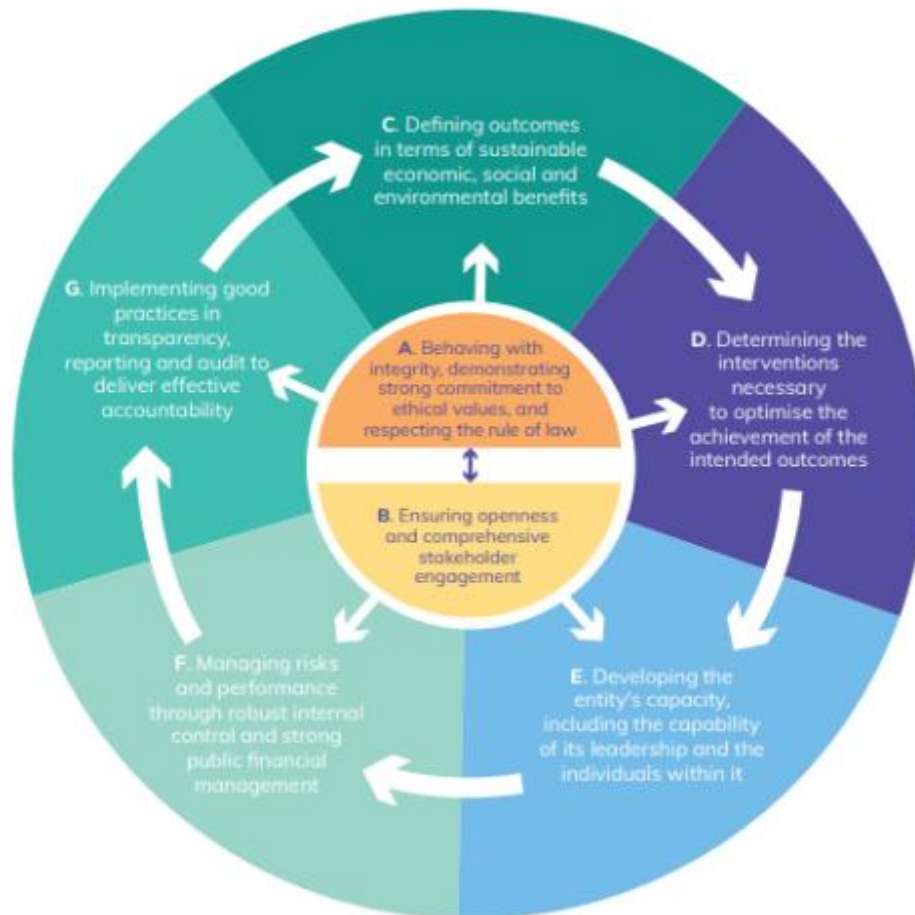


Fig. 1 How Principles for good governance relate to each other.

Source: international Framework-[Good Governance in the Public Sector](#)

This Annual Governance Statement explains how North Wales Fire and Rescue Authority (The Authority) has complied with the framework and its seven core principles of good governance to ensure that resources are directed in accordance with agreed policy and priorities.

Scope of Responsibility

North Wales Fire and Rescue Authority is responsible for ensuring that:

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

In discharging its overall responsibility, Members and Senior Officers are responsible for putting in place appropriate arrangements for the governance of the Authority's affairs and the stewardship of the resources at its disposal, which includes arrangements for the management of risk.

Strategic leadership is given by and discharged through the Authority and its various Committees, panels and working groups, which enable Members to decide on issues affecting the running of the Authority, in accordance with the principles of openness and democratic accountability.

The Purpose of the System of Internal Control

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.

To deliver good governance in the public sector, both governing bodies and individuals working for public sector organisations must try to achieve their objectives while acting in the public interest at all times, which implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

This Statement gives assurances that North Wales Fire and Rescue Authority has complied with the governance framework for the year ended 31st March 2026.

The Governance Framework

North Wales Fire Authority currently comprises 28 elected councillors from the six unitary authorities of North Wales, with the number of representatives determined by the population of the area. More information about the Authority, its members and responsibilities can be found [here](#).

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 include:

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
- reviews, scrutinises and approves the annual statement of accounts.

Having an Executive Panel that:

- provides leadership on governance
- contributes to the completion and review of the Annual Governance Statement
- provides clear direction to the Service and senior managers.

The use of information from various sources to inform the governance arrangements, for example:

- improvement and performance board reports
- risk management arrangements
- external regulator reports
- internal audit reports

The Authority's normal schedule of meetings are attended remotely. The full Fire and Rescue Authority meetings are webcast in Welsh and English simultaneously. All meetings are made available to the public to observe, should they make a request to do so.

The Authority recognises the Welsh Government's [Written Statement on the Governance of Fire and Rescue Services](#), which signals potential future changes to governance arrangements across Wales. While these proposals are not yet embedded within the Service, the Authority is taking them into account as part of its ongoing assessment of governance effectiveness and future readiness.

Early in 2023, the Authority established two working-groups to support the development of two key organisational priorities:

- The Emergency Cover Review Working Group, which has now been superseded by a Collective Agreement Task and Finish Group with Trade Union representation but no longer any Fire Authority representation.
- The new Training and Development Centre Working Group.

In addition, a member of the Fire and Rescue Authority sits on the Equality, Diversity and Inclusion Committee as a member champion, and following the report of the CREST cultural review report, the Chief Fire Officer now chairs a Cultural Board to manage the implementation of the Strategic Cultural Improvement Plan, which is published on the Fire Authority website, [06i-strategic-cultural-improvement-plan.pdf](#)

During 2025-26, the Authority developed its third Community Risk Management Implementation Plan ([CRMIP 2026/27](#)), approved April 2026, to deliver against the objectives outlined in the five-year [Community Risk Management Plan \(CRMP\) 2024-2029](#)

A Community Risk Management Plan (CRMP) aims to identify risks facing the community and describes how the Fire and Rescue Authority will manage those risks and continue to prevent and respond to fires and other emergencies.

The Authority has developed five principles for keeping communities safe and the CRMP;

- Acknowledges the requirements of key legislation
- Considers the ongoing work of the Public Services Boards
- Identifies the risks facing our communities
- Outlines what activity the Authority had taken to address these risks
- Explains what actions the Authority will take over the next five years to mitigate those risks
- Aligns with the Authority's revenue budget, capital plan and medium term financial plan.

North Wales Fire and Rescue Service – Assurance Reporting Diagram



Fig 2. Committees of the Fire and Rescue Authority

The Authority has delegated responsibility for the day to day operation of the Fire and Rescue Service (the Service) to the Chief Fire Officer.

The Chief Fire Officer is supported by The Executive Group comprising the Principal Officers, (Chief and Assistant Chief Fire Officers) which is responsible for strategic leadership.

The Service Leadership Team (SLT), includes the Principal Officers, Area Managers and Heads of Department. It meets as a Performance Board to scrutinise performance, and as an Improvement Board to provide challenge and senior oversight of programmes, projects and policies. The SLT provides organisational leadership and service delivery.

The Service Governance and Assurance Structure of committees and groups, reporting to SLT, are embedded across the organisation, demonstrating robust governance across reporting, monitoring, scrutiny and decision making within all areas of the organisation. During 2025–26, the effectiveness of the existing governance structure was reviewed and enhancements were identified to further strengthen oversight, clarity of accountability and assurance across the organisation.

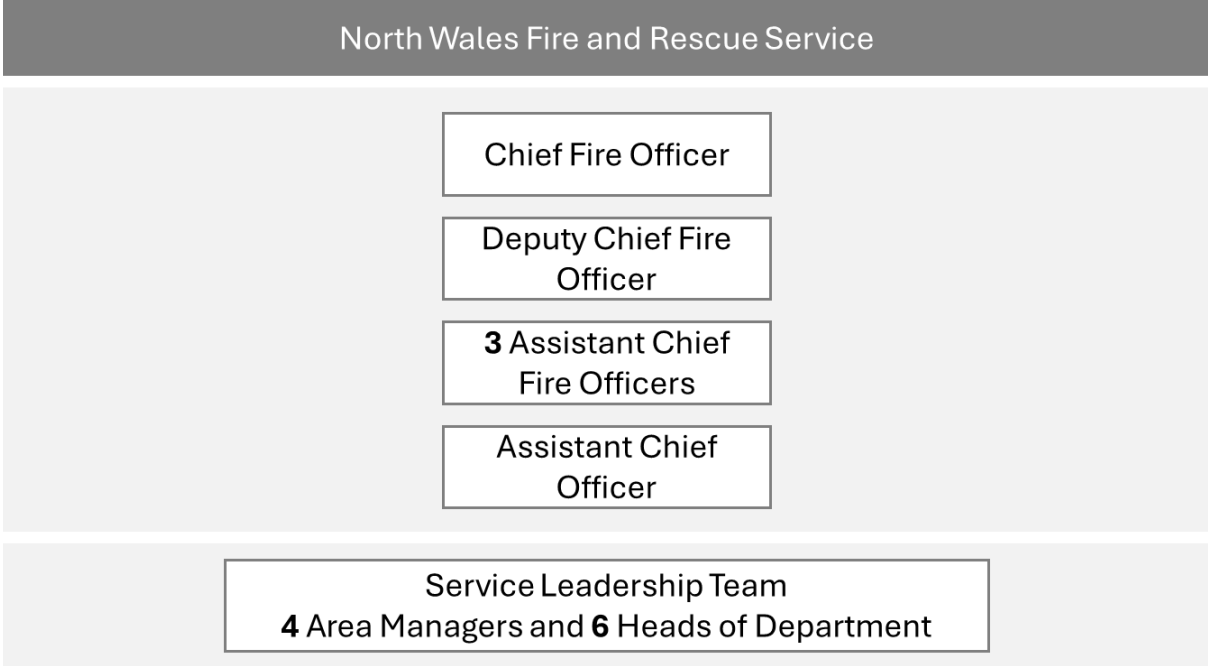


Fig 3. Service Leadership Team

Key Contributors to Developing and Maintaining the Governance Framework

Constitution	The purpose of the Constitution is to set out in clear language how the Fire Authority works and how it makes decisions
Fire Authority	Provides strategic leadership, democratic accountability 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.
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.
Fire Authority Working Groups	Undertake 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.
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.
Section 151 Officer	Ensures lawful and financially prudent decision making. Administration of financial affairs. Accountable for developing and maintaining the Fire Authority's governance, risk and control framework. Contributes to the effective corporate management and governance of the Fire Authority
Monitoring Officer	Reports on contraventions of any enactment or rule of law. Reports on any maladministration or injustice where the Local Government Ombudsman has carried out an investigation. Maintains and updates the Constitution. Maintains registers of member interests and gifts and hospitality. Advises Members on the interpretation of the Code of Conduct.
Internal Audit	Provides independent assurance and annual opinion on the adequacy and effectiveness of the Fire Authority's governance, risk management and control framework. Delivers an annual programme of risk-based audit activity, including counter fraud and investigation activity. Makes recommendations for improvements in the management of risk.

External Audit	<p>Provides independent assurance to the Fire Authority on financial reporting, governance arrangements and the use of resources, including an opinion on the annual statement of accounts and value for money conclusion.</p> <p>Undertakes statutory audit activity in accordance with the Auditor General for Wales' Code of Audit Practice, including consideration of the Service's arrangements for securing economy, efficiency and effectiveness.</p> <p>Identifies and reports significant governance, financial or value for money issues, and makes recommendations to support improvement and accountability.</p>
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CIPFA Principles - Governance Assurance

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

The Authority's [Missions and Values](#) are published within the Community Risk Management Plan (CRMP) and on the [Authority's website](#), providing a shared framework that underpins decision-making, behaviour and organisational culture.

These values are supported by a robust constitutional framework. The Authority's [Constitution](#) sets out the roles and responsibilities of the Fire and Rescue Authority, its Committees and Officers, including the Scheme of Delegation to Officers. Compliance with the Constitution is supported by the Monitoring Officer, who provides assurance that decisions are taken appropriately, and legally. Where required, legal advice is sought to inform decision-making and manage legal risk. The Constitution also incorporates the [Code of Conduct for Members](#), which is monitored by the Standards Committee, reinforcing ethical leadership and accountability.

In order to support transparency and prevent conflicts of interest, the declaration of personal and business interests and the recording of gifts and hospitality if required. Registers are maintained and published on the Authority's website as part of each [Member's personal profile](#), enabling public oversight and accountability.

Ethical governance is further reinforced through policies. These include the Whistleblowing Policy, [Anti-Fraud, Bribery and Corruption Policy](#), [Financial Regulations](#) and [Contract Procedure Rules](#). Where concerns or irregularities are identified, clear arrangements are in place to ensure that matters are investigated thoroughly and appropriately. The availability of Safecall, an independent, confidential reporting service operating 24/7, supports a culture in which concerns can be raised safely, including anonymously where appropriate.

Alongside formal controls, the Authority seeks to embed ethical values through its people management arrangements. Recruitment, induction and training processes emphasise expected behaviours and alignment with core values.

Equality, diversity and inclusion form a key part of the Authority's ethical framework. Governance oversight is provided through the Equality, Diversity and Inclusion (EDI) Steering Committee, established in 2022, and through a published five year [Equality, Diversity and Inclusion Strategy 2024-2029](#) . Implementation of the Strategy is guided by a detailed annual action plan which is performance managed and reviewed quarterly, and incorporates new EHCR monitoring, providing assurance that equality considerations are embedded into governance and decision making.

The Service also maintains robust arrangements to uphold professional standards and address misconduct. Disciplinary cases and allegations of wrongdoing are managed in accordance with the Service's Discipline policy and procedures, with two dedicated Discipline and Grievance Officers ensuring matters are dealt with promptly, consistently and professionally.

The Authority recognises its responsibilities in relation to the Welsh language as an integral part of ethical and lawful service delivery. Compliance with Welsh Language Standards is demonstrated through the publication of the [Welsh Language Standards Monitoring report 2024-25](#) on the Authority's website. In addition, workforce capability is supported by requirements for all new employees to achieve a minimum of Level 2 Welsh language skills, progressing to Level 3 upon promotion.

Setting and delivering lawful, ethical objectives is supported through the [Community Risk Management Plan 2024-29](#), which sets out the Authority's Improvement Objectives and Well-being Objectives. The Plan has been subject to public and stakeholder consultation, with the ratified five-year Plan and the [2026-27 Implementation Plan](#) published on the Authority's website. These arrangements ensure compliance with the Local Government (Wales) Measure 2009 and the Well-being of Future Generations (Wales) Act 2015. Alignment with the Well-being of Future Generations Act is further reflected across departmental plans and policies where applicable.

Safeguarding responsibilities are addressed through clear policies and procedures to ensure that vulnerable individuals encountered by the Service are referred appropriately to partner agencies. These arrangements are overseen by a dedicated Safeguarding Manager, providing specialist oversight and assurance.

The Authority has also adopted the Social Partnership Duty, building upon established arrangements with recognised staff representative bodies to support engagement on objectives and strategic decisions. The first [Social Partnership Duty Annual Report](#) was approved for publication and submission to the Social Partnership Council in April 2025, providing external assurance of compliance with statutory requirements.

Following the publication of the independent Crest Advisory cultural review in January 2025, the Authority further strengthened its governance arrangements through the establishment of a Culture Board and the appointment of dedicated culture champions. These arrangements support oversight and delivery of agreed cultural improvement actions.

The Authority also recognises the Welsh Government's Fire and Rescue National Framework 2026, including its recommendations in relation to leadership and organisational culture, and these considerations continue to inform the Authority's ongoing governance and assurance framework.

Principle B: Ensuring openness and comprehensive stakeholder engagement.

The Authority is committed to openness, transparency and meaningful engagement as a core part of its governance framework. Authority and Committee meetings are publicly advertised, with agendas and supporting papers published on the [Authority's website](#). Full Authority meetings are webcast, enabling public access to decision-making and scrutiny.

Transparency is further supported through the Authority's Publication Scheme, with information published on the website. Documents are made available in Welsh and English, with Read/Speak versions provided where appropriate to support accessibility and inclusion.

Engagement with stakeholders is embedded within decision-making processes, particularly where significant change is proposed. Public consultation arrangements are in place to invite views prior to the development and implementation of key changes. This included consultation on the objectives contained within the [Community Risk Management Implementation Plan 2026-27](#), which took place between October and December 2025. Consultation responses were reviewed in line with the Gunning Principles to ensure that engagement was meaningful, fair and transparent. A report summarising the feedback received and explaining how it informed the final plan was presented to the Authority. A full Equality Impact Assessment was also completed and, alongside the consultation findings, considered by the Authority prior to approval of the plan.

The [Authority has previously been recognised as achieving 'Good Practice' by the Consultation Institute](#), including for public consultation undertaken in connection with the ongoing Emergency Cover Review. This provides independent assurance regarding the quality and robustness of engagement arrangements.

Openness and engagement are also supported through a wider range of governance and communication arrangements. These include:

- the completion of impact assessments for key decisions,
- a Complaints and Compliments Procedure that provides clear escalation routes for significant matters for external complainants, and a grievance policy and procedure for internal complaints.
- a Public Engagement and Consultation Strategy that guides consistent practice.

The Authority also engages with recognised Employee Representative Bodies through both informal arrangements and formal structures, including the Joint Consultation and Negotiation Committee, with these arrangements further strengthened through the adoption of the Social Partnership Duty.

Regular engagement with staff is also supported through a biennial 'Fire Family' staff survey. In addition, the Authority participates in a range of external networks and forums, including the Welsh Local Government Association, North Wales Equality Leads Forum, Race Council Cymru and the North Wales Inter-Faith Forum.

A broad and inclusive range of engagement methods is used to reach communities, staff and stakeholders. These include directed communications through corporate social media channels, including Facebook and X, alongside locally-managed fire station accounts to support engagement within communities. Stakeholders are able to sign up for email updates on specific issues via the Authority's website. Engagement with children and young people is supported through programmes such as Phoenix, Fire Cadets and school visits, alongside wider community safety engagement with householders and businesses.

Targeted engagement also supports inclusive recruitment and prevention activity. This includes activity coordinated through a Positive Action Group, chaired by the Organisational Development Manager, as well as attendance at open days and community events, such as the Eisteddfod and fire station-led events.

Internal communication is supported through the Weekly Brief electronic newsletter to staff, while external communication campaigns are led by Community Safety Managers.

Through Prevention and Recruitment activities, the Service engages with people of all ages and from diverse backgrounds.

The Authority also recognises the importance of partnership working in supporting openness, shared accountability and effective service delivery. Partnership arrangements are in place across a range of local, regional and national forums, including the All-Wales Joint Emergency Services Group, Local Resilience Forums, the three local Public Services Boards, the Regional Partnership Board, the Strategic Arson Reduction Board, and Local Safeguarding Adults and Children Boards, alongside collaboration with other emergency services.

In line with the Welsh Government's Fire and Rescue National Framework 2026, the Authority recognises the importance of effective collaboration and clear accountability. These principles continue to underpin the Authority's governance framework, engagement arrangements and partnership working.

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.

The Authority defines its strategic outcomes through a clear and long-term planning framework. The five-year Community Risk Management Plan (CRMP) sets the strategic direction for the Service and identifies Improvement Objectives in line with the Local Government (Wales) Measure 2009, alongside Well-being Objectives in accordance with the Well-being of Future Generations (Wales) Act 2015. Together, these objectives provide a clear statement of the intended economic, social and environmental outcomes to be achieved.

The Authority's policies and decision-making arrangements reflect the sustainable development principle set out in the Well-being of Future Generations (Wales) Act 2015, ensuring that long-term impacts, prevention, integration, collaboration and involvement are considered when setting priorities and determining how services are delivered. All relevant strategies, plans and policies demonstrate alignment with this approach.

In defining and delivering its outcomes, the Authority also has regard to its environmental responsibilities under wider Welsh legislation, including the Environment (Wales) Act 2016. These duties are reflected within governance, planning and assurance arrangements, supporting sustainable management of resources and environmental stewardship.

Financial sustainability underpins the Authority's ability to deliver long-term outcomes. During the year, the Medium-Term Resource Strategy (MTRS) was reviewed and updated for the period 2026–30, supporting long-term financial planning and informing decision-making as part of the Authority's governance and assurance framework. The MTRS, which includes a ten-year

Capital Plan, alongside the annual budget-setting process, aims to ensure that financial resources are aligned with the Authority's priorities and intended outcomes.

The Authority also recognises that sustainable outcomes rely on social responsibility, fairness and workforce wellbeing. Mandatory eLearning in relation to the Violence Against Women, Domestic Abuse and Sexual Violence Act continues to be completed by all staff. As a [Disability Confident](#) employer, the Service is committed to the recruitment and retention of disabled people and those with health conditions, and it has signed the [Armed Forces Covenant](#) supported by an Armed Forces Reserves and Veterans Policy, to ensure fair treatment for those who serve or have served in the armed forces and their families. In addition, the Service pays [above the real living wage](#), supporting fair pay and workforce stability.

Safeguarding arrangements form a further element of the Authority's commitment to social sustainability. Clear safeguarding policies and procedures are in place to ensure that vulnerable people encountered by the Service are referred appropriately to partner agencies. Workforce and public protection is further supported through robust criminal records checking arrangements. Following changes to legislation, Fire and Rescue Authorities are listed in Schedule 1 to the Rehabilitation of Offenders Act 1974 (Exceptions), enabling all employees to be subject to a minimum of a Standard level Disclosure and Barring Service (DBS) check, renewed on a three-year cycle.

To further strengthen Safeguarding arrangements, the authority has implemented an anti-sexual harassment policy, and risk assessments have been conducted for every department. These are monitored by the Safeguarding Manager, working with the HR department.

The Authority also maintains business continuity arrangements to support organisational resilience and service continuity. As part of its statutory duties, business continuity plans are in place across the Service and are reviewed regularly. Ongoing collaboration with the National Fire Chiefs Council supports continuous improvement in planning and consideration of emerging and evolving risks.

To ensure that intended outcomes are assessed holistically, key decisions are supported by an integrated impact assessment. This considers equality, data protection, health, safety and wellbeing, Welsh language, finance, sustainability and workforce implications, alongside the requirements of the Well-being of Future Generations (Wales) Act 2015, the socio-economic duty and anticipated statutory health duties.

Environmental sustainability is further strengthened through the Authority's Environmental Strategy, which sets out clear and measurable performance targets to reduce carbon emissions and other significant environmental impacts. Progress is monitored through governance arrangements, and the Authority reports on its biodiversity duties through regular Biodiversity Reports, providing transparency and assurance on how environmental considerations are addressed within planning and decision-making.

Sustainability considerations are embedded within the Authority's wider governance framework, including the Contract Procedure Rules, which require consideration of social, economic and environmental benefits when undertaking relevant procurement activity, supporting value for money and wider community outcomes.

In line with the Welsh Government's Fire and Rescue National Framework 2026, the Authority recognises the importance of strengthening organisational capability and supporting sustainability and net-zero objectives. These considerations are fully integrated into the Authority's governance, strategic planning and resource allocation arrangements, ensuring that outcomes remain sustainable for current and future generations.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

The Authority uses a combination of consultation, performance management, risk management and governance oversight to ensure that interventions are timely, proportionate and aligned to the achievement of its intended outcomes. Public consultation is undertaken as part of setting the Authority's objectives, including those contained within the Community Risk Management Implementation Plan. This ensures that objectives are informed by stakeholder views and community need before they are finalised and delivered.

Progress against annual objectives is monitored and assessed throughout the year, with a formal assessment of performance published each October. This provides transparency and enables the Authority to evaluate whether outcomes are being achieved or whether further intervention is required.

Risk management forms a core element of the Authority's approach to determining and prioritising intervention. The Strategic Risk Management Policy sets out the process for identifying and managing risks that may affect the delivery of objectives or activities. Strategic risks are reviewed throughout the year via the Strategic Risk Committee, ensuring that emerging and changing risks are identified, mitigated and escalated appropriately. These arrangements are subject to internal scrutiny and external audit, providing assurance over their effectiveness.

Performance and financial information is subject to structured scrutiny through the Authority's governance arrangements. Following consideration by the Executive Group, performance and financial reports are presented to the Authority and its Committees. A quarterly Performance Monitoring Report is prepared for the Executive Panel, while more detailed operational scrutiny takes place through the Performance Board, where the Service Leadership Team reviews data relating to incident demand, emerging trends and resource availability. These arrangements ensure that issues are identified promptly and that appropriate corrective or mitigating actions are agreed.

Effective intervention is also supported through robust financial governance. Budget planning processes involve Service leads and Authority Members and are designed to align resources with risk-based objectives, while balancing the ongoing costs associated with maintaining estates, vehicles and equipment. The Budget, Monitoring and Procurement Committee provides strategic oversight and governance of these arrangements.

Operational learning and risk mitigation are overseen through the Organisational Learning Committee, which provides governance oversight of National Operational Guidance, National Operational Learning and Joint Organisational Learning. The Committee also oversees the collection and management of Site-Specific Risk Information and monitors activity relating to emerging risks, including work addressing the risk of fire from new technologies through the Battery Energy Storage System (Lithium-Ion) working group.

Recognising the scale and complexity of a number of significant change initiatives, the Service reviewed its approach to programme and project management during the year and identified the need to strengthen Programme and Project Management Office (PMO) arrangements. Plans have been put in place to further develop PMO capability during 2026–27, improving oversight, coordination, reporting and risk management for significant programmes and projects. This includes governance arrangements supporting work such as the review of emergency cover arrangements across North Wales, the review of rota systems, and major system implementation and migration projects.

Health, safety and wellbeing considerations also inform intervention and assurance arrangements. Health and safety incidents are reported, reviewed

and monitored to ensure that risks to staff are identified and mitigated, with strategic oversight provided by the Health, Safety and Wellbeing Committee.

In addition, the Authority monitors delivery against shared national commitments. The [All Wales Dwelling Fire Response Charter](#) sets out seven high-level commitments relating to the prevention of and response to dwelling fires, with performance reported annually as part of the Authority's Annual Performance Assessment.

In line with the Welsh Government's Fire and Rescue National Framework 2026, the Authority recognises the importance of robust arrangements for identifying, evaluating and responding to risk. Risk management and performance oversight therefore continue to be central to the Authority's governance and decision-making framework, supporting effective intervention and the delivery of intended outcomes.

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

The Authority recognises that effective governance depends on clear leadership, organisational capacity and a skilled workforce. The Authority's Constitution defines the respective roles of elected Members and designated Officers, providing clarity around responsibilities, accountability and objectives. Designated statutory posts include the Chief Fire Officer, Treasurer and Monitoring Officer, ensuring appropriate professional leadership and statutory oversight.

Organisational capacity is further strengthened through regional and national collaboration. The three Welsh fire and rescue services participate in a range of joint arrangements, including the All-Wales Fire Investigation Training Forum, supporting shared learning, professional standards and a consistent approach across Wales.

The Authority has written and implemented the All-Wales FRS People and Organisational Development Strategy 2025–2028, which provides a strategic framework for workforce development and underpins the Authority's commitment to lifelong learning, professional competence and organisational resilience. This strategic approach to people development is complemented by the Authority's recognition of apprenticeship schemes as an important mechanism for building future capacity and capability. During 2025–26, apprentices were recruited into both firefighter and non-operational roles, supporting workforce sustainability, skills development and talent pathways across the organisation.

In recognition of the scale and complexity of longer-term transformation programmes, including the development of firefighter training facilities, the Service has established dedicated project management capacity. This supports effective delivery, governance oversight and organisational learning in relation to significant programmes of change.

Foundational capability is supported through structured induction arrangements for both Members and employees. Induction processes introduce the organisation's core values, expected standards of conduct and role requirements, ensuring a consistent understanding of responsibilities from the outset.

The Authority also recognises the importance of maintaining workforce health and wellbeing as a key element of organisational capacity. Health and wellbeing support is provided through a range of measures, including HR policies and guidance, flexible working arrangements, access to occupational health services and an employee assistance programme. Strategic oversight of these arrangements is provided by People and Organisational Development Committee and the Health, Safety and Wellbeing Committee.

Learning, training and professional competence are supported by a dedicated training department and established competency frameworks for operational staff. Training is delivered through a range of methods, including mandatory e-learning modules for key subject areas such as data protection. Governance oversight of learning and development arrangements is provided by the Organisational Learning Committee, ensuring alignment with national guidance and identified organisational risks.

During the year, the Authority approved a new three-year Training Strategy, which supports the continued development of workforce capability, leadership capacity and organisational competence as part of the Authority's governance and assurance framework. In addition, during 2025–26, the Authority continued to invest in leadership development at all levels of the organisation, with staff participating in nationally recognised supervisory, middle-management and senior leadership programmes. This investment supports leadership capability, management competence and organisational resilience.

Operational leadership capability has also been strengthened through continued development of incident command skills. Staff undertook Gold, Silver and Bronze incident command training, supporting effective leadership, command resilience and safe decision-making at incidents. More broadly, the development needs of employees are identified through an appraisal process, and organisational development is identified through an annual Training Needs Analysis process. The Service delivers structured training aligned to Incident Command Levels 1–4 to support confident, effective command in both operational and strategic contexts.

Professional standards are reinforced through membership of relevant professional bodies and the requirement for ongoing continuing professional development. Promotional processes are aligned to the National Fire Chiefs Council (NFCC) Leadership Framework, supporting consistency, fairness and alignment with national expectations.

The Authority also recognises the value of independent assurance and professional advice in strengthening organisational capability. During 2025–26, this included use of external assurance and consulting support from Mersey Internal Audit Agency (MIAA) to inform improvement activity and support effective governance.

In line with the Welsh Government's Fire and Rescue National Framework 2026, the Authority recognises that effective people management, leadership development and a positive organisational culture are fundamental to good governance. These principles continue to underpin the Authority's approach to workforce planning, learning and organisational development.

Principle F: Managing risks and performance through robust internal control and strong public financial management.

The Authority maintains a comprehensive framework of internal control and assurance to support effective risk management, financial stewardship and decision-making. Statutory responsibility for the proper administration of the Authority's financial affairs rests with the Treasurer, in accordance with [Section 151 Local Government Finance Act 1972.](#), while the Monitoring Officer provides assurance that the Authority operates within the law and complies with established policies, procedures and regulatory requirements.

The Strategic Risk Management Policy sets out a structured approach to identifying, assessing and managing risks that may impact on the achievement of objectives. A corporate risk register is maintained by the Corporate Planning Department and reviewed throughout the year by the Strategic Risk Committee to ensure that risks are appropriately monitored, mitigated and escalated where necessary.

Decision-making is supported by comprehensive reporting and assurance arrangements. Reports presented to the Authority and its Committees are accompanied by an integrated impact assessment, enabling Members to consider legal, financial, equality, wellbeing, sustainability and operational implications when making decisions. Business continuity arrangements are also in place to ensure that critical services can continue to be delivered in the event of disruption. These arrangements are reviewed annually to maintain organisational resilience.

Independent scrutiny and assurance form a central part of the Authority's internal control framework. The Audit Committee provides oversight of governance, risk management and internal control arrangements, ensuring that recommendations for improvement arising from Internal Audit, Audit Wales and other external auditors are considered, agreed and monitored to

completion. Members and senior management are also provided with [quarterly reports](#) on service improvement and performance against key performance indicators and milestones, supporting transparency and continuous improvement.

Arrangements are in place to maintain [registers of Members' personal and business interests and a register of gifts and hospitality](#). These are published on the Authority's website as part of each Member's personal profile. Policies covering Anti-Fraud and Corruption and Whistleblowing further reinforce the Authority's commitment to operating in a fair, open and transparent manner. The Authority's Contract Procedure Rules form a key component of the internal control framework and support lawful, transparent and accountable procurement activity. During the year, further work was undertaken to strengthen compliance with procurement requirements and to embed fair working and partnership principles, including alignment with the Social Partnership Duty, as part of the Authority's wider governance and assurance arrangements.

Information governance arrangements support the secure and lawful handling of data. Policies in place include the Data Protection Policy, Freedom of Information Policy, Data Retention Policy and Communications and Information Security Policy. These arrangements are supported by staff training, including mandatory data protection e-learning for all employees, and by formally agreed information-sharing protocols with partner organisations.

Financial management arrangements support both the delivery of services and the implementation of transformational change, while ensuring sound stewardship of public resources. [A financial update](#) is presented at each Authority meeting, with [reports](#) made publicly available on the Authority's website to support transparency.

Internal Audit services are provided by the Mersey Internal Audit Agency (MIAA), which delivers a programme of risk-based audit activity approved by the Audit Committee. The outcomes of Internal Audit work undertaken during 2025–26, including audits relating to asset management, have informed the Authority's assessment of the effectiveness of its governance, risk management and internal control arrangements. The Head of Internal Audit provides an annual independent opinion on the adequacy and effectiveness of these arrangements, which is a key source of assurance for the Authority. For the financial year 2025-26, the Head of Internal Audit opinion statement determined that “Substantial assurance can be given that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently”. A full

copy of the Head of Internal Audit's opinion will be published on the [Authority's website](#).

External assurance is provided by Audit Wales, including audit work relating to the [Authority's Statements of Accounts](#) and reviews of compliance with statutory duties under the Local Government (Wales) Measure 2009. Treasury Management arrangements are operated in accordance with professional practice and are subject to annual Member review. The Authority's Statements of Accounts and performance against key areas of risk and priority are subject to independent external audit and scrutiny.

In line with the Welsh Government's Fire and Rescue National Framework 2026, the Authority recognises the importance of effective processes for identifying and evaluating risk. Risk management therefore continues to be a central element of the Authority's governance, internal control and assurance arrangements.

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The Authority is committed to transparency, effective scrutiny and continuous improvement, supported by robust reporting and assurance arrangements. As part of this commitment, North Wales Fire and Rescue Service, working jointly with Mid and West Wales Fire and Rescue Service, appointed Crest Advisory to undertake an independent cultural review. This followed the Welsh Government's acceptance, in March 2024, of a proposal from both Services to better understand progress in improving organisational culture. The proposal formed the basis of a [written statement](#) by the then Deputy Minister for Social Partnership, Hannah Blythyn MS.

Crest Advisory conducted the review and published its findings [report](#) in February 2025, identifying 32 recommendations to support cultural improvement. In response, and throughout 2025–26, the Authority strengthened its governance and assurance arrangements through the establishment of a dedicated Culture Board. Chaired by the Chief Fire Officer, the Board brings together Authority Members, senior officers, culture champions and external representation from Welsh Government. The Chair of the Fire and Rescue Authority and the Service's Equality, Diversity and Inclusion Lead are members of the Board. These arrangements provide structured scrutiny, external challenge and assurance over the delivery of agreed cultural improvement actions. A strategic improvement plan has been developed and published, setting out how the recommendations will be implemented and monitored.

More broadly, the Authority, with the support of the Monitoring Officer, undertakes regular review of the adequacy and effectiveness of its governance arrangements and internal control environment. [Fire and Rescue Authority meetings](#) are held in public, with agendas and minutes published on the Authority's website. Full Authority meetings are webcast, supporting openness and public access to decision-making and scrutiny. Reports presented to the Authority follow a structured format, ensuring that key information is presented clearly and consistently to support informed decision-making.

The Authority complies with the requirements of the Freedom of Information Act 2000, publishing information in accordance with its [publication scheme](#) and responding appropriately to requests from members of the public. Transparency of planning and performance is further supported through publication of the Community Risk Management Plan, which sets out the Authority's Improvement and Well-being Objectives and is subject to review by Audit Wales in connection with the issue of a Certificate of Compliance.

Financial transparency and accountability are supported through the timely production and publication of the Annual Statement of Accounts. The accounts are presented in a clear, user-friendly format, providing transparent information on income, expenditure and the stewardship of public funds, and are submitted for audit in line with statutory deadlines. The Authority also publishes an [Annual Pay Policy Statement](#) in accordance with the Localism Act 2011, and Members' salaries are paid and reported in line with determinations made by the Independent Remuneration Panel for Wales.

Arrangements are in place to ensure transparency in relation to interests and relationships. Members and senior officers are required to declare relevant interests in accordance with the Code of Practice on Local Authority Accounting in the UK. These declarations support the identification and disclosure of related party transactions where required.

The Authority provides external transparency through regular reporting to Welsh Government. Reports are submitted each January and July detailing matters relating to discipline, grievance and external complaints, including cases of alleged misconduct or gross misconduct where behaviours may raise concerns about organisational culture and values.

The Annual Governance Statement itself plays a key role in accountability, providing a transparent account of the Authority's governance arrangements, the review of governance effectiveness and planned governance improvement actions for the year ahead.

Independent assurance is provided through both external and internal audit. The Auditor General for Wales, appointed by statute, provides an opinion on

the Authority's Statement of Accounts, which is published on the Authority's website. The Authority responds to audit recommendations and takes corrective action where required. Internal Audit operates on a risk-based approach, providing assurance that key risks and controls are being effectively managed. Following a review of internal arrangements, a new Internal Audit provider was appointed in June 2023 to further strengthen assurance arrangements. Processes are also in place to ensure that recommendations arising from inspection and regulatory bodies are tracked and implemented.

In line with the Welsh Government's Fire and Rescue National Framework 2026, the Authority recognises the importance of strong accountability, effective collaboration and robust scrutiny. These principles continue to underpin the Authority's approach to transparency, reporting and assurance, supporting public confidence and good governance.

Conclusion

During the year, the Authority has reviewed the effectiveness of its governance arrangements in line with the principles set out in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government, including the requirements and expectations set out in the May 2025 addendum. This review has considered the operation of the Authority's governance framework, risk management and internal control arrangements, alongside assurance derived from internal and external audit, performance reporting, regulatory activity and ministerial engagement.

The review has drawn on a wide range of sources of assurance, including the work of the Audit Committee, the outcomes of Internal Audit delivered by the Mersey Internal Audit Agency, external assurance provided by Audit Wales, performance and risk reporting to Members, and findings arising from independent reviews, including the Crest Advisory cultural review. The Authority has also taken account of compliance with statutory duties, including those relating to finance, governance, consultation, equality, Welsh language standards and social partnership.

Based on this review, the Authority has concluded that it has an effective framework of governance, risk management and internal control in place which is operating as intended and supporting the delivery of its objectives. The arrangements described within this Annual Governance Statement demonstrate that the Authority continues to behave with integrity, remains open and accountable, manages risk and performance appropriately, and provides effective leadership and oversight.

The review has also identified areas where governance arrangements could be further strengthened. In particular, during 2025–26 the Authority

recognised the need to enhance governance and assurance arrangements in relation to organisational culture and the oversight of significant programmes and projects. In response, the Authority has taken proactive steps to strengthen arrangements, including the establishment of a Culture Board following the independent Crest Advisory review, and the planned further development of programme and project management governance during 2026–27.

The Authority is satisfied that these actions represent proportionate and appropriate responses and has set out clear improvement actions to further strengthen governance and assurance arrangements. These actions will be monitored through existing governance mechanisms, including the Service Leadership Team, the Audit Committee and the Authority itself, and progress will be reported as part of the Authority's ongoing performance and assurance framework.

Taking all of this into account, the Authority considers that the governance arrangements in place during the year were effective, and that appropriate plans are in place to address identified areas for improvement and to continue to enhance governance arrangements in line with good practice and national expectations.

How the Authority addressed its 2025/26 Governance Improvement Actions.

Governance Improvement Area	Planned Action	Forum	Responsibility	Progress as at April 2026
Efficacy of Prevention activities	Consider the findings and recommendations arising from Audit Wales review of Prevention.	Fire and Rescue Authority	Head of Prevention and Protection	During 2025-26, the Authority responded to the Audit Wales review of prevention activity by strengthening governance, oversight and assurance, and progressing a shift towards a more targeted, data-led and risk-informed prevention model, supported by enhanced performance reporting and national collaboration.
Setting of Wellbeing Objectives	Consider the findings and recommendations arising from Audit Wales review of well-being objective setting.	SLT Improvement Board	Head of Corporate Planning, Performance and Transformation	During 2025-26, the Authority strengthened its approach to setting well-being objectives by improving alignment with partner activity, enhancing involvement and equality considerations, and embedding objectives more clearly within corporate, financial and performance management frameworks. Further work will focus on making partnership contributions and outcome-based performance measures more explicit in future planning and reporting cycles.
Strategic Risk Management	Implement the recommendations from the Internal Audit review of Core Controls of Risk Management.	SLT Improvement Board	Head of Corporate Planning, Performance and Transformation	A revisit by Mersey Internal Audit Agency during 2025-26 found the Service made progress in strengthening its risk management framework, including approval of a Risk Management Strategy, clearer roles and responsibilities, enhanced training provision and improved governance arrangements. Further work is planned with a clear programme of actions in place, being progressed through established governance arrangements.

Organisational Culture	Respond to the recommendations of the CREST independent cultural review through staff and Fire and Rescue Authority engagement, culminating in the publication of an improvement plan.	Fire and Rescue Authority	Chief Fire Officer	During 2025-26, a Culture Action Plan was developed in response to the Crest Advisory review and is being implemented through strengthened governance, with progress subject to regular review and reporting via established internal and external oversight arrangements.
Efficacy of Response to Domestic Dwelling Fires	Respond to recommendations in the Chief Fire Advisor and Inspector for Wales' "Inspection of the North Wales Fire and Rescue Service to consider the effectiveness of its response to domestic dwelling fires".	Fire and Rescue Authority	Head of Corporate Planning, Performance and Transformation	During 2025/26, governance of all CFRAIW thematic reviews was strengthened through the establishment of a dedicated oversight group, with clear reporting lines, a consolidated action plan, and enhanced all-Wales collaboration to support consistent implementation and improvement.
Supplier verification and Anti-fraud guidance	Respond to recommendations by the Internal Auditor in relation to Key financial processing controls 2024/25 including	Finance and Procurement Committee	Head of Finance	Supplier verification procedures have been strengthened, including enhanced checks before supplier set-up and update. Anti-fraud guidance has been updated, with an e-learning package now live and communicated to relevant finance and procurement staff.

	implementing Supplier Verification, Anti-Fraud Guidance and Regular Reviews of Bank Mandates.			A programme of periodic reviews of supplier bank details has been introduced to reduce fraud risk. Bank mandate has been updated.
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The Authority's Governance Improvement Actions 2026/27

Governance Improvement Area	Planned Action	Forum	Responsibility	For completion by
Alignment with emerging Welsh Government requirements	Prepare for potential future changes to Fire and Rescue Authority governance arrangements, aligned to emerging Welsh Government policy and guidance, including the Written Statement on the Governance of Fire and Rescue Services.	Fire and Rescue Authority	Chief Fire Officer and Clerk to the Fire Authority	31 st March 2027
Implementation of Fire and Rescue national framework 2026	Prepare for potential changes arising from the Fire and Rescue National Framework 2026, ensuring governance, planning and assurance arrangements remain aligned with emerging requirements.	Fire and Rescue Authority	Appropriate member of the Service Leadership Team	31 st March 2027

National Inspection expectations	Maintain organisational readiness for potential inspection activity, including reviewing governance, performance management and assurance arrangements against emerging Welsh Government and national inspection expectations.	Fire and rescue Authority	Executive Panel	31 st March 2027
Contaminants	Prepare for the Health and Safety Executive (HSE) inspection on contaminants, including reviewing and strengthening relevant controls, assurance and governance arrangements.	Health, Safety and Wellbeing committee	Head of Technical Operations	31 st March 2027
Equality, Diversity and Inclusion	Strengthen governance and assurance arrangements for equality, diversity, inclusion and human rights, ensuring continued compliance with statutory duties and readiness for external scrutiny and inspection.	Equality, Diversity and Inclusion committee	Chief Fire Officer	31 st March 2027
Fire safety and Building Safety (Wales) act.	Prepare for and respond to changes in fire safety and building safety legislation, including the implementation of the Building Safety (Wales) Act, ensuring protection, governance and assurance arrangements remain effective and aligned.	Prevention, Protection and Performance Committee	Head of Prevention and Protection	31 st March 2027
Project & Programme Management	To continue to strengthen governance, oversight and internal controls in relation to programme and project management, ensuring effective assurance, reporting and delivery of key change initiatives.	Strategic Risk Committee	Head of Planning, Performance and Transformation	31 st March 2027

Compliance with the Financial Management Code

The CIPFA Financial Management Code (CIPFA FM Code) is designed to support good practice in financial management and to assist the Authority in demonstrating their financial sustainability. The CIPFA FM Code therefore sets the standards of financial management for the Authority.

The Code is based on a series of principles supported by specific standards and statements of practice which are considered necessary to provide the strong foundation to:

- Financially manage the short, medium- and long-term finances of the Authority
- Manage financial resilience to meet foreseen demands on services
- Financially manage unexpected shocks in their financial circumstances.

Each Authority must demonstrate that the requirements of the Code are being satisfied.

As Section 151 Officer I have the Statutory Responsibility (supported by the Service Leadership Team and Members of the Authority) for ensuring compliance with the CIPFA FM Code.

I have carried out a full assessment of compliance with the CIPFA FM Code as part of the annual review of the Annual Governance Statement and I can confirm that in my opinion the Authority is compliant with the code in the majority of areas.

Signed

(Section 151 Officer) 2026

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 2025-26 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 2026-27.

Signed _____


(Authority Chair) 2026

Signed _____

(Chief Fire Officer) 2026



Awdurdod Tân ac Achub Gogledd Cymru
North Wales Fire and Rescue Authority

Report to	Audit Committee	
Date	15 June 2026	
Lead Officer	Elgan Roberts, Head of Finance and Procurement	
Contact Officer	Elgan Roberts, Head of Finance and Procurement	
Subject	Draft Annual Statement of Accounts 2025/26	

PURPOSE OF REPORT

- 1 To present the unaudited Statement of Accounts for 2025/26, including the revenue and capital outturn, balance sheet position, and key financial movements for North Wales Fire and Rescue Authority (the Authority).

EXECUTIVE SUMMARY

- 2 The Authority has maintained a stable financial position despite ongoing financial pressures. The 2025/26 revenue outturn reports a surplus of £121k, with usable reserves increasing from £10.882 to £11.783m.
- 3 Capital expenditure totalled £5.008m, with £3.885m carried forward into 2026/27 to support ongoing schemes.
- 4 The accounts reflect continued investment in infrastructure, sustainability, fleet and the Hwb Awen training centre, alongside compliance with CIPFA Code requirements.
- 5 The report also includes the response provided to Audit Wales following enquiries in relation to the governance arrangements relevant to the Statement of Account, attached as Appendix ii.

RECOMMENDATIONS

- 6 It is recommended that Members:
 - i) **Note the unaudited revenue and capital outturn position;**
 - ii) **Note the unaudited balance sheet position;**
 - iii) **Note and endorse the movement to and from reserves; and**
 - iv) **Endorse the response to Audit Wales in relation to matters of governance relevant to the Statement of Accounts.**

BACKGROUND

- 7 The Accounts and Audit (Wales) Regulations 2014 require the Authority to prepare and publish a statement of accounts on an annual basis. The pre-Covid timescales prescribed within the Regulations require a draft statement of accounts to be issued by 31 May, with an audit deadline of 31 July each year.
- 8 The Welsh Government, following consultation with the Society of Welsh Treasurers and Audit Wales, confirmed that the draft statement of accounts for 2025/26 should be prepared no later than 30 June 2026, and that the statement of accounts should be audited by the 30 September 2026.
- 9 The draft Statement of Accounts were certified by the Authority's Treasurer on 28 May 2026 and the external audit by Audit Wales is currently in progress. Following the conclusion of the audit the accounts will be presented to the full Authority for final approval.

INFORMATION

- 10 The Statement of Accounts has been prepared in accordance with CIPFA's Code of Practice and provides a comprehensive overview of the Authority's financial performance and position for the year ended 31 March 2026.
- 11 It also includes a Narrative Report, which outlines the Authority's operational context, strategic priorities, and key achievements. The purpose of the Narrative Report is to help stakeholders understand the financial statements and the broader environment in which the Authority operates.
- 12 The Statement of Accounts confirms that the year-end balance of usable reserves is £11.783m (Note 8) which includes the surplus of £0.121m on the general fund and increases of £0.759m in earmarked reserves.
- 13 As part of the audit of the Statement of Accounts, Audit Wales seek assurance from those charged with governance on the governance arrangements relevant to the Statement of Accounts. The response to the audit enquiries is provided within Appendix B and has been approved by the Chair of the Fire Authority.

IMPLICATIONS

Wellbeing Objectives	This report links to the Authority's long-term well-being objectives. Funding for North Wales Fire and Rescue Service (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	Effective financial management supports the long-term workforce strategy to ensure that the Authority can discharge its responsibilities
Equalities/ Human Rights/Welsh Language	None
Risks and Uncertainties	Income and expenditure are closely monitored to ensure that deviations from the approved budget are properly identified and reported to Members.

Statement of Accounts

2025-2026



Gwasanaeth Tân ac Achub
Fire and Rescue Service



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The maintenance and integrity of the Authority's website is the responsibility of the Authority; the work carried out by auditors does not involve consideration of these matters and accordingly auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Narrative Report

The Statement of Accounts has been put together following the rules set by the Chartered Institute of Public Finance and Accountancy (CIPFA). This report is meant to help people, including the public, North Wales residents, Fire and Rescue Authority Members, partners, and anyone else interested to:

- Understand the Fire and Rescue Authority's financial position and how much money was spent in 2025/26;
- Feel confident that the Authority has used public money properly and recorded it correctly; and
- Be reassured that the Authority's finances are strong and well-managed.

The accounts follow CIPFA standards, and we have tried to make the information as simple and clear as possible. However, because North Wales Fire and Rescue Authority is a large organisation, some parts of the accounts are still technical and complicated.

The Statement of Accounts includes the core financial statements, which are: -

The Comprehensive Income and Expenditure Statement (CIES) – This shows how much it cost to run our services this year, based on normal accounting rules. It does not show the amount paid for by taxes.

Expenditure and Funding Analysis (EFA) – This shows the same information as the CIES but also explains which accounting adjustments are removed in note 7 so that taxpayers do not fund them.

The Movement in Reserves Statement (MIRS) – This shows how the Authority's reserves (savings and other financial balances) changed during the year. It separates reserves into "usable" (those we can spend) and "unusable" (those we cannot spend). It also shows the true cost of running the service and how we use different reserves to cover those costs.

The Balance Sheet – This shows what the Authority owns (assets) and what it owes (liabilities) on the date of the Balance Sheet. The difference between these is the Authority's net assets, which match the total value of its reserves.

The Cash Flow Statement – This shows how the Authority's cash has moved in and out over the year.

The notes to the account explain how the financial statements were prepared, the accounting rules used, and extra information that helps make the accounts easier to understand.

Foreword from the Chair

As Chair of the North Wales Fire and Rescue Authority (NWFRS), I am pleased to share the 2025/26 Statement of Accounts. Despite ongoing financial pressures, I am proud of how the Service, with the support of the Authority, has continued to protect our communities while staying in a stable financial position.

The Authority remains committed to ensuring a fire and rescue service that works well and keeps people safe. Our goal is to make North Wales a safe place to live, work and visit. To do this, we must not only balance this year's budget but also plan ahead so we can stay strong in the future. A key part of this plan is investing in the buildings, vehicles, and equipment that will support the Service and our communities for many years.

Although the financial outlook for the future is challenging, I am confident that our solid financial position will help us deal with these difficulties.

Councillor Dylan Rees,
Chair of North Wales Fire and Rescue Authority



Introduction from Dawn Docx, Chief Fire Officer

This Narrative Statement is designed to help readers understand the Fire and Rescue Authority, the environment in which it operates, and the information included in the Statement of Accounts.

Along with financial details, the Narrative Statement also explains our activities, long-term plans, and performance results. This gives readers a clearer picture of the wider work of the Authority and the context in which it operates.

The accounts themselves can be complex, but I encourage you to review them along with this Narrative Statement. Together, they provide a full summary of the financial year and the Authority's financial position as of 31 March 2026.

If you need more information or have questions, contact details are included in the Narrative Statement.

Dawn Docx,
Chief Fire Officer



Introduction to North Wales Fire and Rescue Authority

These accounts cover the year to 31 March 2026 for the North Wales Fire and Rescue Authority. The Authority covers a geographic area of 2,400 square miles with an estimated population of approximately 700,000 people. There are 44 fire stations in North Wales – 8 full-time and 36 on-call stations.

The Authority is committed to community safety and fire prevention, alongside emergency response. We work with local schools, businesses, and community groups to teach people about safety and share important messages.

The Authority is made up of 28 elected councillors from the six unitary authorities of North Wales. The population of the constituent Council's area determines the number of representatives. More information about the Authority, its members and responsibilities can be found [on the Fire Authority pages of our website.](#)

North Wales Fire and Rescue Service is led by a Chief Fire Officer and the Service Leadership Team. This includes Senior Officers and Managers who lead the departments that support our key operational and corporate functions.

Our principles

At NWFRS, we are guided by our principles that shape our actions and decisions. These are:



These principles help us deliver high-quality services and maintain the trust and safety of the communities we serve.


About Our Service Area



Resources

 **44** fire stations

 **54** front line fire appliances

 **41** special appliances including rescue boats and aerial ladder platforms

 **979** staff of which **30%** are fluent welsh speakers

Prevention and Protection activities

 **19,376** safe and well checks completed

 **530** business audits conducted

 **64** safety talks with **4,645** children and young people

 **20** phoenix courses with **172** participants completing the programme

Responding activities

 **15,972** emergency calls handled

 Attended **6,611** emergency incidents

 **2,040** fires attended of which **35** were wildfires

 **3,209** false alarms

Governance and Risk Management

During the financial year 2025/26, the Service continued to strengthen its governance and risk management arrangements to support transparent, accountable and effective decision making.

Summary of Key Risks and Uncertainties

The Service operates in a complex and evolving risk environment. The principal risks and uncertainties identified during the year included:

Capital Investment in training facilities – Uncertainty in future capital funding presents a risk that training and facilities may become unfit-for-purpose if sufficient investment is not available to maintain and improve the estate.

Cyber security and information resilience – The Service continues to face increased risk arising from the evolving cyber-threat landscape.

Pensions administration and regulatory complexity – Complex pension regulations and ongoing legal challenges create a risk that statutory deadlines may not be met.

Workforce capacity and operational availability - Challenges in recruiting and retaining sufficient staff, particularly in rural areas, present a risk to maintaining appliance availability and operational resilience.

Critical systems – The Service continues to manage risks associated with the maintenance and continuity of critical systems.

Risk Management and Control

Risk management is embedded within the Service's strategic planning, decision-making and performance management processes. Key risks are recorded in the corporate risk register and are regularly reviewed by the Service Leadership Team and relevant committees, with mitigating actions clearly identified, monitored and updated to ensure risks remain within the Service's risk appetite.

NWFRS assesses its principal risks and uncertainties, including financial risks, through the five-year Community Risk Management Plan (CRMP) and the Annual Community Risk Management Implementation Plan (CRMIP). Directorate-level annual planning aligns with the CRMP and CRMIP, translating priorities into departmental objectives. Where these objectives give rise to strategic risks, they are recorded on the Strategic Risk Register alongside associated business cases.

The Strategic Risk Committee operates under agreed terms of reference and in accordance with the Service's Risk Management Strategy. The Committee meets quarterly to review strategic risks and oversee mitigation activity. Independent assurance on the effectiveness of risk management, governance and internal control arrangements is provided through internal and external audit.

Key Governance Developments

During the year, the Service continued to strengthen its governance arrangements, including:

Governance structure review – continued refinement of committee structures and roles to provide clearer accountability and oversight.

Integration of risk into decision making – further embedding risk assessment into business planning, reporting and strategic decisions.

Internal audit – delivery of the third year of the three year internal audit plan, providing assurance on the effectiveness of internal controls and compliance with policies and procedures.

Future Priorities

Looking ahead, the Service will continue to strengthen its governance and risk management arrangements in response to an evolving operational, regulatory and organisational landscape.

Priorities for the year ahead include developing governance capability through ongoing training and development for Members and officers, alongside enhanced performance and risk reporting to support timely, evidence-based oversight of strategic risks and objectives.

The Authority will also continue to prepare for and respond to Fire and Rescue Service Governance Reform. Work will focus on ensuring that governance arrangements remain robust, transparent and adaptable, while supporting operational effectiveness and public confidence throughout any transition.

Alongside the risks facing the organisation, the Service will continue to pursue opportunities to improve resilience, efficiency and service delivery. This includes strengthening collaboration with partners, investing in workforce development, making effective use of digital and data-driven solutions, and maintaining a strong focus on prevention and community safety to manage future demand and risk.

Annual Governance Statement

The Annual Governance Statement, which accompanies the financial statements, provides a detailed assessment of the effectiveness of the Service's governance framework during the year. It identifies key governance related risks and sets out the actions taken, and planned, to address areas for improvement.

Service Leadership Team

The Service Leadership Team (SLT) comprises the Chief Fire Officer, Assistant Chief Fire Officers, Area Managers and Heads of Department, providing a comprehensive leadership framework to oversee governance, risk management and operational delivery.

Operating Model

The Fire Authority's operating model explains how we work to keep our communities safe. It shows how we use our resources, manage our services, and reach our goals.

Our main services include:

- **Emergency Response:** Quickly and effectively responding to fires, special service calls, and other incidents.
- **Prevention and Protection:** Promotion and education of fire safety, completing inspections, and enforcing rules to reduce risk.
- **Community Engagement:** Working with residents, businesses, and local groups to promote safety and preparedness.

We regularly check and adjust how we use our resources to make sure we are meeting our goals efficiently. This includes reviewing our budget, staffing, and equipment needs, as well as assessing our performance and impact.

Below is a map of all our facilities across North Wales.

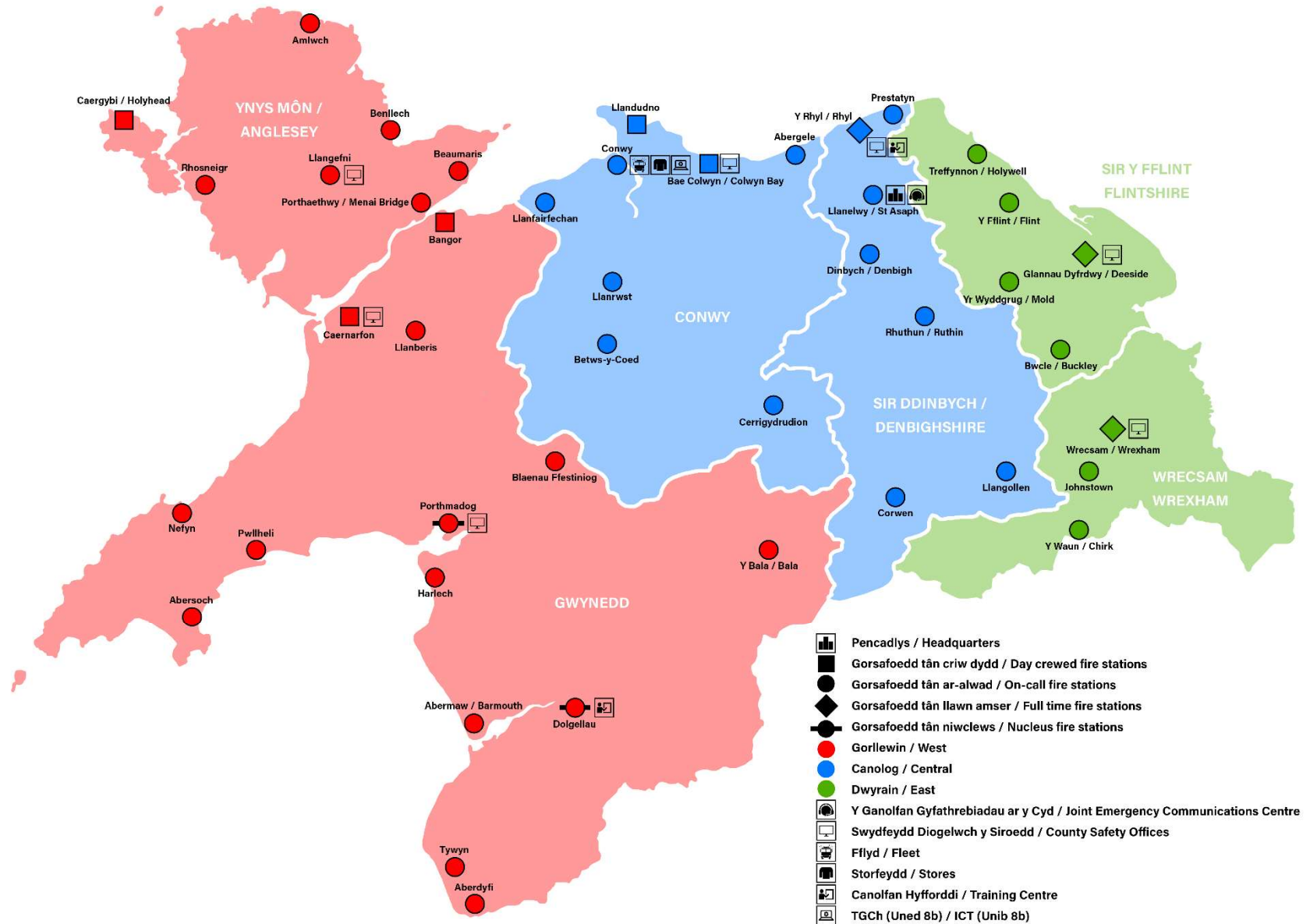
Emergency Cover Review (ECR)

The Emergency Cover Review has informed the development of a revised approach to sustaining emergency cover across North Wales, particularly in rural areas. This work has focused on improving resilience, predictability of appliance availability and the long-term sustainability of emergency response within existing financial and workforce constraints.

As a result, a formal Collective Agreement has been agreed between the Chief Fire Officer and the Fire Brigades Union. The Collective Agreement sets out the overarching principles and governance arrangements for a package of operational and workforce changes, including revised crewing arrangements at selected stations.

Implementation of the Collective Agreement is now underway, supported by defined workstreams and oversight arrangements. Progress continues to be monitored to assess its operational, workforce and financial impacts.

NWFRS Facilities/Station Map



Community Risk Management Plan

The Community Risk Management Plan 2024-29 (CRMP), explains how the Service identifies and manages risks across North Wales, outlining the key risks facing our communities and setting out how we will address them—while continuing to prevent and respond to fires and other emergencies.

To support the CRMP, we produce annual Community Risk Management Implementation Plans. During These implementation plans detail the specific actions we will take each year to achieve our goals and keep our communities safe. The plans also include well-being and improvement objectives, in line with Welsh legislation.

During 2025-26 we held a public consultation, including several engagement events, to gain feedback on our proposed Community Risk Management Implementation Plan for 2026-27. All feedback received has been given consideration in line with Gunning Principles, and the approved plan will be available on our [website](#).

Annual Performance

NWFRA's Annual Performance Assessment, published in October 2025, marked the first year of the five-year Corporate Risk Management Plan. It reviewed performance against annual objectives and reflected on achievements across the plan's lifespan.

In addition to reporting on statutory and sector-wide performance indicators, the report assessed progress against improvement and well-being objectives. These included enhancing community safety and resilience, improving environmental sustainability, and embedding social value in procurement.

The annual performance assessment also highlighted the Authority's commitment to workforce development, stakeholder engagement, and operational efficiency.

The Annual Performance Assessment can be accessed [here](#).

Organisational Culture and Improvement

During 2025/26, the Service continued to act on the findings of the Independent Cultural Review carried out by Crest Advisory in February 2025. The focus has moved from planning changes to putting them into practice and making sure they become part of everyday ways of working. Culture Champions have been appointed to encourage positive behaviour, support open conversations, and help staff engage with the culture improvement programme.

The Culture Improvement Plan has been updated during 2025/26 to reflect current priorities and feedback from staff. Progress is tracked through clear actions and reported through existing governance arrangements.

Oversight is provided by the Cultural Improvement Board, which includes senior leaders, the Chair of the Authority, the EDI Member Champion and a Welsh Government representative. This ensures progress and risks are properly monitored and challenged.

The Service continues to work closely with Welsh Government and partners to support long-term cultural change and remains committed to providing a safe, inclusive and values-led workplace that supports high-quality public services.

Hwb Awen

The Authority made further progress during the year on the development of Hwb Awen, the proposed training centre. Following approval of the Strategic Outline Case in October 2024, work moved into early design stages and technical preparation to support the Outline Business Case.

Initial RIBA design stages focused on operational needs, space requirements and how different areas of the site would work together which helped shape an early design brief.

Site investigations and environmental checks were carried out during the year, including ecological and biodiversity surveys. This work supported site feasibility, identified constraints and ensured environmental and sustainability requirements were considered from an early stage.

Clear governance arrangements remain in place, with the project sponsored by an Assistant Chief Fire Officer and supported by a dedicated project team. Engagement with internal and external stakeholders has continued to ensure proposals reflect operational needs, workforce considerations and recognised good practice.

Hwb Awen remains a key part of the Authority's long-term strategy and is central to delivering the Community Risk Management Plan 2024–2029.



Sustainability and climate change

In 2025/26, the Authority worked to implement the detailed decarbonisation plans for Fleet, Heating, Power and Procurement as set out in its Environmental Strategy (2023–2030). The Environment and Sustainability Working Group has monitored the Service’s progress towards the Net Zero 2030 target.

The pilot installation of Hydrotreated Vegetable Oil (HVO) as a diesel alternative has continued at Deeside Fire Station. Plans are in place to install HVO tanks and dispensing equipment at twenty sites by 2030. This should mitigate nearly half of the Service’s direct carbon emissions.

Progress continued on a bespoke Environmental Management System aligned with ISO 14001, aimed at improving environmental performance through better resource use and waste reduction. Implementation is expected to begin in 2026/27.

A comprehensive mechanical and electrical estate condition survey has been undertaken, to inform planning around proactive replacement of aged or inefficient heating systems.

A standard heating system specification has been developed for low-occupancy fire stations which will allow us to install zero-carbon heating systems at a significantly lower cost per site.

Grant funding was secured to support decarbonisation initiatives, including up to 90% of the cost of EV charging infrastructure installation and associated decarbonisation works, alongside fixed contributions towards the purchase of electric vehicles. A total of £204k was awarded through the Welsh Government Energy Service.

Significant partnership work has taken place, with the Service supporting the development of a regional Climate Change Risk Assessment for Public Service Board partners.

The Authority published its three-yearly Biodiversity Report and Action Plan, detailing the progress made to date and an ambitious scheme of work proposed for the period to 2028.



Financial Performance

The Authority remains committed to delivering high-quality fire prevention, protection, and emergency response services across its communities. During 2025/26, the Authority continued to operate within a challenging financial environment, characterised by ongoing inflationary pressures, workforce cost increases, and continued uncertainty across the wider public sector funding landscape.

To support financial sustainability, Members reaffirmed the Medium-Term Resource Strategy for 2026-30 and approved increased contributions from the constituent authorities for 2025/26 of 5.15% once adjusted for SCAPE and Employer National Insurance increases. This was supported by the planned and prudent use of earmarked reserves and non-recurring measures to ensure that operational effectiveness and community safety were maintained while longer-term cost pressures continue to be addressed.

Workforce pressures remained a key area of focus during the year, particularly in relation to recruitment and retention in specialist and retained roles. Progress continued in implementing agreed workforce recommendations and aligning local arrangements with national discussions on pay, terms and conditions. Further development work was also undertaken during the year on the revised Emergency Cover model, building on the outcomes of the 2023 public consultation and subsequent engagement with stakeholders.

Despite these ongoing pressures, the Authority maintained a stable financial position throughout 2025/26 through robust budget monitoring, vacancy management, and in-year income generation. Looking ahead, the Authority continues to prioritise the active management of pay, pension and non-pay inflation, while ensuring that financial decisions remain aligned to operational resilience, risk management, and the delivery of strategic objectives.

Revenue Performance

The Authority reported a surplus of £121k for 2025/26 after applying statutory accounting adjustments and transfers to reserves. This compares to an outturn forecast of £134k at the end of March.

Usable reserves increased by £904k during the year, bringing the total to £11,783k. These reserves have been set aside to support ongoing service requirements, including anticipated insurance claims and the replacement of fire kit. It is anticipated that reserve levels will reduce in future years as these commitments are met. Further details are provided in Note 8 of the Statement of Accounts.

Revenue Summary

2025/26	Budget (£'000)	Outturn (£'000)	Reserves (£'000)	CERA (£'000)	Total (£'000)	Variance (£000)	Variance (%)
Employees	38,233	36,871	548		37,419	(814)	-2.1%
Premises	2,818	3,344			3,344	526	18.7%
Transport	1,327	1,582	89		1,671	344	26.0%
Supplies	6,182	5,333	(30)		5,303	(879)	-14.2%
Third Party Payments	367	429			429	62	16.9%
Capital Finance & Charges	4,501	2,568		2,338	4,906	405	9%
Income	(1,039)	(1,557)	151		(1,406)	(367)	35%
Use of Reserves	(601)						
Sub Total	51,788	48,571	758	2,338	51,667	(121)	-0.2%
Levies	(51,788)	(51,788)			(51,788)	0	0.0%
Outturn Position					(121)	(121)	0.2%

Usable Reserves

Usable Reserves	Balance 31 March 2025	Transfers (in/)/out 2025/26	Balance 31 March 2026
	£'000	£'000	£'000
Earmarked Reserves	(8,938)	(759)	(9,697)
General Fund	(1,871)	(121)	(1,989)
Capital Receipts Reserve	(73)	(24)	(97)
Total Usable Reserves	(10,882)	(904)	(11,783)

Capital Performance

The Authority approved a capital programme of £6,100k in January 2025, supplemented by £2,589k of rollover funding from prior years. Capital expenditure for 2025/26 totalled £5,008k, with detailed breakdown of the schemes seen below.

Due to project slippage, approximately £3,885k will be carried forward into 2026/27 to complete ongoing schemes. The Authority continues to monitor capital delivery closely, with improved scrutiny and planning processes now in place.

Capital Funding

During the year, the Authority also received capital grant funding from Welsh Government to support decarbonisation initiatives, for facilities and EV charging infrastructure, alongside fixed contributions towards the purchase of electric vehicles. These investments contribute to the authority's long-term resilience.

Funding	Amount £000
Grant Funding	204
Contributions	2,338
Borrowing	2,466
Total	5,008

Scheme	Allocation	Actual	Rollover
	£'000	£'000	£'000
Vehicles*	3,193	1,751	1,460
Buildings	3,199	1,997	1,431
Training Towers	550	152	245
Equipment	1,747	904	749
Capital Programme	8,689	4,804	3,885
In year Grant Funding			
Electric Vehicles		57	
Electric Charging		89	
Sustainability works		58	
Total	8,689	5,008	3,885

*Expenditure on vehicles excludes any leased assets.

Hwb Awen

Cumulative capital expenditure on Hwb Awen is included within Buildings in the table above and totals £1,231k at year end (£11k in 2024/25), with further costs required in 2026/27 to progress the project to RIBA Gateway 4.

Treasury Management

The Authority remained compliant with its Treasury Management Strategy throughout 2025/26. Borrowing and investments stayed within approved limits, and no defaults were reported. Investment income exceeded budget expectations, and the Authority's net borrowing position at year-end was £15,756k, which is below the Capital Financing Requirement.

The Authority continues to work with a Treasury Advisor, Arlingclose, to plan and manage interest rate risk and borrowing strategy effectively.

Pension Costs

Employer contributions to the Firefighters' Pension Scheme totalled £5,437k, with pension payments to retired members amounting to £10,872k, and commutation of pensions and lump sum retirement benefits totalling £3,332k. The scheme remains unfunded, with the liability increasing to £232,624k driven by actuarial gains from changes in financial assumptions.

For the Local Government Pension Scheme, the employer's primary rate remained at 18.3%, and the same secondary rate reduction of £548k continued to be applied.

Outlook

Cashflow and Future Considerations

The Authority maintained a strong cash position throughout 2025/26, supported by timely receipt of precepts and active treasury management.

Looking ahead, future cashflows may be affected by the timing of capital projects, particularly the Training Centre development. The Authority continues to monitor liquidity closely, using short-term investments and scenario planning to ensure sufficient flexibility to meet operational and capital commitments. Specialist advice is provided by Arlingclose, supporting the Authority's approach to prudent and informed treasury decision-making.

Future Budget Pressures and Mitigation

The Authority continues to face rising cost pressures and increasing demand on services. While the 2025/26 budget was approved by the Authority during the year, future budget pressures and associated funding gaps are set out in the [Medium Term Resource Strategy](#).

Consideration of Section 114

The Authority reviewed updated guidance from the CIPFA regarding issuing a Section 114 notice, when a Treasurer notifies an authority that they are heading for a breach of the legal requirement to balance their revenue budget. Despite the financial pressures facing the wider public sector, the Authority maintained strong financial oversight throughout the year, including regular monitoring of budgets, reserves, and emerging risks.

At no point was a Section 114 notice considered necessary. This reflects the Authority's commitment to sound financial management and its proactive approach to protecting public services and ensuring long-term sustainability.

Further Information

Additional information about these accounts is available from Elgan Roberts, Head of Finance and Procurement for North Wales Fire and Rescue Service, Headquarters, Ffordd Salesbury, St Asaph, LL17 0JJ.

Interested members of the public have a statutory right to inspect the accounts before the audit is completed.

At the appropriate time, availability of the accounts for inspection is advertised on the website for North Wales Fire and Rescue Authority

www.northwalesfire.gov.wales/fire-and-rescue-authority/financial/

Acknowledgements

As Section 151 Officer, appointed on 1 May 2026, it is a pleasure to sign off my first set of accounts for North Wales Fire and Rescue Service.

In doing so, I would like to express my sincere thanks to colleagues across the organisation who have contributed to the preparation of this Narrative Report and the wider Statement of Accounts. In particular, I would like to recognise the continued professionalism and dedication of the Finance team, whose efforts have ensured the timely and accurate delivery of the Authority's financial reporting.

I would also like to thank our partners and stakeholders for their ongoing support and constructive engagement throughout 2025/26.

Helen MacArthur

**Assistant Chief Fire Officer and S151 Officer
North Wales Fire and Rescue Authority**

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Treasurer.
- to manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets.
- to approve the Statement of Accounts.

Authority's Certificate

I approve the Statement of Accounts of North Wales Fire and Rescue Authority as at 31 March 2026.

Signed: _____ Dated: _____

Chairman, North Wales Fire and Rescue Authority

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing the Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the Code of Practice.
- kept proper accounting records which were up-to-date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Section 151 Officer's Certificate

I certify that the Statement of Accounts has been prepared in accordance with the arrangements set out above, and presents a true and fair view of the financial position of North Wales Fire and Rescue Authority as at 31 March 2026 and the Authority's income and expenditure for the year then ended.

Signed:  _____ Dated: 28/05/2026

Section 151 Officer, North Wales Fire and Rescue Awdurdod

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EXPENDITURE AND FUNDING ANALYSIS

This statement shows how annual expenditure is used and funded from resources (grants, contributions etc.) by local authorities compared to resources consumed or earned by authorities in accordance with generally accepted accounting practices (GAAP). It also shows how this expenditure is allocated for decision making purposes according to the type of expenditure incurred. Income and Expenditure accounted for under GAAP is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25				2025/26		
Net Expenditure Chargeable to the General Fund £'000	Adjustments Between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Exp Statement £'000		Net Expenditure Chargeable to the General Fund £'000	Adjustments Between the Funding and Accounting Basis £'000	Net Expenditure in the Comprehensive Income & Exp Statement £'000
46,713	(9,456)	37,257	Provision of Fire Services	50,909	(11,506)	39,403
(48,549)	10,308	(38,241)	Other Income & Expenditure	(51,788)	11,699	(40,089)
(1,836)	852	(984)	Deficit or (Surplus) on Provision of Services	(879)	193	(686)

2024/25				2025/26		
General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund £'000		General Fund Balance £'000	Earmarked General Fund Reserves £'000	Total General Fund £'000
(1,575)	(7,519)	(9,094)	Brought Forward	(1,871)	(9,011)	(10,882)
(1,836)		(1,836)	(Surplus)/Deficit on Provision of Services	(879)	0	(879)
	48	48	Transfer between General Fund Balance and Capital Grants Unapplied	0	0	0
1,540	(1,540)	0	Transfer between General Fund Balance and Earmarked General Fund Reserves	759	(783)	(24)
(1,871)	(9,011)	(10,882)	Closing General Fund Balance	(1,989)	(9,794)	(11,783)

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with GAAP, rather than the amount to be funded from contributions. The Authority's expenditure is funded by contributions from the six Local Authorities in North Wales in accordance with regulations; this may be different from the accounting cost. The contribution position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2024/25				2025/26			
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Note	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
39,032	(1,775)	37,257	Provision of Fire Services		40,960	(1,557)	39,403
39,032	(1,775)	37,257	Cost of Services		40,960	(1,557)	39,403
56	0	56	Other Operating Expenditure		2	0	2
11,352	(182)	11,170	Financing & Investment Income & Expenditure	9	12,125	(224)	11,901
0	(49,467)	(49,467)	Taxation and Non Specific Grant Income	10	0	(51,992)	(51,992)
		(984)	(Surplus)/Deficit on Provision of Services				(686)
0	(2,003)	(2,003)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets	18	0	(318)	(318)
		(26,136)	Remeasurement of the Net Defined Benefit Liability	18			22,564
		(28,139)	Other Comprehensive (Income) & Expenditure				22,246
		(29,123)	Total Comprehensive (Income) & Expenditure				21,560

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce contributions from the Constituent Authorities) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance which is funded by contributions from the six Constituent Authorities. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Authority.

The movements in 'Unusable Reserves' in local government accounting are notional, primarily reflecting changes in asset valuation (like buildings or pension liabilities). These are figures on paper, rather than 'cash backed', and cannot be spent on services.

2025/26								
	Note	General Fund Balance £'000	Earmarked and Grant Reserves £'000	Capital Grants Unapplied £'000	Earmarked Capital Receipts £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2025		(1,871)	(8,938)	0	(73)	(10,882)	176,422	165,540
Movement in Reserves during 2025/26								
Surplus or (Deficit) on the Provision of Services		(686)	0	0	0	(686)	0	(686)
Other Comprehensive Income & Expenditure		0	0	0	0	0	22,246	22,246
Total Comprehensive Income & Expenditure		(686)	0	0		(686)	22,246	21,560
Adjustments between accounting basis & funding basis under regulations	7	(219)	0	0	0	(219)	219	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves		(905)	0	0	0	(905)	22,465	21,560
Other Transfers to/(from) Earmarked Reserves	8	783	(759)	0	(24)	0	0	0
Increase/(Decrease) in 2025/26	6	(121)	(759)	0	(24)	(905)	22,465	21,560
Balance as at 31 March 2026		(1,989)	(9,697)	0	(97)	(11,783)	198,887	187,100

2024/25		Note	General Fund Balance £'000	Earmarked and Grant Reserves £'000	Capital Grants Unapplied £'000	Earmarked Capital Receipts £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2024			(1,575)	(7,398)	(48)	(73)	(9,094)	203,757	194,663
Movement in Reserves during 2024/25									
Surplus or (Deficit) on the Provision of Services			(984)	0	0	0	(984)	0	(984)
Other Comprehensive Income & Expenditure			0	0	0	0	0	(28,139)	(28,139)
Total Comprehensive Income & Expenditure			(984)	0	0	0	(984)	(28,139)	(29,123)
Adjustments between accounting basis & funding basis under regulations		7	(804)	0	0	0	(804)	804	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves			(1,788)	0	0	0	(1,788)	(27,335)	(29,123)
Other Transfers to/(from) Earmarked Reserves		8	1,492	(1,540)	48	0	0	0	0
Increase/(Decrease) in 2024/25		6	(296)	(1,540)	48	0	(1,788)	(27,335)	(29,123)
Balance as at 31 March 2025			(1,871)	(8,938)	0	(73)	(10,882)	176,422	165,540

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2025 £'000		Note	31 March 2026 £'000
63,041	Property, Plant & Equipment	11	65,589
99	Intangible Assets	11	197
103	Long Term Debtors	14	113
63,243	Long Term Assets		65,899
663	Inventories	13	813
2,439	Short Term Debtors	14	1,896
2,523	Cash & Cash Equivalents	15	2,624
5,625	Current Assets		5,333
(10,791)	Short Term Borrowing	12	(4,203)
(375)	Short Term Provisions	17	(322)
(6,045)	Short Term Creditors	16	(8,799)
(173)	Short Term Lease Liabilities	29	(209)
(17,384)	Current Liabilities		(13,533)
(208,143)	Pension Liability	18	(232,624)
0	Long Term Provisions	17	0
(425)	Long Term Lease Liabilities	29	(505)
(8,456)	Long Term Borrowing	12	(11,674)
(217,024)	Long Term Liabilities		(244,803)
(165,540)	Net Assets		(187,104)
(10,882)	Usable Reserves	8	(11,783)
176,422	Unusable Reserves	18	198,887
165,540	Total Reserves		187,104

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of contributions and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2024/25 £'000		Note	2025/26 £'000
(984)	Net (Surplus)/Deficit on the Provision of Services		(686)
(4,615)	Adjustments to Net (Surplus) or Deficit on the Provision of Services for Non-Cash Movements	19	(7,622)
(437)	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	19	(429)
(6,036)	Net Cash Flows From Operating Activities	19	(8,737)
7,508	Investing Activities	20	5,214
(1,022)	Financing Activities	21	3,422
450	Net (Increase) or Decrease in Cash and Cash Equivalents		(101)
(2,973)	Cash and Cash Equivalents at the beginning of the reporting period		(2,523)
(2,523)	Cash and Cash Equivalents at the End of the Reporting Period	15	(2,624)

NOTES TO THE FINANCIAL STATEMENTS

The notes present information about the basis of preparation of the financial statements and the specific accounting policies used. They provide information not presented elsewhere in the financial statements and are relevant to an understanding of the accounts.

1 ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

Where a new Standard has been published but has not yet been adopted by the Code, the Authority is required to disclose information relating to the impact of the accounting change. The changes that are introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements are:

- a) **Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets)** issued in March 2024
- b) **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)** issued in May 2024
- c) **Annual improvements to IFRS accounting standards – Volume 11** issued in July 2024
- d) **Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)** issued in December 2024

The Authority does not expect the adoption of items a) to d) to result in material changes to the recognition or measurement of amounts reported in the financial statements, and it is anticipated that the application of these amendments will be limited.

2 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an authority in preparing and presenting financial statements.

In applying the accounting policies set out in Appendix 1, the Authority has been required to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement in the Statement of Accounts is as follows:

- There is a high degree of uncertainty about future levels of funding for local government as a whole. However the Authority has determined that this uncertainty is not sufficient to indicate that the assets of the Authority might be impaired as a result of the need to reduce levels of service provision.

3 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION AND UNCERTAINTY

The statement of accounts contains estimated figures that are based on assumptions made by the authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The main items in the Authority's Balance Sheet at 31 March 2026, for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment - The Authority revalues its assets every 5 years supported by indexation in the intervening years. Indexation is a tool to apply an approximation of market changes, and the choice of index is a matter of judgement made in the context of providing a reasonable estimate of the movement in the value of an asset from the prior year. It is possible that property values could continue to fluctuate, especially during times of economic uncertainty, with a risk of divergence in indexed values compared to the professional valuations produced by market evidence at the quinquennial revaluation.

Valuations are based on assumptions about asset conditions, useful lives, residual values, and market conditions. These judgements are underpinned by the best available information and made by qualified valuers.

The last full revaluation was completed on 31 March 2023, and a further review of all fire station buildings was completed via a desktop revaluation exercise as at 31 March 2024. Indexation has been applied to the carrying value in 2025/26 using indices that best reflect the underlying cost drivers of each asset class.

Further information is provided in the Accounting Policies and in the Property, Plant and Equipment note.

Pension Liability - Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and, for the Local Government Pension Scheme, the expected return on pension fund assets.

Given the sensitivity of the pension liability to changes in key actuarial assumptions, there is a significant risk that reasonably possible changes in assumptions could lead to a material adjustment to the net pension liability in future financial years.

Consulting actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. Further information is provided within the Pension Fund Account.

4 EVENTS AFTER THE REPORTING PERIOD

The pre-audit Statement of Accounts was certified for publication by the Section 151 Officer on 28 May 2025. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing as at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There have been no material events after the balance sheet date.

5 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2025/26	Adjustment for Capital Purposes £'000	Net Charge for Pensions Adjustments £'000	Other Adjustments £'000	Total Adjustments £'000
Provision of Fire Services	(2,075)	(9,555)	124	(11,506)
Net Cost of Service	(2,075)	(9,555)	124	(11,506)
Other Income & Expenditure				
Other Income & Expenditure from the expenditure and funding analysis	(202)	11,472	429	11,699
Differences between the General Fund surplus and Comprehensive Income and Expenditure Statement surplus on the provision of services	(2,277)	1,917	553	193

2024/25	Adjustment for Capital Purposes £'000	Net Charge for Pensions Adjustments £'000	Other Adjustments £'000	Total Adjustments £'000
Provision of Fire Services	(1,590)	(8,064)	198	(9,456)
Net Cost of Service	(1,590)	(8,064)	198	(9,456)
Other Income & Expenditure				
Other Income & Expenditure from the expenditure and funding analysis	(862)	10,733	437	10,308
Differences between the General Fund surplus and Comprehensive Income and Expenditure Statement surplus on the provision of services	(2,452)	2,669	635	852

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and investment income and expenditure – the statutory charges for capital financing i.e. minimum revenue provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the pensions adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Adjustments - Other adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For financing and investment income and expenditure the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the General Fund.

6 EXPENDITURE AND INCOME ANALYSED BY NATURE

2024/25 £000		2025/26 £000
	Expenditure	
25,889	Employees	27,216
10,312	Other Operating Costs	10,260
385	Support Services	429
56	(Gain)/loss on the disposal of assets	2
11,352	Financing and Investment Expenditure	12,125
2,445	Capital Financing Costs	3,055
50,439	Total Expenditure	53,087
	Income	
(793)	Fees, Charges & Other Service Income	(895)
(182)	Interest and Investment Income	(224)
(48,549)	Levies from Constituent Authorities	(51,788)
(1,899)	Government Grants and Contributions	(866)
(51,423)	Total Income	(53,773)
(984)	(Surplus)/Deficit on Provision of Services	(686)

7 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER STATUTE

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

General Fund balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the authority is required to recover) at the end of the financial year.

Capital receipts reserve

The capital receipts reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital grants unapplied

The capital grants unapplied account (reserve) holds the grants and contributions received towards capital projects for which the authority has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

2024/25						2025/26				
General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserves	Total Usable Reserves	Total Unusable Reserves	Adjustments between Accounting Basis and Funding Basis under Regulations	General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserves	Total Usable Reserves	Total Unusable Reserves
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
(2,602)	0	0	(2,602)	2,602	Depreciation and impairment	(2,967)	0	0	(2,967)	2,967
156	0	0	156	(156)	Revaluation losses/Gains on Property	(89)	0	0	(89)	89
(56)	0	0	(56)	56	Disposal of non-current assets	(2)	0	(24)	(26)	26
1,459	0	0	1,459	(1,459)	Capital expenditure financed from earmarked reserve/CERA	2,338	0	0	2,338	(2,338)
918	0	0	918	(918)	Capital expenditure funded from grants	204	0	0	204	(204)
1,957	0	0	1,957	(1,957)	Financing Capital (MRP)	2,138	0	0	2,138	(2,138)
1,832	0	0	1,832	(1,832)		1,622	0	(24)	1,598	(1,598)
11,028	0	0	11,028	(11,028)	Employers Pension contributions and payments to pensioners	12,123	0	0	12,123	(12,123)
(13,697)	0	0	(13,697)	13,697	Reversal of retirement benefits in the CIES	(14,040)	0	0	(14,040)	14,040
(2,669)	0	0	(2,669)	2,669		(1,917)	0	0	(1,917)	1,917
0	48	0	48	(48)	Adjustment to Grants Reserve	0	0	0	0	0
(15)	0	0	(15)	15	Movement in Accumulated Absence accrual	100	0	0	100	(100)
(852)	48	0	(804)	804	Adjustments between accounting basis and funding basis under regulation	(195)	0	(24)	(219)	219

8 USABLE RESERVES

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2025/26.

Reserve	Purpose of the Reserve	Balance 31 March 2024	Transfers (in) / out	Balance 31 March 2025	Transfers (in) / out	Balance 31 March 2026
		£'000	£'000	£'000	£'000	£'000
Service Reserves						
Pension Reserve	Additional pension costs relating to changes to pension rules	(545)	(525)	(1,070)	(548)	(1,618)
Interest Reserve	Mitigate interest rate increases impacting the revenue budget	(300)	0	(300)	0	(300)
Fire Hydrant Repairs	Funding of the backlog of hydrant repairs	(90)	0	(90)	0	(90)
PPE Uniform / Stock	Increased uniform costs due to changes in legislation	(697)	(71)	(768)	0	(768)
Transformational Change	Funding for the delivery of transformational change projects	(851)	0	(851)	0	(851)
Facilities Improvements	Ensure buildings meet required standard and improve energy efficiency	(651)	(329)	(980)	0	(980)
Legal Liability	Funding of future legal liabilities for known/expected claims	(310)	0	(310)	30	(280)
Training	Implement changes to training provision as required by legislation	(250)	0	(250)	0	(250)
Major Incidents	Offset costs of major incidents in excess of budget	(150)	0	(150)	0	(150)
System Improvements	A fund set aside to meet the cost of system improvements	(711)	0	(711)	0	(711)
Inflation	Offset costs of inflation in excess of budget	(250)	0	(250)	(151)	(401)
Pay Structure review	For on-going discussions regarding the pay structure for firefighters	(473)	0	(473)	0	(473)
Capital & Grants Reserves						
Capital Projects	A fund set aside for delayed schemes and retention costs	(914)	(89)	(1,003)	(90)	(1,093)
Radio Scheme	Emergency Service Network upgrade	(1,011)	(526)	(1,537)	0	(1,537)
Grant Reduction	Offset reduction in Fire Safety funding from Welsh Government	(195)	0	(195)	0	(195)
Total Earmarked Reserves		(7,398)	(1,540)	(8,938)	(759)	(9,697)
General Fund	Available for general purposes and to provide operational resilience	(1,575)	(296)	(1,871)	(121)	(1,989)
Capital Receipts	Retains receipts from asset sales for future capital expenditure	(73)	0	(73)	(24)	(97)
Capital Grants Unapplied	Holds capital grants and contributions not yet applied to expenditure	(48)	48	0	0	0
Total Usable Reserves		(9,094)	(1,788)	(10,882)	(904)	(11,783)

9 FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2024/25 £'000		2025/26 £'000
619	Interest payable and similar charges	653
(182)	Interest receivable and similar income	(224)
10,733	Net Interest on the net defined benefit liability	11,472
11,170	Total	11,901

10 TAXATION AND NON SPECIFIC GRANT INCOME

2024/25 £'000		2025/26 £'000
4,871	Anglesey Council	5,186
8,063	Conwy County Borough Council	8,562
6,812	Denbighshire County Council	7,271
10,957	Flintshire County Council	11,661
8,295	Gwynedd Council	8,919
9,551	Wrexham County Borough Council	10,189
48,549	Levies from Constituent Authorities	51,788
918	Capital Grants and Contributions	204
49,467	Total Taxation and Non Specific Grant Income	51,992

11 PROPERTY PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Movements on Balances

2025-2026	Land and Buildings	Vehicles and Equipment	Assets Under Construction	Property Plant & Equipment	Intangible Assets	Assets Held for Sale
	£'000	£'000	£'000	Total £'000	Total £'000	Total £'000
Gross Book Value at 1 April 2025	52,890	26,623	766	80,279	233	0
Re-categorisation of assets	181	533	(714)	0	0	0
Additions	848	2,747	1,681	5,276	135	0
Non-Enhancing Expenditure	(850)	0	0	(850)	0	0
Revaluation increase / (decreases) recognised in the Revaluation Reserve	1,079	0	0	1,079	0	0
Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition - Disposals	0	(2,217)	0	(2,217)	0	0
Derecognition - Other	(2)	0	0	(2)	0	0
Gross Book Value at 31 March 2026	54,146	27,686	1,733	83,565	368	0
Accumulated Depreciation & Impairment						
At 1 April 2024	(1,027)	(16,211)	0	(17,238)	(134)	0
Depreciation/Amortisation charge	(1,140)	(1,790)	0	(2,930)	(37)	0
Depreciation written out of the Revaluation Reserve	0	2,192	0	2,192	0	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0	0
Derecognition - Disposals	0	0	0	0	0	0
Derecognition - Other	0	0	0	0	0	0
Accumulated Depreciation at 31 March 2026	(2,167)	(15,809)	0	(17,976)	(171)	0
Net Book Value at 31 March 2026	51,979	11,877	1,733	65,589	197	0
Net Book Value at 31 March 2025	51,863	10,412	766	63,041	99	0

2024-2025	Land and Buildings	Vehicles and Equipment	Assets Under Construction	Property Plant & Equipment	Intangible Assets	Assets Held for Sale
	£'000	£'000	£'000	Total £'000	Total £'000	Total £'000
Gross Book Value at 31 March 2024	46,253	24,129	1,060	71,442	233	0
Recognition of Right of Use Assets	593	328	0	921	0	
Gross Book Value at 1 April 2024	46,846	24,457	1,060	72,363	233	0
Re-categorisation of assets	483	577	(1,060)	0	0	0
Additions	3,402	2,366	766	6,534	0	0
Revaluation increase / (decreases) recognised in the Revaluation Reserve	2,003	0	0	2,003	0	0
Revaluation increase / (decreases) recognised in the Surplus / Deficit on the Provision of Services	156	0	0	156	0	0
Derecognition - Disposals	0	(777)	0	(777)	0	0
Derecognition - Other	0	0	0	0	0	0
Gross Book Value at 31 March 2025	52,890	26,623	766	80,279	233	0
Accumulated Depreciation & Impairment						
At 1 April 2024	(43)	(15,355)	0	(15,398)	(92)	0
Depreciation/Amortisation charge	(984)	(1,577)	0	(2,561)	(42)	0
Depreciation written out of the Revaluation Reserve	0	0	0	0	0	0
Depreciation written out to the Surplus / Deficit on the Provision of Services	0	0	0	0	0	
Derecognition - Disposals	0	721	0	721	0	0
Derecognition - Other	0	0	0	0	0	0
Accumulated Depreciation at 31 March 2024	(1,027)	(16,211)	0	(17,238)	(134)	0
Net Book Value at 31 March 2025	51,863	10,412	766	63,041	99	0
Net Book Value at 31 March 2024	46,210	8,774	1,060	56,841	141	0

Depreciation

Buildings are depreciated using componentisation, where an estimate is made of the useful life of each component of the building and a weighted average then used to calculate the annual charge.

Other assets are recognised at historic cost, which is a proxy for current cost on short life assets, and depreciated over their useful lives.

Revaluations and Impairments

The authority ensures that all property, plant and equipment to be measured at current value through a quinquennial revaluation process, supplemented by annual indexation in intervening years.

All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The following indices were used for 2025/26 indexation:

Index	Average change %	Valuation Change £'000
BCIS All-In TPI	2.49	1,043
MSCI Capital Growth - Industrial and CoStar	3.00	36
MSCI Capital Growth - Offices and CoStar	0.10	-
Total		1,079

Valuations of vehicles, plant and equipment were based on current prices where there was an active second-hand market or latest list prices adjusted for the condition of the asset.

Capital Commitments

The Authority is committed to capital expenditure in future periods arising from contracts entered into at the Balance Sheet date. Capital expenditure committed at 31 March 2026 for future periods equates to £3,202k (2024/25: £1,813k). The commitments relate to the following:

Description	£'000
Building Works	2,012
Vehicles	764
Equipment	426
Total	3,202

Surplus Assets (Non operational property, plant and equipment)

The Authority does not have any material surplus assets.

12 FINANCIAL INSTRUMENTS

Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

	Non Current		Current	
	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000
Financial Assets at Amortised Cost:				
Cash and Cash Equivalents	0	0	2,523	2,624
Debtors	103	113	2,439	1,896
Financial Liabilities at Amortised Cost:				
Interest Accrued	0	0	(174)	(121)
Borrowings	(8,456)	(11,674)	(10,617)	(4,082)
Total Borrowing	(8,456)	(11,674)	(10,791)	(4,203)
Creditors	0	0	(6,045)	(8,799)
Lease Liability	(425)	(505)	(173)	(209)

Financial Instruments Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

	2024/25		2025/26	
	Financial Liabilities Measured at amortised cost £'000	Financial Assets Loans and receivables £'000	Financial Liabilities Measured at amortised cost £'000	Financial Assets Loans and receivables £'000
Interest expense in the Surplus or Deficit on the Provision of Services	619	0	653	0
Interest income in the Surplus or Deficit on the Provision of Services	0	(182)	0	(224)
Net gain/(loss) for the year	619	(182)	653	(224)

Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried on the Balance Sheet at amortised cost (in long term assets/liabilities with accrued interest in current assets/liabilities). Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, borrowing from the PWLB has been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31-Mar-25		31-Mar-26	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
PWLB debt	(14,073)	(13,300)	(13,756)	(13,040)
Non-PWLB debt	(5,000)	(5,000)	(2,000)	(2,000)
Total Debt	(19,073)	(18,300)	(15,756)	(15,040)

The fair value has been calculated with direct reference to published price quotations in an active market. In the case of the Fire and Rescue Authority they are based on premiums that would be payable if PWLB loans were surrendered and provides an estimate of the additional interest payable compared to the same loan at current market rates discounted back to the current period.

13 INVENTORIES

	Main Stores		Fleet Stock	
	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
Balance at start of year	413	437	201	225
Purchases	952	470	203	285
Write offs/adjustments	(3)	(5)	(1)	(2)
Recognised as an Expense	(925)	(310)	(178)	(287)
Balance outstanding at year end	437	592	225	221

14 DEBTORS

2024/25 £'000		2025/26 £'000
	Long Term	
103	Prepayments	113
103	Total Long Term	113
	Short Term	
445	Other Receivable Amounts	464
1,509	Trade Receivables	660
485	Prepayments	772
2,439	Total Short Term	1,896
2,542	Total Long and Short Term Debtors	2,009

15 CASH AND CASH EQUIVALENTS

2024/25 £'000		2025/26 £'000
2,517	Cash and Bank Balances	2,620
0	Short Term Deposits	0
6	Petty Cash Imprests	4
2,523	Total	2,624

16 CREDITORS

2024/25 £'000		2025/26 £'000
(820)	Other Payables	(3,783)
(5,225)	Trade Payables	(5,016)
(6,045)	Total	(8,799)

17 PROVISIONS

At 31 March 2026 the Authority held a provision with a value of £322k relating to employee liabilities. This provision will be utilised to offset revenue expenditure, when it occurs.

	Opening Balance £'000	Movements In £'000	Movements Out £'000	Closing balance £'000
Short Term Provisions	(375)	(1)	54	(322)
Long Term Provisions	0	0	0	0
Total	(375)	(1)	54	(322)

18 UNUSABLE RESERVES

31-Mar-25 £'000		31-Mar-26 £'000
(19,012)	Revaluation Reserve	(18,971)
(13,111)	Capital Adjustment Account	(15,069)
208,143	Pensions Reserve	232,624
402	Accumulated Absences Account	303
176,422	Total	198,887

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation or disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2024/25 £'000		2025/26 £'000
(17,304)	Balance at 1 April	(19,012)
(2,003)	Upward revaluation of assets	(1,079)
0	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	761
0	Adjustment from Capital Adjustment Account	0
295	Difference between fair value depreciation and historical cost depreciation	359
(19,012)	Balance at 31 March	(18,971)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

The Account also contains valuation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2024/25 £'000		2025/26 £'000
(10,935)	Balance at 1 April	(13,111)
2,602	Charges for depreciation & impairment of non-current	2,967
56	Amount of non current asset written off on disposal or sale	25
(156)	Adjustment relating to the revaluation of assets	89
(295)	Adjusting amounts written out of the Revaluation Reserve	(359)
2,207	Net written out amount of the cost of non-current assets consumed in the year	2,722
(918)	Capital grants & contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(204)
(1,459)	Capital expenditure charged against the General Fund/ Earmarked reserves	(2,338)
(49)	Application of grants to capital financing from the capital grants unapplied account	0
(1,957)	Statutory provision for the financing of capital investment charged against the General Fund	(2,138)
(4,383)	Capital Financing Applied in year	(4,680)
(13,111)	Balance at 31 March	(15,069)

Pensions Reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the pensions reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid

2024/25 £'000		2025/26 £'000
231,610	Balance at 1 April	208,143
(26,136)	Re-measurement of the net defined benefit liability	22,564
13,697	Reversal of Items related to retirement benefits debited to the Provision of Service in the Comprehensive Income & Expenditure Statement	14,040
(11,028)	Employer's pensions contributions and direct payments to pensioners payable in the year	(12,123)
(23,467)	Movement on Pension Reserve	24,481
208,143	Balance at 31 March	232,624

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absence earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2024/25 £'000		2025/26 £'000
386	Balance at 1 April	402
(386)	Settlement or cancellation of accrual made at the end of the preceding year	(402)
402	Amounts accrued at the end of the current year	303
402	Balance at 31 March	303

19 CASH FLOW STATEMENT - OPERATING ACTIVITIES

2024/25 £'000		2025/26 £'000
(984)	Net (Surplus)/Deficit on the Provision of Services	(686)
	Adjustment to net (surplus)/deficit for non-cash	
49	Increase/(Decrease) in Inventories	150
1,205	Increase/(Decrease) in Debtors	(533)
(428)	(Increase)/Decrease in Creditors	(2,754)
0	(Increase)/Decrease in Lease Liabilities	(81)
(2,602)	Depreciation Charge	(2,967)
0	Contributions Received/Capital Receipts	24
(2,608)	IAS 19 Pension Adjustments	(1,295)
0	Impairment Charge/Revaluation of Assets	(89)
(56)	Carrying amount of Non Current Assets sold or	(25)
(159)	Contribution (to)/from various Provisions	53
0	Other non-cash items charged to the net surplus or deficit on the provision of services	(204)
(16)	Accumulated Absences Reserve	99
(4,615)	Sub Total	(7,622)
	Adjustments for Items Included in the net (Surplus) or Deficit on the Provision of Services that are Investing and Financing Activities	
(619)	Interest paid	(653)
182	Interest Received	224
(437)	Sub Total	(429)
(6,036)	Net cash flow from operating activities	(8,737)

20 CASH FLOW STATEMENT – INVESTING ACTIVITIES

2024/25 £'000		2025/26 £'000
6,534	Purchase of property, plant and equipment, investment property and intangible assets	5,411
0	Less Right of Use Assets lease additions	(403)
56	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2
918	Other receipts from investing activities	204
7,508	Net cash flow from investing activities	5,214

21 CASH FLOW STATEMENT – FINANCING ACTIVITIES

2024/25 £'000		2025/26 £'000
(5,000)	Cash receipts of short-term and long-term borrowing	(7,500)
3,714	Repayments of short-term and long-term borrowing	10,817
(173)	Cash payments for the reduction of outstanding lease	(324)
437	Other payments for financing activities	429
(1,022)	Net cash flow from financing activities	3,422

22 MEMBERS' ALLOWANCES

The Authority paid the following amounts to members of the Authority during the year:

2024/25 £'000		2025/26 £'000
90,515	Elected Members' Allowances	90,875
1,560	Elected Members' Expenses	1,203
1,142	Co-opted Members' costs	1,376
93,217	Total	93,454

Elected Members of the Fire and Rescue Authority are entitled to receive allowances in recognition of their roles and responsibilities. These allowances include a basic salary payable to all members, and where applicable, senior salaries for those undertaking additional duties such as Chair or Deputy Chair of the Authority or its committees.

In addition to allowances, Elected Members may claim reimbursement for expenses incurred in the performance of their official duties. These expenses typically include travel and subsistence costs associated with attending Authority meetings, training sessions, and other approved engagements.

Co-opted Members, who are appointed to provide independent input or specialist expertise - such as those serving on the Standards Committee - do not receive an allowance. Instead, they are eligible for payments in recognition of their participation in official meetings and related activities.

23 OFFICERS' REMUNERATION

The remuneration paid to the Authority's senior employees is detailed in the following table. Senior Officers whose salary is £150,000 or more are named.

Post Title	Year	Salary (Inc Fees & Allowances)	Pension Contributions	Total Remuneration
		£	£	£
Chief Fire Officer: Dawn Docx	2025/26	162,057	29,656	191,713
	2024/25	156,392	28,620	185,012
Deputy Chief Fire Officer (vacant from April 2025)	2025/26	12,366	3,387	15,753
	2024/25	125,114	38,785	163,899
Assistant Chief Fire Officer	2025/26	122,020	22,330	144,350
	2024/25	117,294	21,465	138,759
Assistant Chief Fire Officer (appointed March 2024)*	2025/26	120,655	35,263	155,918
	2024/25	101,921	25,901	127,822
Assistant Chief Fire Officer (appointed January 2025)**	2025/26	116,535	33,964	150,499
	2024/25	28,926	7,431	36,357
Assistant Chief Fire Officer (seconded March 2024)***	2025/26	26,444	8,198	34,642
	2024/25	47,314	13,938	61,252
Treasurer - Section 151 Officer (15 days per Year)	2025/26	8,510	1,557	10,067
	2024/25	8,340	1,526	9,866

* The fixed-term contract for the Assistant Chief Fire Officer (ACFO) ended in December 2024. The postholder was re-appointed on a temporary basis in February 2025 and secured the role permanently in July 2025.

**The postholder was appointed on a temporary basis in January 2025 and was subsequently appointed on a permanent basis in July 2025.

***Assistant Chief Fire Officer temporarily seconded to South Wales Fire and Rescue Service as Chief Fire Officer, returned to NWFRS with effect from 13 November 2024 and subsequently left the organisation in June 2025. Salary costs for the secondment, totalling £107,708, and pension costs totalling £22,423, were met and reported by South Wales Fire and Rescue Service.

The Monitoring Officer is provided by Flintshire County Council as part of a Service Level Agreement so no costs for an individual are shown in the table above. Further details on the Monitoring Officer costs can be found within Note 27 – Related Parties.

The Authority's other employees receiving more than £60,000 remuneration for the year (excluding employer pension contributions) were paid the following amounts:

Remuneration Band	Number of Employees	
	2024/25	2025/26
£60,000 - £64,999	22	8
£65,000 - £69,999	6	17
£70,000 - £74,999	4	4
£75,000 - £79,999	2	4
£80,000 - £84,999	0	0
£85,000 - £89,999	2	1
£90,000 - £94,999	2	1
£95,000 - £99,999	0	3

The following table gives the ratio between the Chief Fire Officer's remuneration and the median remuneration of Fire and Rescue Service staff:

2024/25		2025/26
£156,392	Chief Fire Officer	£162,057
£37,675	Median	£38,881
4.15	Ratio	4.17

The data in the table above includes total salary paid (excludes pension contributions). The staff that are employed under Retained Duty System (RDS) contracts have been included in the calculation on their Full Time Equivalent scale point rather than actual earnings.

The number of exit packages with total cost per band is set out in the table below. There were no compulsory or voluntary redundancies in either 2024/25 or 2025/26, and accordingly no redundancy costs or other compensation for loss of office were incurred.

All exit packages disclosed relate to employer-initiated terminations, arising from failed probationary periods or dismissals, with costs comprising pay in lieu of notice (PILON) only.

Exit Package Cost Band	Total Number of Exit Packages		Total Cost of Exit Packages	
	2024/25	2025/26	2024/25	2025/26
£0 - £19,999	2	2	£3,100	£3,152
Total	2	2	£3,100	£3,152

24 EXTERNAL AUDIT COSTS

Fees payable to the Auditor General for Wales with regard to external audit services carried out by the appointed auditor:

2024/25 £'000		2025/26 £'000
60	Financial Audit Work	63
17	Performance Audit Work	18
77	Total	81

25 GRANTS

2024/25 £'000		2025/26 £'000
	Credited to Services	
250	Home Safety Equipment	240
304	All Wales National Resilience	112
145	Youth & Young People Engagement	141
72	Operation Ugain	80
2	Windrush Grant	0
0	Welsh Government Culture Improvement Initiatives	38
209	Fire and Rescue Service Pay Pressures	51
982	Total	662
	Credited to taxation and non-specific income & expenditure	
377	Fireground Radios	0
115	Electric Vehicles	57
131	Electric Vehicle Charging Infrastructure	89
295	Public Sector Low Carbon Heat Grant	58
918	Total	204

26 AGENCY SERVICES

The Authority acts as an agent on behalf of Welsh Government in administering two grant schemes for all the Fire and Rescue Services in Wales. The approved grants are paid to North Wales Fire and Rescue Service who are then responsible for distributing the grants to the Mid and West Wales Fire and Rescue Service and South Wales Fire and Rescue Service.

The Authority acts as an agent for the Local Resilience Forum. This is a multi-agency partnership made up of representatives from local public services, including the emergency services, local authorities, the NHS, the Environment Agency and others. Contributions from the various public bodies, are paid to North Wales Fire and Rescue Service. This funding is utilised to pay for the expenditure of the Forum. As at 31 March 2026, the Authority held funds of £2k relating to the Forum.

2024/25 £'000		2025/26 £'000
3,117	All Wales National Resilience	2,827
227	Youth and Young People Engagement	240
110	Local Resilience Forum	152
3,454	Total	3,219

27 RELATED PARTIES

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the authority.

Welsh Government

The Welsh Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the authority operates, provides the majority of its funding in the form of grants (the Revenue Support Grant is paid to constituent authorities) and prescribes the terms of many of the transactions that the authority has with other parties. Directly received grant receipts are shown in Note 25 and constituent authority contributions are shown in Note 10.

Members

Members of the authority have direct control over the authority's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 22.

All Members complete a declaration of interest with related parties return. No Members of the Authority, or their close relations, entered into any declarable related party transaction in 2024/25 or 2025/26. A list of Elected Members' interests is maintained by the Monitoring Officer and is available to view on the website - www.northwalesfire.gov.wales

Senior Officers

The Senior Officers completed a declaration of interest with related parties return for the year 2025/26. Senior Officers' remuneration is shown in Note 23.

An Assistant Chief Fire Officer declared an interest as a trustee with DangerPoint. The independent charity runs an education activity centre based in North Wales. Payments of £4,800 have been made to DangerPoint in 2025/26, with £7,700 outstanding at year end (paid 08/04/26) as part of Welsh Government grant funding (2024/25: £13,300). In addition funding is provided for the cost of an administrator, which amounted to £37,514 (2024/25: £34,826).

The treasurer was also contracted as Independent Board Chair for Powys Pension Fund and Merseyside Pension Fund and as a Non-Executive Director on the Board of Adra a housing association.

No income was received by the Authority during 2025/26 (2024/25: nil).

Other Public Bodies

Flintshire County Council provide the role of Monitoring Officer. This post is held by the Chief Officer (Governance)/Monitoring Officer and payments amounted to £20k (2024/25: £20k). Mersey Internal Audit provide internal audit services for which payments amounted to £23k. As at 31 March 2026 nothing remained outstanding.

Carmarthenshire County Council, acting on behalf of the Dyfed Pension Fund, manage the payments made to firefighter pensioners on behalf of the Authority. They are also responsible for managing the records of current pensioners and active members of the scheme. Transactions in the year amounted to £120k (2024/25: £113k). As at 31 March 2026 nothing remained outstanding.

South Wales Fire & Rescue Service, via a secondment agreement, provide a Firefighter's Pension Lead for which payments in year amounted to £18k (2024/25: £18k) with £4k outstanding at year end.

There are joint arrangements with North Wales Police and Crime Commissioner as well as a shared control room. The Authority's contribution towards facilities management amounted to £291k (2024/25: £234k) with £146k outstanding at year end.

28 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed.

2024/25 £'000		2025/26 £'000
27,950	Opening Capital Financing Requirement	31,022
921	Recognition of IFRS16	0
28,871	Opening CFR adjusted for IFRS16 implementation	31,022
	Capital Investment	
6,534	Property, Plant & Equipment	5,411
	Sources of Finance	
(967)	Government Grants & Contributions	(204)
(1,957)	Sums set aside from revenue (MRP)	(2,138)
(1,459)	Direct Revenue Contributions	(2,338)
31,022	Closing Capital Financing Requirement	31,753
3,072	Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	731
3,072	Increase/(decrease) in Capital Financing Requirement	731

The opening Capital Financing Requirement for 2024/25 has been restated to show the recognition of leases under IFRS16. Further details relating to leases can be found in Note 29.

29 LEASES

Authority as lessee - Right of Use Assets

Leases are recognised as right of use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date of 01 April 2024, if later). The leases are typically for fixed periods in excess of one year, but may have extension options.

For arrangements previously accounted for as operating leases, a right-of-use asset and a lease liability are now on the balance sheet at 1 April 2024.

As permitted by the Code, the authority excludes leases for low value items that cost less than £10,000, and leases with a term shorter than 12 months. The Authority recognises the payments associated with these leases as an expense over the lease term.

The authority has acquired vehicles and equipment by entering into lease contracts with typical terms of four years. In addition the authority leases three buildings with typical lease terms of five years.

The table shows the change in the right of use assets held under leases by the Authority.

	Land & Buildings £'000	Vehicles & Equipment £'000	Total £'000
Balance at 1 April 2025	485	173	658
Additions	0	403	403
Revaluations	(2)	12	10
Depreciation and amortisation	(110)	(100)	(210)
Disposals	0	(31)	(31)
Balance as at 31 March 2026	373	457	830

The authority incurred the following expenses and cash flows in relation to leases:

	Land & Buildings £'000	Vehicles & Equipment £'000	Total £'000
Comprehensive income and expenditure statement			
Interest expense on lease liabilities	24	3	27
Expense relating to short term leases	0	2	2
Expense relating to exempt leases of low value	0	13	13
Variable lease payments not included in the measure of lease liabilities	161	28	189
Cash flow statement			
Minimum lease payments	117	207	324

The Authority used the lessee's incremental borrowing rate (PWLB annuity rate) specific to the term and start date of the lease used to discount leased vehicles, and the rate implicit in the lease to discount leased properties.

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments).

31-Mar-25 £'000		31-Mar-26 £'000
173	Less than one year	209
425	One to five years	505
0	More than five years	0
598	Total undiscounted liabilities	714

30 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its employees, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments (for those benefits) and to disclose them at the time that the employees earn their future entitlement.

The Local Government Pension Scheme (LGPS) is operated under the regulatory framework for the Local Government Pension Scheme. The LGPS is a defined benefit funded scheme of which the Authority is an employer member of the Clwyd Pension fund. The governance of this scheme is the responsibility of Clwyd Pension Fund, Flintshire County Council in its capacity of Scheme Manager and Administering Authority.

Policy is determined in accordance with the Pensions Fund Regulations and overseen by the Pension Committee, including the appointment of the investment managers. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

These are mitigated to a certain extent by the statutory requirements for an actuarial revaluation to be undertaken at regular intervals and for employer and employee contribution rates to be set. The employer contributions are charged to the cost of services based on employee earnings in the period rather than when the benefits are eventually paid as pensions.

The charge to the levy reflects only the actual pension payments made during the year. However, to show the full cost of retirement benefits, these are first recorded in the Comprehensive Income and Expenditure Statement and then reversed out of the General Fund through the Movement in Reserves Statement. The following entries reflect these adjustments.

Any discretionary benefits or additional costs associated with ill-health retirements are an unfunded cost and charged separately to the Authority. To the extent that such costs are known they are included within the budget setting process and the Authority maintains a reserve to address any unplanned costs and to smooth the effect of changes to the employer contribution rates.

The Firefighters' Pension Scheme (FFPS) is an unfunded defined benefits scheme, meaning that no investments are held to fund the liabilities. Contributions, at a rate set by the Welsh Government, made by the employer and employees on pensionable earnings are held in a pension fund account. Benefits paid to retirees are also charged to the account with any cash deficit being received from or paid to the Welsh Government.

The information that follows has been extracted from the disclosure reports provided by Mercer (for the LGPS pension scheme) and Government Actuary's Department (GAD) (for the Firefighters Pension Scheme (FFPS)). The most relevant details affecting the Pension funds are detailed below:

Guaranteed Minimum Pension equalisation and indexation

The Government has published a consultation on indexation and equalisation of Guaranteed Minimum Pensions (GMP), with the proposal being to extend the "interim solution" to those members who reach State Pension Age after 5 April 2021. A past service cost was included within the 2019/20 disclosures for extending the equalisation to all future retirees.

There was also a further court ruling on 20 November 2020 regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETVs) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement. For public service pension schemes, the expectation is that this ruling will be taken forward on a cross scheme basis and will need legal input.

This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before CETV were equalised. The scope of any costs are yet to be determined. Data on historic CETVs is not available to estimate the potential impact. It is expected that this will be a relatively small uplift for a relatively small subset of members (i.e. those who took a CETV and are in scope for a top up).

McCloud Judgment

Following the Court of Appeal, the McCloud judgment was handed down in December 2018 which concluded that the transitional protections introduced in 2015 were discriminatory on the basis of age. The UK Government subsequently announced plans to address the discrimination across the UK public sector pension schemes including the Firefighters' Pension Scheme.

The past service costs have been estimated to take into account the impact of the McCloud judgment and have been included within the Pension Fund since 2018/19. These estimates have been updated to reflect the remedy outlined by the UK Government and the requisite changes to the Firefighters' Pension Scheme Regulations laid down by Welsh Ministers which came into force on 1 October 2023.

The Firefighters' Pensions (Remediable Service) (Wales) Regulations 2023 were laid and came into force on 1 October 2023 to make provision for Scheme Managers to implement the changes necessary to effect remedy and these are required to be completed within an 18-month period. Due to the complexity and volume of calculations, the Service did not fully meet the deadline of 31 March 2025.

Due to the inability to meet the statutory requirements of Section 29 of the PSPJOA 2022, the matter was reported to The Pensions Regulator (TPR).

During 2025/26 the Service continued to implement these changes and this exercise has been materially concluded for members assessed to be at detriment. The estimated financial impact was included within the 2020 revaluation and work continues to fully address all residual cases.

O'Brien

Following a lengthy legal process, the judgment in the case of O'Brien vs Ministry of Justice was issued during 2019. This found that the decision to limit the period from which a part-time employee could join the pension scheme was erroneous and eligible employees should be permitted to join the relevant scheme with effect from the start of their contracts.

This judgment has national implications for staff who are employed as retained firefighters whose contract of employment commenced before 1 July 2000 or those who have not yet received the full opportunity to purchase past service to which they were entitled.

The Welsh Ministers have made amendments to the Firefighters Pension Scheme 2007 (Modified) to provide a mechanism for this matter to be addressed. The Firefighters' Pension Schemes and Compensation Scheme (Amendment) (Wales) Order 2024, was made and laid in January and came into force on 1 February 2024. All eligible persons will be afforded the opportunity of buying back pension entitlements within the timescales specified within the order.

The full financial impact of the updated regulations cannot be fully calculated although an estimate has been included within the 2020 valuation of the Authority's pension scheme liabilities undertaken by the Government's Actuary Department (GAD).

The tables below provide additional details regarding the pension schemes:

LGPS 2024/25 £'000	FFPS 2024/25 £'000	General Fund Transfers	LGPS 2025/26 £'000	FFPS 2025/26 £'000
		Comprehensive Income & Expenditure Statement		
		Cost of Services		
1,033	1,870	Current Service Cost	704	1,010
0	0	Past Service Costs	0	0
51	0	Administration Expenses	54	0
		Financing & Investment Income & Expenditure		
(16)	10,810	Net Interest Expense	(18)	11,490
0	0	Transfers out of scheme	0	0
0	(10)	Transfers in to scheme	0	800
0	0	Curtailments	0	0
1,068	12,670	Total Post Employment Benefits Charged to Provision of Services	740	13,300
		Other Post Employment Benefits Charged to the Comprehensive Income & Expenditure Statement		
		Remeasurement of the net defined benefit/liability comprising:		
1,894	0	Return on Plan Assets (excluding Interest)	706	0
(51)	(530)	Actuarial (Gains)/Losses arising on Changes in Demographic Assumptions	325	0
(6,176)	(25,240)	Actuarial (Gains)/Losses arising on Changes in Financial Assumptions	(4)	(7,320)
0	(60)	Actuarial (Gains)/Losses - experience	0	29,930
(4,333)	(25,830)	Total Post Employment Benefits Charged to the Comprehensive Income & Expenditure Statement	1,027	22,610
		Movement in Reserves Statement		
(1,068)	(12,670)	Reversal of net charges made to the surplus or deficit on the Provision of Services for Post Employment Benefits in accordance with the Code	(740)	(13,300)
		Actual amounts charged to the General Fund for pensions in the year		
0	10,370	Retirement Benefits payable to Pensioners	0	11,430
658	0	Employer Contributions Payable to the scheme	693	0

The amount included on the Balance Sheet arising from the Authority's obligation, in respect of its defined benefit plans are as follows:

LGPS 2024/25 £'000	FFPF 2024/25 £'000	Pension Assets and Liabilities Recognised in the Balance Sheet	LGPS 2025/26 £'000	FFPS 2025/26 £'000
(35,728)	(208,100)	Present value of the defined benefit obligation	(37,140)	(232,580)
40,950		Fair Value of plan assets	41,599	
5,222	(208,100)	Sub Total	4,459	(232,580)
(5,265)		Effect of IAS19 / IFRIC 14	(4,503)	
(43)	(208,100)	Net surplus / (liability) arising from defined benefit obligation	(44)	(232,580)

LGPS 2024/25 £'000	FFPF 2024/25 £'000	Movement in the Value of Scheme Assets	LGPS 2025/26 £'000	FFPS 2025/26 £'000
41,630	0	Opening Fair Value of Scheme Assets	40,950	0
2,021	0	Interest Income	2,387	0
		Remeasurement Gain/Loss		
(1,894)	0	The return on plan assets, excluding the amount included in the net interest expense	(706)	0
658	12,440	Contributions from employer	693	13,740
437	0	Contributions from employees into the scheme	462	
(1,851)	(12,440)	Benefits/transfer paid	(2,133)	(13,740)
(51)	0	Administration Expenses	(54)	0
40,950	0	Closing value of scheme assets	41,599	0

LGPS 2024/25 £'000	FFPF 2024/25 £'000	Movement in the Fair Value of Scheme Liabilities	LGPS 2025/26 £'000	FFPS 2025/26 £'000
(40,392)	(231,610)	Opening Balance as at 1 April	(35,728)	(208,100)
(1,033)	(1,870)	Current Service Cost	(704)	(1,010)
0	(10)	Transfers In	0	(800)
(1,944)	(10,810)	Interest Costs	(2,058)	(11,490)
(437)	(2,070)	Contributions from scheme participants	(462)	(2,310)
		Remeasurement Gains and losses		
51	60	Actuarial Gains/losses - experience	(325)	(29,930)
6,176	530	Actuarial Gains/losses arising from changes in demographic assumptions	4	0
1,851	25,240	Actuarial Gains/losses arising from changes in financial assumptions	2,133	7,320
0	12,440	Benefits/ transfers paid	0	13,740
0	0	Curtailments	0	0
0	0	Past Service Cost	0	0
(35,728)	(208,100)	Balance at 31 March	(37,140)	(232,580)

Local Government Pension Scheme: Assets Comprised Of:

Quoted 2024/25 £'000	Fair Value of Scheme Assets	Quoted 2025/26 £'000
	Cash & Cash Equivalents	
0	Cash Accounts	3,786
0	Temporary Investments	0
0	Subtotal Cash and Cash Equivalents	3,786
	Equity Securities	
6,296	Global Quoted	6,697
0	Emerging Markets	0
6,296	Subtotal Equities	6,697
	Bonds	
5,409	Overseas Other	6,656
9,685	Liability-Driven Investment	11,981
15,094	Subtotal Bonds	18,637
	Property	
1,550	UK	1,331
209	Overseas	0
1,759	Subtotal Property	1,331
	Alternatives	
6,298	Hedge Funds	0
3,239	Private Equity	6,573
123	Infrastructure	3,328
4,808	Timber and Agriculture	83
1,380	Diversified Growth Fund	0
1,953	Private Credit	1,165
17,801	Subtotal Alternatives	11,149
40,950	Totals Assets	41,600

Scheme assets are valued using fair values techniques based on the characteristics of each instrument, where possible using market-based information.

Further information can be found within the Clwyd Pension Fund's Annual Report, publicised on their website - mss.clwydpensionfund.org.uk/home/investments-and-governance/annual-reports/

Basis for Estimating Assets and Liabilities

Liabilities have been valued on an actuarial basis using the projected unit method which assesses the future liabilities of the fund discounted to their present value.

The Firefighters' Scheme has been valued by the Government Actuary's Department.

The LGPS liabilities have been valued by Mercer, an independent firm of actuaries and are based on the latest full valuation of the scheme as at 1 April 2023.

2024/25	LGPS	2025/26
	Mortality Assumptions	
	Longevity at retirement for current pensioners:	
21.1	Men	21.0
23.6	Women	23.6
	Longevity at retirement for future pensioners	
22.4	Men	22.1
25.4	Women	25.2
	Other Assumptions	
2.6%	Rate of Inflation	2.9%
3.9%	Rate of Increase in Salaries	4.2%
2.7%	Rate of Increase in Pensions	3.0%
5.9%	Rate of Discounting Scheme Liabilities	6.2%
2.6%	CARE Revaluation Rate	2.9%

2024/25	Firefighters Pension Scheme	2025/26
	Mortality Assumptions	
	Longevity at retirement for current pensioners:	
21.3	Men	21.3
21.3	Women	21.3
	Longevity at retirement for future pensioners	
22.7	Men	22.8
22.7	Women	22.8
	Other Assumptions	
2.7%	Rate of Inflation	3.0%
3.5%	Rate of Increase in Salaries	3.7%
2.7%	Rate of Increase in Pensions	3.0%
5.7%	Rate of Discounting Scheme Liabilities	6.1%
3.5%	CARE Revaluation Rate	3.7%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the above tables.

The sensitivity analyses below are based on reasonably possible changes to assumptions at the reporting period end, with each assumption varied independently. For example, longevity assumes changes in life expectancy for men and women. While such isolated changes are unlikely in practice, and some assumptions may be interrelated, the estimates follow the scheme's accounting policies—using the projected unit credit method on an actuarial basis. The methods and assumptions used are consistent with those applied in the previous period.

Impact of Assumptions on the obligation - LGPS

	As Reported	+0.5% p.a. discount	+0.25% p.a. inflation	+0.25% p.a. pay growth	1 year increase in life expectancy	+/-1% change in 2023/24 investment returns	
	£000	£000	£000	£000	£000	+1% £000	-1% £000
Liabilities	37,140	34,597	38,481	37,348	37,898	37,140	37,140
Assets	(41,599)	(41,599)	(41,599)	(41,599)	(41,599)	(42,010)	(41,188)
Deficit (surplus)	(4,459)	(7,002)	(3,118)	(4,251)	(3,701)	(4,870)	(4,048)
Projected Service Cost for next year	699	589	759	699	718	699	699
Projected Net Interest Cost for next year	(307)	(502)	(223)	(293)	(259)	(332)	(281)

	As Reported	Discount rate on liabilities 0.5% increase	Increase in salaries 0.5% increase	Life expectancy 1 year increase	Increase in pensions 0.5% increase
	£000	£000	£000	£000	£000
Firefighters Pension Scheme	Impact (232,580)	-6.50% (217,462)	1% (234,906)	2.50% (238,395)	6.50% (247,698)

Impact on the Authority's Cashflow

The cost of retirement benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against the levy is based on the cash payable in the year, so the real cost of post-employment/ retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund balance via the Movement in Reserves Statement during the year.

31 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Authority has adopted the CIPFA Code of Practice on Treasury Management which ensures the Authority has measures in place to manage financial risks. The Authority's Treasury Management Strategy for 2025/26 was formally approved at a meeting on 28 April 2025. The Strategy sets out the Prudential Indicators (PI's) for the year. During the year, quarterly reports detail the progress against the strategy and if necessary a revision of the PI's.

At year end, a final report sets out how the Authority has performed during the year. How the Authority manages risks arising from financial instruments is detailed in the treasury reports presented to the Audit Committee and can be accessed from North Wales Fire and Rescue Service website - www.northwalesfire.gov.wales

The Authority's activities expose it to a variety of financial risks, including:

Credit Risk

This is the possibility that other parties might fail to pay amounts due to the Authority.

The highest credit risk is for investments and these are managed through the Treasury Management Strategy, which sets out the parameters for the management of risks associated with Financial Instruments and emphasises that priority is to be given to security and liquidity, rather than yield. The Authority's policy on treasury investments is to place short term cash surpluses into bank call accounts until required. The Authority does not have long term investments. Cash that is likely to be spent in the near term is invested securely, with selected high-quality banks, to minimise the risk of loss.

Liquidity Risk

This is the possibility that the Authority might not have funds available to meet its commitments to make payments.

The Authority monitors its cash balance to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the Public Works Loan Board and so there is no perceived risk that the Authority will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates.

The Authority will always have a borrowing requirement as it does not hold significant cash or reserves and only has limited access to capital grant funding. The maturity profile of the Authority's existing borrowing is as follows:

2025-26	Upper Limit	Lower Limit	31 March 2026 £000	31 March 2026 %
Less than 1 year	60%	0%	2,000	13%
Between 1 and 2 years	45%	0%	1,700	11%
Between 2 and 5 years	45%	0%	1,800	11%
Between 5 and 10 years	75%	0%	2,000	13%
More than 10 years	100%	0%	8,260	52%
Total			15,760	100%

2024-25	Upper Limit	Lower Limit	31 March 2025 £000	31 March 2025 %
Less than 1 year	60%	0%	9,300	49%
Between 1 and 2 years	45%	0%	1,500	8%
Between 2 and 5 years	45%	0%	1,200	6%
Between 5 and 10 years	75%	0%	0	0%
More than 10 years	100%	0%	7,070	37%
Total			19,070	100%

Market Risk

This is the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

As at 31 March 2026, the Authority held market loans of £2m (2024/25: £5m).

The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

The Authority has a number of strategies for managing interest rate risk. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

32 CONTINGENT LIABILITY

Pension Claims

Following a lengthy legal process, the judgment in the case of O'Brien vs Ministry of Justice was issued during 2019. This found that the decision to limit the period from which a part-time employee could join the pension scheme was erroneous and eligible employees should be permitted to join the relevant scheme with effect from the start of their contracts.

This judgment has national implications for staff who are employed as retained firefighters whose contract of employment commenced before 6 April 2000 including those who have not yet previously received the full opportunity to purchase past service to which they were entitled.

The Welsh Ministers have made amendments to the Firefighters Pension Scheme 2007 (Modified) to provide a mechanism for this matter to be addressed. The Firefighters' Pension Schemes and Compensation Scheme (Amendment) (Wales) Order 2024, was made and laid in January and came into force on 1 February 2024. All eligible persons will be afforded the opportunity of buying back pension entitlements within the timescales specified within the order.

The full financial impact of the updated regulations cannot be fully calculated although an estimate has been included within the 2020 valuation of the Authority's pension scheme liabilities undertaken by the Government's Actuary Department (GAD).

Employment Tribunal

At the year-end there were no matters that required financial recognition.

33 CONTINGENT ASSET

At the year-end there were no matters that required recognition.

FIREFIGHTERS' PENSION FUND ACCOUNT

Firefighters Pension Fund Account for the year ended 31 March 2026

This statement presents the financial position of the Firefighters' Pension Fund Account, detailing whether the Authority has a payable or receivable balance with the Welsh Government to ensure the account is balanced. Additionally, it provides information on the net assets of the fund.

2024/25 £'000		2025/26 £'000
	Contributions Receivable:	
(4,906)	Employer normal contributions	(5,437)
0	Employer ill health charge	0
0	Employer backdated contributions	0
(2,067)	Members normal contributions	(2,309)
(100)	Members backdated contributions	(304)
(321)	Transfers In	(855)
(7,394)	Total Contributions	(8,905)
	Benefits Payable:	
9,737	Pension Payments	10,872
2,437	Commutation of Pensions and Lump Sum retirement benefits	3,332
0	Backdated Commutation Payments	0
	Payments to and on account of leavers:	
88	Transfers out	16
12,262	Total Benefits	14,220
4,868	Deficit for the year before grants receivables from the Welsh Government	5,315
(4,868)	Top Up grant payable to/(from) Welsh Government	(5,315)
0	Net Amount (Payable)/Receivable for Year	0

Net Assets Statement as at 31 March 2026

2024/25 £'000		2025/26 £'000
	Current assets	
(655)	Amount owed (from)/to the General Fund	(3,765)
(655)	Total Current Assets	(3,765)
	Current Liabilities	
655	Top Up grant payable to/(from) Welsh Government	3,765
655	Total Current Liabilities	3,765

Notes to the Firefighters' Pension Fund Account

The Fund, established on 1 April 2007 under the Firefighters' Pension Scheme (Wales) Order 2007, encompasses the 1992, 2007, and 2015 Firefighters' Pension Schemes and is administered by the Authority. This is an unfunded scheme with no investment assets. Each year, the fund is balanced to zero through the receipt of a pension top-up grant from the Welsh Government in the event of a deficit, or by remitting any surplus back to the Welsh Government.

Employee and employer contributions are paid into the Fund, from which payments to pensioners are made. Employee's and employer's contribution levels are based on percentages of pensionable pay set nationally by the Welsh Government and subject to revaluation by the Government Actuary's Department (GAD) on a four yearly basis or as otherwise directed by HM Treasury.

Transfers in to the scheme are a transfer of pension benefits from another pension scheme, for new or existing employees and transfers out are transfer of benefits for employees who have left the Authority and joined another pension scheme.

The Authority is responsible for paying the employer's contributions into the fund. These are the costs that are included in the accounts for the Authority.

At the beginning of the financial year an assessment is made as to the amount of Top Up grant required from the Welsh Government. The estimate includes an assessment of the number of firefighters due to retire within the year, based on age and years' service.

Contribution Rates

As per the Firefighters' Pension Regulations, the employer's contribution rate for the 2015 scheme will be 31.0% of pensionable pay, effective from 1 April 2024 to 31 August 2025 (up from 27.3% in 2023/24). The employee contribution rates vary according to pensionable pay bands, detailed below:

Pensionable Pay Band	Contribution Rate % (01 Apr - 31 Aug)
Up to £27,818	11.0
£27,819 to £51,515	12.9
£51,516 to £142,500	13.5
More than £142,501	14.5

New employee contribution rates came into effect from 1 September 2025, with rates determined by reference to grade rather than salary band. These rates were applied from the September salary payments onwards, were not applied retrospectively, and no member owes any arrears of contributions as a result of these changes.

Duty System	Grade / Role	Contribution Rate % (from 01 Sept)
Retained	All	13.0
Wholetime	Firefighter	13.0
Wholetime	Crew Manager	13.2
Wholetime	Watch Manager	13.2
Wholetime	Station Manager	13.7
Wholetime	Group Manager	13.7
Wholetime	Area Manager	14.2
Wholetime	Assistant Chief Fire Officer	14.5
Wholetime	Deputy Chief Fire Officer	14.5
Wholetime	Chief Fire Officer	14.5

The Firefighters' Pension Fund Account does not take account of liabilities for pensions and other benefits after the period end as this is the responsibility of the Authority. Details of the long term pension obligations can be found in Note 30 to the core financial statements.

ACCOUNTING POLICIES

1. GENERAL PRINCIPLES

The Statement of Accounts summarises the Authority's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (Wales) Regulations 2014, which require the accounts to be prepared in accordance with proper accounting practices. These practices, under section 21 of the Local Government Act 2003, primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been prepared on a going concern basis.

In relation to a policy regarding capitalisation of expenditure, our practice is to operate on the basis of the nature of expenditure rather than a prescribed level of expenditure.

2. ACCRUALS OF INCOME AND EXPENDITURE

In the revenue accounts, income and expenditure are accounted for net of VAT (unless the VAT is irrecoverable) in the year they arise, not when cash payments are made or received. This aligns with IAS 1, which mandates the accrual basis of accounting to ensure comparability and a true and fair view of financial performance and position.

- **Expenses:** Recorded when services are received, not when payments are made. Income from customers is recognised when goods or services are provided.
- **Supplies:** Recorded as expenditure when consumed. If received but not yet used, they are carried as inventories on the Balance Sheet.
- **Interest:** Accounted for using the effective interest rate method, rather than the cash flows specified by the contract.
- **Debtors and Creditors:** If revenue and expenditure are recognised but cash has not been received or paid, a debtor or creditor is recorded in the Balance Sheet. If debts may not be settled, the balance of debtors is written down, and a charge is made to revenue for the income that might not be collected.

3. CASH AND CASH EQUIVALENTS

Cash includes cash in hand and deposits with financial institutions that can be withdrawn without penalty within 24 hours. Cash equivalents are investments that mature within three months of acquisition and can be easily converted to cash with minimal risk.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and are part of the Authority's cash management.

4. **PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS**

Prior period adjustments may occur due to changes in accounting policies or to correct material errors. Changes in accounting estimates are accounted for prospectively, affecting the current and future years, and do not result in prior period adjustments.

Changes in accounting policies are made only when required by proper accounting practices or when they provide more reliable or relevant information about the Authority's financial position or performance. These changes are applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for prior periods as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. **CHARGES TO REVENUE FOR NON-CURRENT ASSETS**

Services, support services, and trading accounts are charged an estimate of the cost of holding non-current assets during the year. This includes:

- **Depreciation:** Attributable to the assets used by the relevant service.
- **Revaluation and Impairment Losses:** On assets used by the service where there are no accumulated gains in the revaluation reserve to offset the losses.
- **Amortisation:** Of intangible assets attributable to the service.

The Authority is not required to raise a levy to fund these costs. Instead, it makes an annual contribution from revenue towards reducing its overall borrowing requirement, calculated on a prudent basis. Depreciation, revaluation and impairment losses, and amortisation are replaced by this contribution in the General Fund balance (Minimum Revenue Provision) through an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement.

6. **EMPLOYEE BENEFITS**

Benefits payable during employment

Short-term employee benefits are those due to be settled within 12 months of the year-end and include wages, salaries, paid leave, bonuses, and non-monetary benefits (e.g., cars). These are recognised as expenses in the year employees provide services to the Authority.

An accrual is made for holiday entitlements (or any form of leave, e.g., time off in lieu) earned but not taken before the year-end, which employees can carry forward to the next financial year. This accrual is made at the wage and salary rates applicable in the following accounting year. The accrual is charged to the surplus or deficit on the provision of services but then reversed out through the Movement in Reserves Statement to the accumulated absences account, ensuring holiday entitlements are charged to revenue in the year the leave is taken.

Post-Employment Benefits

Employees of the Authority are members of two separate pension schemes:

- **Firefighters' Pension Scheme:** Administered by Dyfed Pension Fund, Carmarthenshire County Council.
- **Local Government Pension Scheme:** Administered by Clwyd Pension Fund, Flintshire County Council.

Both schemes provide defined benefits (retirement lump sums and pensions) earned as employees work for the Authority.

Firefighters' Pension Scheme (FFPS)

The Firefighters' Pension Scheme is an unfunded defined benefits scheme with no assets or investment income.

- **Liabilities:** Included in the Balance Sheet on an actuarial basis using the projected unit method, based on assumptions about mortality rates, employee turnover, and projected earnings.
- **Discount Rate:** Liabilities are discounted to current prices using a rate based on Government bond yields plus an additional margin.

Service cost:

- **Current Service Cost:** Increase in liabilities from service earned in year, allocated in the CIES to the services for which employees worked.
- **Past Service Cost:** Increase in liabilities from scheme amendments or curtailments related to earlier years, debited to the Surplus or Deficit on the Provision of Services in the CIES.
- **Net Interest:** Expense that arises from the passage of time on the net defined benefit liability. It is calculated by applying the discount rate to the net defined benefit liability at the beginning of the period. This expense is charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Essentially, it represents the interest cost of having a pension liability over time.

Remeasurements:

- **Actuarial Gains and Losses:** Changes in net pension liability due to updated assumptions or events not matching previous actuary assumptions, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- **Contributions paid to the Fund:** Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension funds or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to

and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Local Government Pension Scheme (LGPS)

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- **Liabilities:** Included in the Balance Sheet on an actuarial basis using the projected unit method, based on assumptions about mortality rates, employee turnover, and projected earnings for current employees.
- **Discount Rate:** Liabilities are discounted to current prices using a rate based on corporate bonds.
- **Assets:** The assets of the Clwyd Pension Fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - Quoted securities: current bid price
 - Unquoted securities: professional estimate
 - Unitised securities: current bid price
 - Property: market value

The change in the net pensions liability is analysed into the following components:

Service cost comprising:

- **Current Service Cost:** The increase in liabilities due to years of service earned this year, allocated to the services for which the employees worked in the Comprehensive Income and Expenditure Statement.
- **Past Service Cost:** The increase in liabilities due to a scheme amendment or curtailment related to years of service earned in earlier years, debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement as part of corporate costs.
- **Net Interest on the Net Defined Benefit Liability/(Asset):** The change during the period in the net defined benefit liability/(asset) due to the passage of time, charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/(asset) at the beginning of the period, considering any changes during the period due to contributions and benefit payments.

Remeasurements comprising:

- **Return on Plan Assets:** Excluding amounts included in net interest on the net defined benefit liability (asset), charged to the pensions reserve as other comprehensive income and expenditure.
- **Actuarial Gains and Losses:** Changes in the net pensions liability due to events not coinciding with assumptions made at the last actuarial valuation or updates to

the actuaries' assumptions, charged to the pensions reserve as other comprehensive income and expenditure.

- **Contributions Paid to the Clwyd Pension Fund:** Cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

Statutory Provisions

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. This means there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance on the pensions reserve measures the beneficial impact to the General Fund of accounting for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

International Accounting Standard (IAS) 19 governs how the long-term liabilities which exist in relation to pension costs should be reported. FRAs in England and Wales are required to produce their financial statements in accordance with IAS19.

Discretionary Benefits:

The Authority has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise from such awards are accrued in the year of the decision and accounted for using the same policies as applied to the Local Government Pension Scheme.

7. EVENTS AFTER THE REPORTING PERIOD

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the end of the Balance Sheet date and the date when the statement of accounts are authorised for issue. These events are classified into two types:

- **Events Providing Evidence of Conditions at the End of the Reporting Period** - If the event provides evidence of conditions that existed at the end of the reporting period, the statement of accounts is adjusted to reflect such events.
- **Events Indicative of Conditions Arising After the Reporting Period** - If the event indicates conditions that arose after the reporting period, the statement of accounts is not adjusted. However, if these events would have a material effect, their nature and estimated financial impact are disclosed in the notes.

8. FINANCIAL INSTRUMENTS

A Financial instrument is 'any contract that creates a financial asset for one entity and a financial liability or equity instrument for another'.

Initial Measurement and Carrying Amount:

- **Financial Liabilities (Loans):** Initially measured at fair value and carried at amortised cost. The annual interest paid is based on the carrying amount of the loan multiplied by the effective interest rate.
- **Financial Assets (Investments):** Initially measured at fair value and carried at amortised cost. The annual interest received is based on the carrying amount of the investment multiplied by the effective interest rate.

For all loans and investments, the amounts presented in the Balance Sheet are the principal outstanding plus any accrued interest for the year.

Recognition and Measurement

- **Financial Liabilities:** Recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument. Initially measured at fair value and carried at amortised cost. Annual charges for interest payable are based on the carrying amount of the liability multiplied by the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Financial assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Authority holds financial assets measured at:

- Amortised Cost
- Fair Value Through Profit or Loss (FVPL)

The Authority's business model is to hold investments to collect contractual cash flows, so financial assets are classified as amortised cost.

Financial assets measured at amortised cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument. They are initially measured at fair value.

These assets are subsequently measured at their amortised cost. Annual credits to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For most financial assets held by the Authority, the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), and the interest credited to the CIES is the amount receivable for the year according to the loan agreement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the CIES.

9. FOREIGN CURRENCY TRANSACTIONS

When the Authority enters into a transaction in a foreign currency, the transaction is converted into sterling at the exchange rate on the date the transaction occurs. If there are amounts in foreign currency outstanding at the year-end, they are reconverted at the spot exchange rate on 31 March. Any resulting gains or losses are recognised in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement

10. ACCOUNTING FOR GOVERNMENT GRANTS

Government grants and third-party contributions and donations are recognised as due to the Authority when there is reasonable assurance that:

- the Authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Recognition: Amounts recognised as due are not credited to the Comprehensive Income & Expenditure Statement until the conditions attached to the grant or contribution have been satisfied.

Unsatisfied Conditions: Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors.

Satisfied Conditions: When the conditions are satisfied, the grant or contribution is credited to the relevant service line (for attributable revenue grants and contributions) or to Taxation & Non-specific Grant Income (for non-ring fenced revenue grants and all capital grants) in the Comprehensive Income & Expenditure Statement.

Where capital grants are credited to the Comprehensive Income & Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure

11. INTANGIBLE ASSETS

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events, such as software licences, is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Intangible assets are initially measured at cost. Under the revised Code of Practice, effective from 1 April 2025, intangible assets can no longer be revalued. In accordance with the Code, all intangible assets must now be held at depreciated historic cost, as the revaluation model has been withdrawn. The Authority does not hold any intangible assets that met the criteria for revaluation under the previous code; therefore, there are no transitional impacts arising from this change for 2025/26.

The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that it might be impaired. Any losses recognised are posted to the relevant service lines in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

When expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses, and disposal gains and losses are not allowed to impact the General Fund balance. These gains and losses are reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account. For any sale proceeds greater than £10,000, the amounts are posted to the capital receipts reserve.

12. INVENTORIES

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the First-In, First-Out (FIFO) costing formula

13. LEASES

The Authority applies IFRS 16 Leases and recognises most leases on the Balance Sheet in the form of right-of-use (ROU) assets and corresponding lease liabilities. This reflects the Authority's right to use leased assets and the obligation to make lease payments over the lease term.

Leases are assessed at inception to determine whether a contract conveys the right to use an identified asset in exchange for consideration. Where a contract contains both land and buildings, each component is assessed separately in accordance with the Code.

Lessee Accounting

ROU assets are recognised at the value of the lease liability, adjusted for any lease prepayments, initial direct costs or obligations to restore the site, and reduced by any lease incentives. Lease liabilities are measured at the present value of future lease payments, discounted using the interest rate implicit in the lease, or the Authority's incremental borrowing rate where this cannot be readily determined.

Lease payments include fixed payments, in substance fixed payments, amounts under residual value guarantees, payments under options the Authority is reasonably certain to exercise, and any penalties for early termination. ROU assets are subsequently measured using the IFRS 16 cost model.

Low-cost lease exemption: The low-cost exemption is set at £10,000, in line with the de minimis expenditure level for Property, Plant & Equipment. Leases below this value will be excluded from IFRS16.

Short-term lease exemption: Leases with a lease term of 12 months or less at the commencement date, and which do not include a purchase option, are treated as short-term leases. Where this exemption is applied, such leases are excluded from IFRS 16 recognition, with lease payments charged to expenditure on a straight-line basis over the lease term.

Intangible asset exemption: IFRS 16 does not apply to leases of intangible assets (e.g., software licences), which continue to be accounted for under the relevant intangible asset policies.

Use of portfolio of leases with reasonably similar characteristics: The Authority will apply the portfolio expedient for photocopiers and similar machines (e.g., MFDs, franking machines). These leases have similar characteristics in function, cost, and agreements, and will fall within the low-cost exemption.

Depreciation and Interest

ROU assets are depreciated over the shorter of the asset's useful life or the lease term. Lease payments are split between a finance charge recognised in the CIES, and a reduction of the lease liability.

Capital accounting requirements apply in the same way as for owned non-current assets. Statutory adjustments ensure that depreciation and interest charges do not affect the General Fund, replaced instead by statutory financing entries.

Other Arrangements Containing a Lease

Arrangements that do not legally constitute a lease may still fall within the scope of IFRS 16 if they grant control over the use of an identified asset. Such arrangements are reviewed and accounted for consistently with IFRS 16 principles.

Finance Leases (Lessee)

A lease is classified as a finance lease where it transfers substantially all the risks and rewards of ownership. In such cases, the asset and liability are recognised at the lower of fair value or the present value of minimum lease payments. Depreciation is charged over the lease term unless ownership transfers to the Authority. Finance lease accounting follows the same principles as the ROU model for depreciation, liability reduction and interest recognition.

Instead of raising a levy for depreciation or impairment losses, the Authority makes an annual revenue contribution towards the capital investment, in line with statutory requirements. This is reflected through an adjustment between the General Fund and the Capital Adjustment Account.

The Authority as Lessor

Finance Leases Assets disposed of under finance leases shall be written out of the Balance Sheet and an amount recognised in the Balance Sheet as a receivable debtor that reflects the net investment in the lease as defined by the appropriate accounting standard.

The capital element of any rental due under a finance lease shall be accounted for as a capital receipt, the debtor and the equivalent liability being written down by that amount. The finance element shall be treated as revenue income.

14. PROPERTY PLANT AND EQUIPMENT

Assets that have physical substance and are used for producing or supplying goods or services, for rental to others, or for administrative purposes, and are expected to be used for more than one financial year, are classified as Property, Plant, and Equipment.

Recognition

Expenditure on acquiring, creating, or enhancing Property, Plant, and Equipment is capitalised on an accruals basis if it is probable that future economic benefits or service potential will flow to the Authority and the cost can be measured reliably. Expenditure that maintains but does not add to an asset's potential (e.g., repairs and maintenance) is charged as an expense when incurred.

A de minimis expenditure level of £10,000 has been set for Property, Plant, and Equipment. Expenditure below this level will not be subject to capital accounting requirements. If an asset is revalued below £10,000, any associated expenditure and depreciation will be written out, and the asset will be removed from the Fixed Asset Register.

Measurement

Assets are initially measured at cost, which includes the purchase price, any costs necessary to bring the asset to its intended location and condition, and an initial estimate of dismantling and site restoration costs. The Authority does not capitalise borrowing costs incurred while assets are under construction. The cost of assets acquired other than by purchase is deemed to be their fair value.

Assets are carried on the Balance Sheet using the following measurement bases:

- Land & Buildings: Offices/Workshops – current value (Existing Use Value)
- Land & Buildings: Fire Stations – current value (Depreciated Replacement Cost)
- Assets under construction - historical cost
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (Existing Use Value).

If there is no market-based evidence of current value due to the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. For non-property assets with short useful lives or low values, depreciated historical cost is used as a proxy for current value.

Indexation of Property, Plant & Equipment

The Authority applies indexation to relevant Property, Plant & Equipment to keep asset values accurate between formal valuations, in line with the CIPFA/LASAAC Code of Practice. Indexation updates values in years without a full revaluation so that the Balance Sheet continues to reflect current value, but it does not replace the requirement for full revaluations within the five-year cycle or the need to assess assets for possible impairment. The next full revaluation for the relevant asset classes is scheduled to take place in 2027/28.

Indexation is applied annually to assets measured at current value, including Offices and Workshops (valued at Existing Use Value), Fire Stations and training towers (valued using Depreciated Replacement Cost) and Land. The Authority uses recognised external indices aligned with RICS and public-sector valuation guidance, with adjustment factors reviewed alongside the Authority's valuer.

The index is applied to the Opening Net Book Value (NBV) at 1 April to produce an updated carrying amount before depreciation. Increases in value are credited to the Revaluation Reserve unless they reverse earlier losses charged to the Comprehensive Income and Expenditure Statement (CIES). Decreases are charged against any available Revaluation Reserve balance for the asset, with any further reduction recognised in the CIES. This ensures consistent treatment with full revaluations and impairment adjustments.

Indexation is only applied where the resulting change is material. If indices display unusual volatility or do not appropriately reflect an asset category, a valuation review may be completed instead. Where indicators of impairment exist, a separate impairment review is undertaken regardless of indexation.

Depreciation is based on the indexed NBV. For componentised buildings, indexation is allocated proportionately across all components so that the total indexed value reflects the uplift in the asset's Opening NBV.

When applying indexation, the Authority may process the adjustment either through proportional restatement of the gross cost and accumulated depreciation, or through the elimination of accumulated depreciation with a corresponding adjustment to the gross carrying amount. Both approaches are permitted under the Code.

Under the proportional restatement approach, the Authority updates asset values by uplifting both the gross carrying amount and the accumulated depreciation proportionately so that the indexed movement is applied consistently across all components of the asset. This method retains the existing relationship between gross cost and accumulated depreciation, ensuring that the indexed Net Book Value is achieved without eliminating prior depreciation. It maintains continuity in the depreciation profile and is consistent with the principles for subsequent measurement.

Impairments

Assets are assessed at each year-end for indications of impairment. If indications exist and the differences are material, the recoverable amount of the asset is estimated. If this is less than the carrying amount, an impairment loss is recognised for the shortfall.

Impairment losses are accounted for by writing down the carrying amount of the asset against any revaluation gains in the revaluation reserve (up to the amount of the accumulated gains). If there is no balance in the revaluation reserve or an insufficient balance, the carrying amount is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

If an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for all Property, Plant, and Equipment assets by systematically allocating their depreciable amounts over their useful lives. The useful economic life of assets is as follows:

Land	Infinite (no depreciation)
Buildings	Useful life of the property (as estimated by the valuer)
Buildings (leased)	Term of lease
Vehicles, Plant and Equipment	5 - 20 years
Intangible Assets	5 years

Depreciation is provided on a straight-line basis, with acquisitions being depreciated in the year following purchase. A full year's depreciation is charged in the year of disposal. Buildings are depreciated using componentisation, where an estimate is made of the useful life of each component of the building, and a weighted average is used to calculate the annual charge. The percentages used are:

Buildings – fire stations	2.05% - 2.22%
Buildings – offices/workshops	1.98% - 2.15%

Depreciation is charged within the income and expenditure account. This amount is credited to the General Fund Balance and has a neutral impact on the contributions made by the constituent authorities. The Authority is required to make an annual contribution from revenue towards reducing its overall borrowing requirement.

Depreciation, revaluation, and impairment losses and amortisation are replaced by the contribution from General Fund Balances (MRP) through an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

Revaluation gains are also depreciated, with the difference between current value depreciation and historical cost depreciation being transferred each year from the revaluation reserve to the capital adjustment account.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than continued use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Subsequent decreases to fair value less costs to sell are posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts remains within the capital receipts reserve and can only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow. Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against the levy, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

15. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions

Provisions are made when an event has occurred on or before the Balance Sheet date:

- that gives the Authority a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where a reliable estimate can be made of the amount of the obligation.

If it is unclear whether an event has occurred on or before the Balance Sheet date, it is considered a present obligation if, based on all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Authority has an obligation. They are measured at the best estimate of the expenditure required to settle the obligation at the Balance Sheet date, considering relevant risks and uncertainties. Estimated settlements are reviewed at the end of each financial year. If it becomes less probable that a transfer

of economic benefits will be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

If some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., through an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Contingent Liabilities

A contingent liability arises when an event has occurred that gives the Authority a possible obligation, which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Authority's control. Contingent liabilities also arise in situations where a provision would otherwise be made, but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised in the Balance Sheet but are disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises when an event has occurred that gives the Authority a possible asset, which will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the Authority's control.

Contingent assets are not recognised in the Balance Sheet but are disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential

16. RESERVES

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. These reserves are created by transferring amounts out of the General Fund balance. When expenditure is financed from a reserve, it is charged to the appropriate service in that year, affecting the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund balance, ensuring there is no net charge against the levy for the expenditure.

Certain reserves are maintained to manage the accounting processes for non-current assets, financial instruments, retirement, and employee benefits. These reserves do not represent usable resources for the Authority and are explained in the relevant policies.

17. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income

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Fire and Rescue Service



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Councillor Dylan Rees, Chair of the Fire & Rescue Authority,
Helen MacArthur, Assistant Chief Fire Officer (Finance & Resources),
North Wales Fire & Rescue Authority,
Ffordd Salesbury, St Asaph Business Park,
St Asaph,
Denbighshire,
LL17 0JJ

Date issued: 02 April 2026

Issued via email

Dear Dylan and Helen,

Audit enquiries to those charged with governance and management

The Auditor General's Statement of Responsibilities sets out that he is responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. It also sets out the respective responsibilities of auditors, management and those charged with governance.

This letter formally seeks documented consideration and understanding on a number of governance areas that impact on our audit of your financial statements. These considerations are relevant to both the management North Wales Fire & Rescue Authority and 'those charged with governance' (the Fire & Rescue Authority).

I have set out below the areas of governance on which I am seeking your views:

1. Matters in relation to fraud
2. Matters in relation to laws and regulations
3. Matters in relation to related parties

The information you provide will inform our understanding of North Wales Fire & Rescue Authority and its business processes and support our work in providing an audit opinion on your 2025-26 financial statements.

I would be grateful if you could update the attached table in [Appendix 1 to Appendix 3](#) for 2025-26.

The completed [Appendix 1 to Appendix 3](#) should be formally considered and communicated to us on behalf of both management and those charged with governance by 19/06/2026. In the meantime, if you have queries, please contact me on 02920 829375 or carwyn.rees@audit.wales.

Yours sincerely

C. G. Rees

Carwyn Rees
Audit Manager

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Appendix 1

Matters in relation to fraud

International Standard for Auditing (UK) 240 covers auditors' responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both management and 'those charged with governance', which is the Fire & Rescue Authority. Management, with the oversight of those charged with governance, should ensure there is a strong emphasis on fraud prevention and deterrence and create a culture of honest and ethical behaviour, reinforced by active oversight by those charged with governance.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

What are we required to do?

As part of our risk assessment procedures we are required to consider the risks of material misstatement due to fraud. This includes understanding the arrangements management has put in place in respect of fraud risks. The ISA views fraud as either:

- The intentional misappropriation of assets (cash, property, etc); or
- The intentional manipulation or misstatement of the financial statements.

We also need to understand how those charged with governance exercises oversight of management's processes. We are also required to make enquiries of both management and those charged with governance as to their knowledge of any actual, suspected or alleged fraud, management's process for identifying and responding to the risks and the internal controls established to mitigate them.

Question	2025-26 Response
<p>1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud? What is the nature, extent and frequency of management's assessment?</p>	<p>Our assessment indicates that due to the appropriate controls the risk of material misstatement as a result of fraud is low:</p> <ul style="list-style-type: none"> • There are no allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others. • Senior personnel have a high degree of knowledge and awareness • Access to cash and significant payments is limited. • The Service participates in the NFI process which did not highlight any matches requiring further investigation. • Robust procedures are in place in respect of staff recruitment and management with Internal Audit reviews providing assurance that arrangements are operating as expected • Dedicated professional standards within Finance department, regular review of internal processes and key controls. • Appropriate policies and procedures are adopted, including the operation of internal controls and maintenance of asset registration processes

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Question	2025-26 Response
	<ul style="list-style-type: none"> • Financial Regulations are in place and financial procedures include key controls such financial scheme of delegation, contract procedure rules, separation of duties and authorisation limits. • Management reliance is placed on budgetary control processes, analytical review and internal audit reviews.
<p>2. Do you have knowledge of any actual, suspected or alleged fraud affecting the audited body?</p>	<p>It is confirmed that management do not have any knowledge of any suspected fraud or allegations appertaining to the controls operating within NWFRS.</p>
<p>3. What is management's process for identifying and responding to the risks of fraud in the audited body, including any specific risks of fraud that management has identified or that have been brought to its attention?</p>	<p>It is considered that there is a high level of management awareness, with key risks identified on the corporate risk register. The Authority has a robust whistle-blowing policy, and the roles of the statutory officers and internal audit are clearly defined and understood.</p> <p>There is regular scrutiny of budget lines, segregation of duties in arrangements, and controlled use of electronic payments, with a clear audit trail. Robust</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Question	2025-26 Response
	<p>arrangements are in place governing the procurement arrangements with a recent review by Internal Audit.</p> <p>The Authority is the Scheme Manager for the Firefighters' Pension Scheme which is administered by Dyfed Pension Fund. Robust controls and procedures are in place to reconcile payroll submissions and proof of identity at the point of retirement. Dyfed Pension Fund undertake routine checks through a death notification service.</p> <p>Robust checks are in place for new employees paid via the payroll system and for setting up new suppliers on the accounts payable system.</p> <p>All invoices are subject to approval in accordance with the Service's financial scheme of delegation. Matters of concern would be raised internally within Finance and escalated to the ACFO Finance & Resources or the Authority's Treasurer as appropriate</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Question	2025-26 Response
<p>4. What classes of transactions, account balances and disclosures have you identified as most at risk of fraud?</p>	<p>It is considered that there is a risk of fraud in the following areas:</p> <p>Payroll – mitigated through checks on employment and participation in the NFI</p> <p>Creditors – mitigated through processes to ensure that changes to supplier details and bank details are properly managed. A financial scheme of delegation is in place to ensure that orders approved prior with receipting arrangements to confirm goods are received.</p> <p>Contract fraud – mitigated through the use of frameworks and tenders where appropriate due diligence is undertaken prior to award</p> <p>Pensions – mitigated through ID checks prior to processing (e.g. birth certificate and marriage certificate).</p> <p>Cyber Security - mitigated through training, using strong passwords, installing firewalls, and being one of the first authorities to onboard Socura / CymruSOC cloud-based SOC service (security operations centre).</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Question	2025-26 Response
<p>5. Are you aware of any whistleblowing or complaints by potential whistle blowers? If so, what has been the audited body's response?</p>	<p>No such complaints have been received</p>
<p>6. What is management's communication, if any, to those charged with governance regarding their processes for identifying and responding to risks of fraud?</p>	<p>The Budget Scrutiny Working Group receives a conformance report in relation to compliance with key financial regulations and requirements. The Audit Committee receives the reports produced by the Authority's internal auditors.</p> <p>In addition, the Fire and Rescue Authority receive the Annual Governance Statement and the annual reports of internal audit.</p>
<p>7. What is management's communication, if any, to employees regarding their views on business practices and ethical behaviour?</p>	<p>The Service has a Financial Scheme of Delegation which is embedded via system controls within the Financial Systems. Finance provides advice and guidance to staff via newsletters and specific guidance notes (e.g. Lloyd's credit cards Management & mileage returns). Ongoing training has been provided to Budget Holders, Managers, and members. Key contacts have been identified within each department to receive procurement training. The contract procedure rules set out the</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Question	2025-26 Response
	<p>required standards in relation to contracts and financial governance is monitored through the Finance and Procurement Committee which is part of the Service's internal governance structure.</p> <p>During 2025/26, a new fraud awareness e-learning package was rolled out, with the Finance team and staff associated with the Hwb Awen project required to complete the training in the first phase.</p>
<p>8. For service organisations, have you reported any fraud to the user entity?</p>	<p>No</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to fraud

Question	2025-26 Response
<p>1. Do you have any knowledge of actual, suspected or alleged fraud affecting the audited body?</p>	<p>No cases of suspected fraud are known to the Authority at this time.</p>
<p>2. What is your assessment of the risk of fraud within the audited body, including those risks that are specific to the audited body's business sector?</p>	<p>Our assessment of the risk of fraud within North Wales Fire & Rescue Authority is low. There are appropriate controls in financial systems, and statutory officers (Chief Fire Officer, Monitoring Officer and Section 151 Officer) report regularly to the Authority. Internal audit also reports to the Authority. No alleged fraud has been reported.</p> <p>Employment – reliance is placed on due diligence within the recruitment process. This includes obtaining references and verifying qualifications and membership of professional bodies by reference to original certificates. All staff are required to disclose secondary employment, and the Authority participates in the NFI with no issues previously identified. All absences are monitored with arrangements for management intervention on multiple short-term absences or any absence over 28</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to fraud

Question	2025-26 Response
	<p>days. Ill-health retirements will only be considered on the advice of an independent qualified medical practitioner (IQMP).</p> <p>Work related accidents – Robust arrangements exist for the reporting, investigation and assessment of all work-related incidents. Those which progress to a claim are managed by external claims managers working on behalf of the Authority and the insurer. This ensure that all cases are fully evidenced.</p> <p>Supplier payments – Reliance is placed on the arrangements in place for setting up of suppliers, the underlying procurement controls and the requirement for purchase orders. This provides a clear audit trail.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to fraud

Question	2025-26 Response
<p>3. How do you exercise oversight of:</p> <ul style="list-style-type: none">• management's processes for identifying and responding to the risk of fraud in the audited body, and• the controls that management has established to mitigate these risks?	<p>There are regular meetings between Internal Audit (which assesses the environment in terms of the Authority's internal controls and controls in systems, and who would carry out investigative functions as required) and the Assistant Chief Officer (Finance and Resources). Those meetings also include the Section 151 Officer as necessary.</p> <p>The Authority's Section 151 Officer is present at all Authority meetings.</p> <p>The Internal Audit Manager reports independently to the Authority's Audit Committee.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Appendix 2

Matters in relation to laws and regulations

International Standard for Auditing (UK and Ireland) 250 covers auditors' responsibilities to consider the impact of laws and regulations in an audit of financial statements.

Management, with the oversight of those charged with governance, is responsible for ensuring that North Wales Fire & Rescue Authority's operations are conducted in accordance with laws and regulations, including compliance with those that determine the reported amounts and disclosures in the financial statements.

As external auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. The ISA distinguishes two different categories of laws and regulations:

- laws and regulations that have a direct effect on determining material amounts and disclosures in the financial statements;
- other laws and regulations where compliance may be fundamental to the continuance of operations, or to avoid material penalties.

What are we required to do?

As part of our risk assessment procedures we are required to make enquiries of management and those charged with governance as to whether North Wales Fire & Rescue Authority is in compliance with relevant laws and regulations. Where we become aware of information of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to laws and regulations

Question	2025-26 Response
<p>1. Is the audited body in compliance with relevant laws and regulations? How have you gained assurance that all relevant laws and regulations have been complied with? Are there any policies or procedures in place?</p>	<p>The Service operates an internal governance structure which includes committees and groups covering all aspects of activity. This includes reviewing and addressing any new legislation or regulatory matters.</p> <p>The Service has been addressing a number of regulatory matters in relation to pensions. These are national issues arising from legal challenges and for which primary and secondary legislation has been necessary. The McCloud judgment addresses the age discrimination within the pension scheme changes introduced in 2015 and requires that all staff within scope are provided with a remedial service statement by 31st March. Due to the complexity and workload arising the Authority was not able to meet this deadline and reported itself to the Pensions Regulator. This matter has been reported to both the Local Pension Board and the Fire Authority.</p> <p>Other than the issue relating to compliance with the timescales for the processing of the pension reforms</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to laws and regulations

Question	2025-26 Response
	<p>above, no further issues have been identified which need to be highlighted. Managers and staff receive relevant information and training relevant to their role, and experienced statutory officers are employed. The Authority purchases expertise where necessary, i.e. where there is a lack of in-house expertise (e.g. use of external lawyers in relation to employment matters).</p> <p>The Authority places reliance on the overall governance arrangements in place to provide assurance that relevant laws and regulations are complied with. This includes a documented constitution which provides delegation for day to day operational matters to the Chief Fire Officer. The constitution also includes reserved matters as required.</p> <p>The Authority has established Committees comprising of the Audit Committee, the Executive Panel and the Local Pension Board. In addition, the Standards Committee is formed and functioning.</p> <p>The Authority is assisted by the Monitoring Officer and Treasurer who provide professional input and due diligence. Internal Audit arrangements are also in place.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to laws and regulations

Question	2025-26 Response
	<p>At a Service Level there is a documented assurance framework which includes a Service Leadership Team with a range of Committees and Groups. These have nominated Chairs, agreed terms of reference and reporting arrangements.</p> <p>Internally there are reporting arrangements to capture incidents and near misses, and a documented procedure for complaints.</p>
<p>2. Have there been any instances of non-compliance or suspected non-compliance with relevant laws and regulations in the financial year, or earlier with an ongoing impact on this year’s audited financial statements?</p>	<p>We are not aware of any suspected non-compliance with relevant laws and regulations that would materially affect the 2025-26 financial statements. The pensions matter referred to above is not considered to have a financial effect; the liabilities arising have been included within the GAD valuations which are reflected in the Pension Fund.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni’n Gymraeg neu’n Saesneg.

Enquiries of management – in relation to laws and regulations

Question	2025-26 Response
3. Are there any potential litigations or claims that would affect the financial statements?	<p>No, we are not aware of any suspected non-compliance with relevant laws and regulations that would materially affect the 2025-26 financial statements.</p> <p>Other than through prudent levels of excess routinely agreed as part of the Authority's insurance cover, the Authority does not self-insure in respect of any liabilities. Insurance arrangements are in place and reviewed annually, and insurance arrangements are in place. All claims are notified to Finance and provision made for the insurance excess as appropriate. No claims of note require disclosure as part of the preparation of the annual accounts.</p>
4. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	<p>The Authority was subject to a number of routine compliance inspections in recent years. No issues were identified which would indicate non-compliance.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to laws and regulations

Question	2025-26 Response
1. Are you aware of any non-compliance with laws and regulations that may be expected to have a fundamental effect on the operations of the entity?	No, the Authority is not aware of any such non-compliance during 2025/26 (i.e. that would be expected to have a fundamental effect on the operations of the entity).
2. How does the Fire & Rescue Authority, in your role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?	<p>There is a delegation plan in place, and the officers are trusted to follow the expected arrangements. Otherwise, the Chief Fire Officer, the ACFOs, the Monitoring Officer, the Section 151 Officer, or internal audit would have reported to the Authority.</p> <p>The Annual Governance Statement is provided which gives assurance to the Authority that the delegation plan for officers is implemented appropriately.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Appendix 3

Matters in relation to related parties

International Standard for Auditing (UK) 550 covers auditors' responsibilities relating to related party relationships and transactions.

The nature of related party relationships and transactions may, in some circumstances, give rise to higher risks of material misstatement of the financial statements than transactions with unrelated parties.

Because related parties are not independent of each other, many financial reporting frameworks establish specific accounting and disclosure requirements for related party relationships, transactions and balances to enable users of the financial statements to understand their nature and actual or potential effects on the financial statements. An understanding of the entity's related party relationships and transactions is relevant to the auditor's evaluation of whether one or more fraud risk factors are present as required by ISA (UK and Ireland) 240, because fraud may be more easily committed through related parties.

What are we required to do?

As part of our risk assessment procedures, we are required to perform audit procedures to identify, assess and respond to the risks of material misstatement arising from the entity's failure to appropriately account for or disclose related party relationships, transactions or balances in accordance with the requirements of the framework.

Enquiries of management – in relation to related parties

Question	2025-26 Response
<p>1. Have there been any changes to related parties from the prior year? If so, what is the identity of the related parties and the nature of those relationships? Confirm these have been disclosed to the auditor.</p>	<p>All members and senior officers are required to disclose their related parties, and any transactions are confirmed during the production of the Statement of Account. No issues of note have been identified which require disclosure. All SLT declarations have been received for the 25/26 financial year, and 6 authority members outstanding at year end.</p>
<p>2. What transactions have been entered into with related parties during the period? What is the purpose of these transactions? Confirm these have been disclosed to the auditor.</p>	<p>During the preparation of the financial statements a full check of all related party declarations is undertaken and cross referenced to supplier payments. No existing issues are known.</p>
<p>3. What controls are in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Disclosures in the annual Statement of Accounts include external relationships and relevant interests. This information is requested annually from the Members and senior managers in order to include material transactions in the Statement of Accounts. The annual review and declaration procedure to identify the interests of members and senior officers has been strengthened in recent years.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of management – in relation to related parties

Question	2025-26 Response
<p>4. What controls are in place to authorise and approve significant transactions and arrangements:</p> <ul style="list-style-type: none">• with related parties, and• outside the normal course of business?	<p>The contract procedure rules were recently updated and provide the framework of control, and all contracts are subject to the value for money requirement which would involve quotes, tenders or recognised procurement frameworks. Deviation from the contract procedure rules is permitted by exception although further controls are in place through the use of the single tender waiver process. This requires further financial due diligence checks to be performed and sign off by the Head of Finance or ACFO as appropriate. Notably any evidence of personal relationships between the contracting officer and the third-party supplier would be subject to further investigation.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Enquiries of those charged with governance – in relation to related parties

Question	2025-26 Response
<p>1. How does the Fire & Rescue Authority, in its role as those charged with governance, exercise oversight of management's processes to identify, authorise, approve, account for and disclose related party transactions and relationships?</p>	<p>Members of the Authority, when reviewing the draft Statement of Accounts, are always vigilant in relation to this duty. Reliance is placed on the underpinning arrangements which include full disclosure by senior staff and members of the Fire and Rescue Authority of employment, business interests and land holdings. This provides transparency of the underlying risks, and these are managed via the contract procedure rules in place.</p> <p>The production of the financial statements includes a review of all disclosures to identify any relevant transactions that require disclosure. Where there are any queries or concerns these would be escalated internally to the ACFO Finance and Resources in the first instance and advice sought from the Treasurer or Monitoring Officer as appropriate.</p>

Audit enquiries to those charges with governance and management. Please contact us in Welsh or English / cysylltwch â ni'n Gymraeg neu'n Saesneg.

Report to	Audit Committee
Date	15 June 2026
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer, Finance and Resources
Contact Officer	Angharad Ellis, MIAA
Subject	Head of Internal Audit Opinion and Annual Report 2025/26



PURPOSE OF REPORT

- 1 Under the terms of the Accounts and Audit (Wales) Regulations 2014 Part 3 5. (2), 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 (AGS).
- 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 2025/26 and contains the assurance statement based on the work of Internal Audit during the year ended March 2026.

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 The audit reviews provide a substantial level of assurance upon the adequacy of the systems of internal control in place, with 21 recommendations having 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.

- 6 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.
- 7 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

- 8 It is recommended that Members:
 - i) **Note the content of the 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

- 9 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."
- 10 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 the systems and controls for which they are responsible are.
- 11 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.
- 12 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 2025/26

- 13 The Head of Internal Audit is satisfied that the internal audit work undertaken, together with their maintained knowledge of the organisation and its procedures allows a reasonable conclusion to be made, as to the adequacy and effectiveness of the Authority's risk management, control and governance processes.
- 14 The opinion provided by the Head of Internal Audit is that there is a good system of internal control designed to meet the organisation's objectives and this is generally being applied consistently.
- 15 In giving an audit opinion, it should be noted that assurance can never be absolute although this provides reasonable assurance based upon the work undertaken in that year, that there are no major weaknesses that need to be brought to the attention of the Audit Committee.
- 16 The overall audit opinion may be used in the preparation of the Annual Governance Statement, and the full report is included within Appendix A

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 by a suitably qualified external contractor and within the agreed budget
Legal	The report supports the Audit Committee discharge its legal responsibilities
Staffing	N/A
Equalities / Human Rights / Welsh Language	N/A
Risks	The Statement of Assurance is submitted in compliance with the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. Without such assurance from the internal auditor Members would be unaware of the adequacy and effectiveness of the corporate governance, risk management and internal control arrangements and its associated ability to achieve its objectives.

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

North Wales Fire and Rescue Service

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- 1 Executive Summary
- 2 Head of Internal Audit Opinion
- 3 Informing our Opinion
- 4 Internal Audit Coverage and Outputs
- 5 Areas for consideration – your Annual Governance Statement
- 6 Ensuring Quality

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 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:

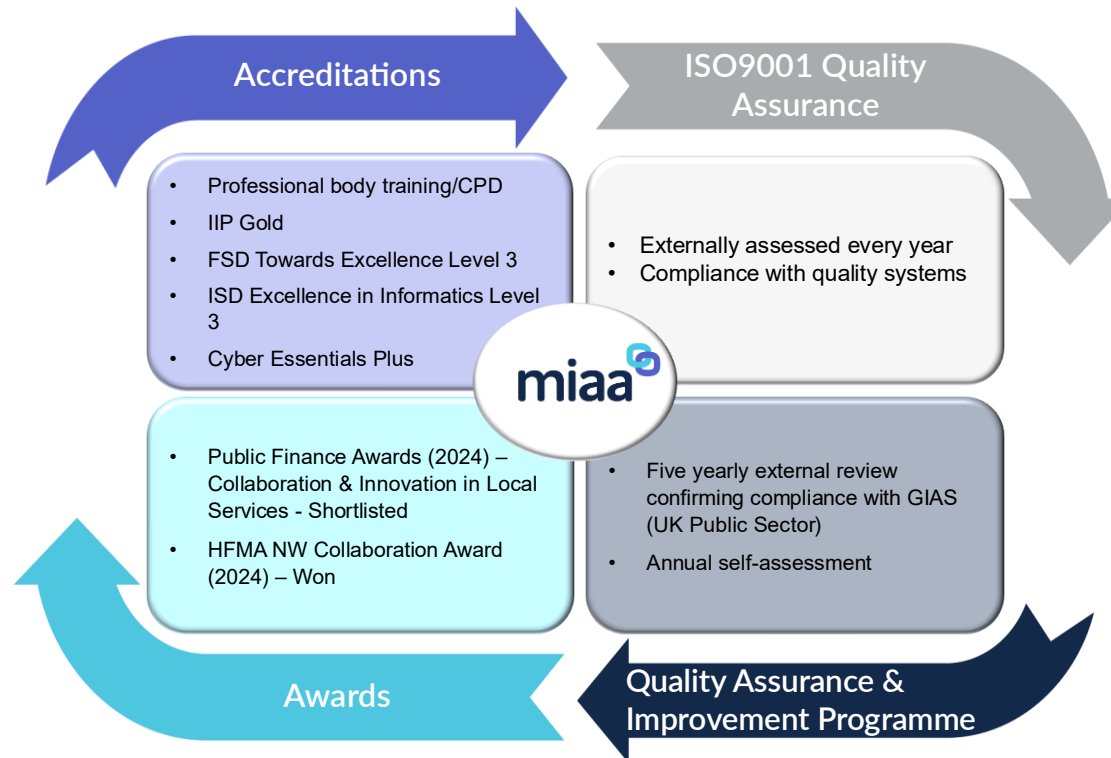
- Wider partnership/ collaborative working and engagement across the North Wales Footprint.
- Impact of the revised financial regime on decision making, achieving financial duties, ongoing financial viability, delivery of savings, service pressures and key relationships/ performance of third parties.
- 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

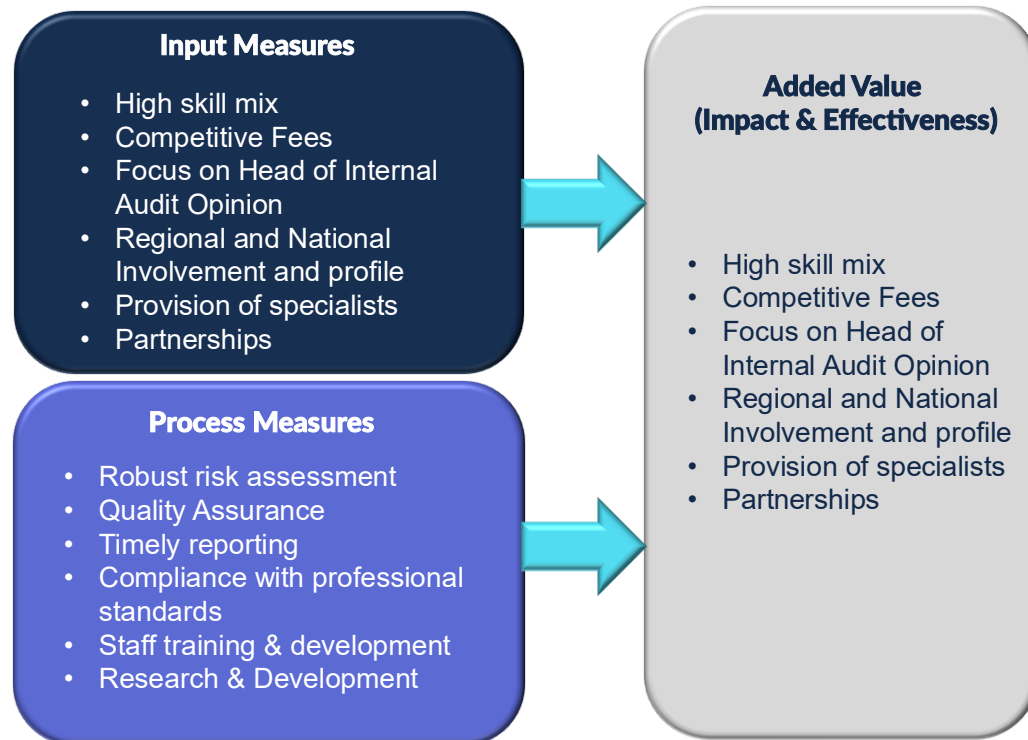
MIAA comply fully with professional best practice, internal audit standards and legal requirements.



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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Report to	Audit Committee
Date	15 June 2026
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer, Finance and Resources
Contact Officer	Angharad Ellis (MIAA)
Subject	Internal Audit Charter 2026/27



PURPOSE OF REPORT

- 1 The purpose of this report is to provide Members with the Internal Audit Charter for the 2026/27 financial year.

EXECUTIVE SUMMARY

- 2 North Wales Fire and Rescue Authority (the Authority) is required to put arrangements in place for the audit of systems of control. As the appointed internal audit provider, MIAA, must comply with the Global Internal Audit Standards to the extent that they are applicable to the public sector.
- 3 As part of this requirement, MIAA, must produce an Internal Audit Charter which confirms the purpose of internal audit, its mandate and responsibilities. The Internal Audit Charter 2026/27 is set out in Appendix 1.

RECOMMENDATIONS

- 4 It is recommended that Members:
 - i) **Note and endorse the Internal Audit Charter 2026/27**

BACKGROUND

- 5 The Accounts and Audit (Wales) Regulations 2014 (the Regulations) require the Authority to make proper and effective arrangements for systems of internal control. This includes the arrangements for the management of risk and adequate and effective financial management.
- 6 The Regulations also require an adequate and effective internal audit of the systems of internal control, the findings of which must be reported to Members of the Authority.

- 7 The Authority's appointed internal audit function is discharged by MIAA whose work is governed by the Global Internal Audit Standards.

INFORMATION

- 8 The Internal Audit Charter is mandated through Global Internal Audit Standards and is a formal document that defines the internal audit activity's purpose, mandate and responsibility.
- 9 The internal audit charter establishes the internal audit activity's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.
- 10 The Internal Audit Charter for 2026/27 is set out in Appendix 1.

IMPLICATIONS

Wellbeing Objectives	The operation of financial systems that are properly controlled supports the delivery of the well-being objectives and longer-term sustainability of services.
Budget	Assurance on the existence and operation of internal controls supports the effective budget setting process.
Legal	An effective internal audit arrangement is a requirement of the Accounts and Audit (Wales) 2014 Regulations
Staffing	The review of key financial systems including payroll provide assurance that controls are present an that payments are in accordance with agreed policies and procedures.
Equalities/ Human Rights/ Welsh Language	The engagement lead with MIAA is bi-lingual and reports will be subject to normal translation processes.
Risks	The internal audit of core financial processes supports the effective identification and management of risks.

Internal Audit Charter

North Wales Fire and Rescue Service

Contents

- 1 Introduction & Background
- 2 Purpose, Mandate and Responsibility
- 3 Independence and Objectivity
- 4 Proficiency and Due Professional Care
- 5 Quality Assurance and Improvement Programme
- 6 Managing the Internal Audit Activity
- 7 Nature of Work
- 8 Engagement Planning
- 9 Performing the Engagement
- 10 Communicating Results
- 11 Monitoring Progress
- 12 Communicating the Acceptance of Risks
- 13 Definitions

1 Introduction

The Internal Audit Charter is mandated through Global Internal Audit Standards (UK public sector)¹ and is a formal document that defines the internal audit activity's purpose, mandate and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation; authorises access to records, personnel and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

This Charter complies with the Global Internal Audit Standards (UK public sector), CIPFA's *Code of Practice for the Governance of Internal Audit in UK Local Government* and MIAA confirms ongoing compliance with these standards and code.

2 Purpose, Mandate and Responsibility

Internal auditing is “an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes²”.

The Accounts and Audit (Wales) Regulation 2014 sets out the mandate for internal audit in relevant authorities in Wales:

'Internal Audit

7.(1) A relevant authority must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control.

(2) Any officer or member of that body must, if the body requires -

a) make available such documents of the body which relate to its accounting and other records as appear to that body to be necessary for the purpose of the audit; and

b) supply the body with such information and explanations as the body considers necessary for that purpose.;

(3) A larger relevant body, must at least once in each year, conduct a review of the effectiveness of its internal audit.

(4) The findings of the review referred to in paragraph (3) must be considered, as part of the consideration of the system of internal control referred to in regulation 5(3), by the committee or body referred to in that paragraph.'

The provision of assurance services is the primary role for internal audit in the public sector. This role requires the internal auditor to provide an independent opinion based on an objective assessment of the framework of governance, risk management and control. The main purpose of internal audit activity within the public sector is therefore to provide the Accountable or Accounting Officer with an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The Director of Internal Audit's opinions is a key element of the framework of assurance

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

² The Definition of Internal Auditing, The Institute of Internal Auditors, January 2024

that the Accountable or Accounting Officer needs to inform the completion of the Annual Governance Statement (AGS).

Internal audit also provides an independent and objective consultancy service which is advisory in nature, and generally performed at the specific request of the organisation. Such consultancy work is separate from but contributes to the opinion which internal audit provides on risk management, control and governance. When performing consulting services, the internal auditor will maintain objectivity and not take on management responsibility.

The above functions drive MIAA's Mission 'To drive value and improve outcomes through excellence and professionalism'.

Assurance Reviews will provide individual audit opinions to support the annual Director of Internal Audit Opinion. Formal agreement will be sought for the provision of third party assurances to other bodies in respect of the services provided by the organisation.

In accordance with the organisation's Financial Regulations, Internal Auditors will (without necessarily giving prior notice) have access to all records (including those of a confidential nature) and employees of the organisation.

3 Independence and Objectivity

The internal audit activity must be independent, and internal auditors must be objective in performing their work. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the Director of Internal Audit will have direct and unrestricted access to senior management and Audit Committee.

The Director of Internal Audit will confirm to the Audit Committee, at least annually, the organisational independence of the internal audit activity.

The Director of Internal Audit will report functionally to the Audit Committee and establish effective communication with, and have free and unfettered access to, the Assistant Chief Fire Officer and the Chair of the Audit Committee. This will include communicating and interacting directly with the Audit Committee.

Internal audit activity will be free from interference in determining the scope of internal auditing, performing work and communicating results. Internal auditors will have an impartial, unbiased attitude and avoid any conflict of interest. Conflicts of interest may arise where an auditor provides services other than internal audit to the organisation. Your MIAA Internal Audit Team does not currently provide other services to the organisation. If this changes steps will be taken to avoid or manage transparently and openly such conflicts of interest, so that there is no real or perceived threat or impairment to independence in performing the audit role. These steps will be documented in the charter where required.

All internal auditors will complete an annual declaration of interest identifying possible conflicts of interest and the actions taken to mitigate them. This process, and its outcomes, will be communicated to the Audit Committee annually through the Director of Internal Audit Opinion and Annual Report.

MIAA will also periodically review the specific audit manager assigned to the organisation to ensure that both parties are satisfied that relationships remain independent and objective.

If independence or objectivity is impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.

4 Proficiency and Due Professional Care

Engagements will be performed with proficiency and due professional care. Internal auditors will possess the knowledge, skills, and other

competencies needed to perform their individual responsibilities. The internal audit activity collectively will possess or obtain the knowledge, skills and other competencies needed to perform its responsibilities. The Director of Internal Audit is a CCAB qualified Accountant and is responsible for ensuring access to the full range of knowledge, skills, qualifications and experience to meet the requirements of the internal audit standards. MIAA internal auditors will ensure Continuing Professional Development and compliance with professional standards.

Internal auditors will apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

5 Quality Assurance and Improvement Programme

The Director of Audit will develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. The quality assurance and improvement programme will include both internal and external assessments.

- Internal assessment will include;
- Ongoing monitoring of the performance of the internal audit activity; and
- Periodic self-assessments or assessment by other persons within the organisation with sufficient knowledge of internal audit practices.

External assessments will also be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organisation. The results of external quality reviews and any consequent improvement plans will to be reported to the Chief Executive and Audit Committee.

6 Managing the Internal Audit Activity

The Director of Internal Audit will develop and maintain an Internal Audit strategy designed to meet the main purpose of the internal audit activity and its service provision needs. This strategy will advocate a systematic and prioritised review, outlining the resources and skills required to meet the assurance needs of the Accountable/Accounting Officer and Audit Committee. The strategy will take into account the relative risk maturity of the organisation, taking due regard of the assurance framework.

The Director of Internal Audit will establish risk based plans to determine the priorities of the internal audit activity consistent with the organisation's goals.

The Director of Internal Audit will include in the internal audit strategy the approach to using other sources of internal and external assurance. Periodic plans will include any work associated with placing reliance upon such work.

The Director of Internal Audit will agree the strategy and periodic plans with the Accountable/Accounting Officer and Audit Committee.

The Director of Internal Audit will work with senior management and client staff who will support MIAA in the delivery of the audit plan.

Where the Director of Internal Audit believes that the level of agreed resources will prevent the Accountable/Accounting Officer being provided with an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control, the consequences will be brought to the attention of Audit Committee.

The Director of Internal Audit will agree arrangements for interim reporting to the Accountable/Accounting Officer and Audit Committee in the course of the year and produce an annual report that incorporates his opinion.

The Director of Internal Audit will provide to the Accountable/Accounting Officer an opinion on the overall adequacy and effectiveness of

the organisation's framework of governance, risk management and control, timed to support the Annual Governance Statement.

7 Nature of Work

The internal audit activity will evaluate and contribute to the improvement of governance, risk management and control processes (including value for money), using a systematic and disciplined approach.

The internal audit activity will also evaluate the potential for the occurrence of fraud and consider how the organisation manages fraud risk. CIPFA has issued a *Code of Practice on Managing the Risk of Fraud and Corruption*. While compliance with the code is voluntary, CIPFA strongly recommends that it is used as the basis for assessment of how an organisation manages its fraud risk. The Director of Internal Audit should be notified of all suspected or detected fraud, corruption or impropriety in order to inform the annual opinion and risk based plans.

The Director of Internal Audit will also liaise with the organisation's external auditors and other review bodies to facilitate the effective co-ordination of audit resources and assurances.

8 Engagement Planning

The Director of Internal Audit will establish a risk based Internal Audit Plan in conjunction with the client and with the agreement of the Audit Committee. The plan will set out the priorities for internal audit activity, consistent with the organisation's goals and objectives.

Internal auditors will develop and document a terms of reference for each engagement, including the engagement's objectives, scope, timing and resource allocations, based on an evaluation of the nature and complexity of each engagement, time constraints and available resources. A work plan will be developed and documented that achieves the engagement objectives.

Internal audit will meet regularly with the external auditor to consult on audit plans and discuss matters of mutual interest.

9 Performing the Engagement

Internal audit will identify, analyse, evaluate and document sufficient information to achieve the engagement's objectives. Internal auditors will base conclusions and engagement results on appropriate analyses and evaluations. Internal auditors will document relevant information to support the conclusions and engagement results.

Engagements will be properly supervised to ensure objectives are achieved, quality is assured and staff are developed.

10 Communicating Results

Internal auditors will communicate the engagement results with appropriate parties, including the engagement's objectives and scope, as well as applicable conclusions, recommendations and action plans.

Working with the organisation, the Director of Internal Audit will ensure that communications are accurate, objective, clear, concise, constructive, complete and timely.

The Director of internal Audit will deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement.

The annual internal audit opinion will conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report will incorporate;

- The opinion;
- A summary of the work that supports the opinion; and

- A statement on conformance with the Global Internal Audit Standards (UK Public Sector), CIPFA's *Code of Practice for the Governance of Internal Audit in UK Local Government* and the results of the quality assurance and improvement programme.

11 Monitoring Progress

The Director of Internal Audit will establish and maintain a follow-up process to monitor that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. This will be operated to support the organisation in ensuring the implementation of actions, and reporting progress to the Audit Committee.

12 Communicating the Acceptance of Risks

When the Director of Internal Audit believes that senior management has accepted a level of residual risk that may be unacceptable to the organisation, the Director of Internal Audit will discuss the matter with senior management. If the decision regarding residual risk is not resolved, the Director of Internal Audit will report the matter to the Audit Committee for resolution.

Code of Ethics

MIAA will operate within the definition of internal auditing and the requirements of the Global Internal Audit Standards (UK Public Sector). This includes compliance with the Seven Principles of Public Life.

13 Definitions

Board	The Joint Management Board with overall responsibility for governance.
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Accountable Officer	Officer responsible and accountable for funds entrusted to the organisation.
Audit Committee	The committee with overall responsibility for advising those charged with governance on the establishment of an effective system of governance.
Director of Internal Audit	Acts as the Chief Audit Executive as the independent corporate executive with overall responsibility for internal audit.
Senior Management	The overall lead director agreed by the organisation for each audit engagement.

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Report to	Audit Committee
Date	15 June 2026
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer, Finance and Resources
Contact Officer	Angharad Ellis (MIAA)
Subject	Quarterly Internal Audit Progress Report June 2026



PURPOSE OF REPORT

- 1 The purpose of this report is to provide Members with an update of the work undertaken by North Wales Fire and Rescue Authority's (the Authority) internal audit providers, MIAA, for the 2025/26 financial year and for the period to 31 May 2026.

EXECUTIVE SUMMARY

- 2 The Authority is required to put arrangements in place for the audit of systems of control. MIAA are the appointed internal auditors, and its work is governed by the Global Internal Audit Standards as applicable to the public sector.
- 3 The report contained within Appendix 1 provides an overview of the work undertaken during the 2025/26 financial year against the agreed internal audit plan and progress to 31 May 2026 against the 2026/27 agreed plan.
- 4 The report contained within Appendix 2 provides an update of the progress made in implementing the agreed recommendations arising from previous reports.

RECOMMENDATIONS

- 5 It is recommended that Members:
 - i) **Note the work undertaken by MIAA during 2025/26;**
 - ii) **Progress against the 2026/27 agreed plan; and**
 - iii) **Note the progress made in implementing the agreed recommendations.**

BACKGROUND

- 6 The Accounts and Audit (Wales) Regulations 2014 (the Regulations) require the Authority to make proper and effective arrangements for systems of internal control. This includes the arrangements for the management of risk and adequate and effective financial management.
- 7 The Regulations also require an adequate and effective internal audit of the systems of internal control, the findings of which must be reported to Members of the Authority. The Authority is required to approve the Statement of Internal Control annually.

INFORMATION

- 8 The report contained within Appendix 1 provides an overview of the work undertaken during 2025/26 and confirms that the agreed plan was fully delivered. The report also confirms the progress against the 2026/27 agreed plan up to 31 May 2026.
- 9 The report contained in Appendix 2 provides an update on the progress of implementing the recommendations from previous reports.

IMPLICATIONS

Wellbeing Objectives	The operation of financial systems that are properly controlled supports the delivery of the well-being objectives and longer-term sustainability of services.
Budget	Assurance on the existence and operation of internal controls supports the effective budget setting process.
Legal	An effective internal audit arrangement is a requirement of the Accounts and Audit (Wales) 2014 Regulations
Staffing	The review of key financial systems including payroll provide assurance that controls are present and that payments are in accordance with agreed policies and procedures.
Equalities/ Human Rights/ Welsh Language	The engagement lead with MIAA is bi-lingual and reports will be subject to normal translation processes.
Risks	The internal audit of core financial processes supports the effective identification and management of risks.

Internal Audit Progress Report Audit Committee (June 2026)

North Wales Fire and Rescue Service

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1 Introduction

2 Key Messages for Audit Committee Attention

Appendix A: Contract Performance

Appendix B: Performance Indicators

Appendix C: Key Areas and Actions to be Delivered

Appendix D: Assurance Definitions and Risk Classifications

Global Internal Audit Standards (UK public sector)

Our work was completed in accordance with Global Internal Audit Standards (UK public sector).

Executive Summary

This report provides an update to the Audit Committee in respect of the progress made against the Internal Audit Plan for 2025/26 and brings to your attention matters relevant to your responsibilities as members of the Audit Committee.

This progress report provides a summary of Internal Audit activity and complies with the requirements of the Global Internal Audit Standards (UK public sector).

Comprehensive reports detailing findings, recommendations and agreed actions are provided to the organisation, and are included within the Audit Committee papers. In addition, a consolidated follow up position is reported on a periodic basis to the Audit Committee.

This progress report covers the period 1st March to 31st May 2026.

3 Executive Summary

2025/26 Audit Reviews

The following reviews have been finalised:

- Risk Management Core Controls (N/a Assurance)

Our review has identified that some progress has been made by the Service since the 2024/25 Risk Management review. However, we have identified that a number of the recommendations remain outstanding and have not yet been actioned. Therefore, further work is required to improve and embed the risk management arrangements in place at the Service.

Refer to Appendix C for details of Key Areas and Actions to be Delivered

2026/27 Audit Reviews

The following reviews are in progress:

- Partnerships and Collaboration (Planning)

Follow Up

A summary of the current status of all follow-up activity is included as a separate report.

Audit Plan Changes

Audit Committee approval will be requested for any amendments to the original plan and highlighted separately below to facilitate the monitoring process.

There are no current proposals to amend the approved audit plan.


Added Value

Events


[Leading across generations \(12th June 2026\)](#): Generational leadership is all about leading in a way that recognises, values and brings together the different perspectives, expectations and working styles of multiple age groups in the workforce. For the first time in history, five different generations are working in the same employment environment. Understand what motivates each generation and how expectations differ across age groups.

Appendix A: Contract Performance

The Global Internal Audit Standards (UK public sector) state that 'In the UK public sector, a chief audit executive must prepare such an overall conclusion at least annually in support of wider governance reporting, mindful of any specific sector obligations or processes. This overall conclusion must encompass governance, risk management and control.' **Below sets out the overview of delivery for your Head of Internal Audit Opinion for 2025/26:**

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Risk Management – Core Controls		Completed	Not applicable	June 2026
National Fraud Initiative	N/A	Completed	Not applicable	December 2025
Key Financial Controls		Completed	Substantial	March 2026
Business Planning		Completed	Substantial	December 2025
Equipment Asset Management		Completed	Limited	September 2025
Attendance at Budget Scrutiny meetings	N/A	As required	Not applicable	Not applicable
Follow Up				
Q1	N/A	Completed	N/A	June 2025
Q2	N/A	Completed	N/A	September 2025
Q4	N/A	Completed	N/A	June 2026

The table summarises the delivery of your Head of Internal Audit Opinion for 2026/27:

HOIA Opinion Area	TOR Agreed	Status	Assurance Level	Audit Committee Reporting
Risk Management – Core Controls		Q4 delivery		June 2027
Partnerships and Collaboration		Planning		September 2026
Key Financial Controls		Q3 delivery		March 2027
National Fraud Initiative		Q3 delivery		March 2027
Recruitment and Promotion Processes		Q2 delivery		December 2026
AI Governance		Q3 delivery		March 2027
Follow Up				
Q1	N/A	Completed	N/A	June 2026
Q4	N/A	Q4 delivery		June 2027

Appendix B: Performance Indicators

The primary measure of your internal auditor's performance is the outputs deriving from work undertaken. The following provides performance indicator information to support the Committee in assessing the performance of Internal Audit.

Element	Reporting Regularity	Status	Summary
Delivery of the Head of Internal Audit Opinion (Progress against Plan)	Each Audit Committee	Green	No issues to report
Issue a Client Satisfaction Questionnaire following completion of every audit.	Every Final report includes a questionnaire for client feedback	Green	
Percentage of recommendations raised which are agreed	Each Audit Committee	Green	
Percentage of recommendations which are implemented	Follow Up will be reported twice per year	Green	
Qualified Staff	Annual	Green	MIAA have a highly qualified and diverse workforce which includes 65% qualified staff. The Senior Team delivering the Internal Audit Service to NWFRS are CCAB/IIA qualified.
Quality	Annual	Green	MIAA operate systems to ISO Quality Standards. MIAA conforms with the Global Internal Audit Standards (UK public sector).

Appendix C: Key Areas from our Work and Actions to be Delivered

Report Title	Risk Management Core Controls			
Executive Sponsor	Assistant Chief Fire Officer			
Assurance Level	Not applicable			
Objective	To provide assurance that core risk management controls have been adequately designed.			
Recommendations	0 x Critical	1 x High	2 x Medium	1 x Low
Summary	<p>Risk management processes have been clearly defined in the Risk Management Strategy which was approved by Senior Leadership Team (SLT) in May 2025, following consultation at Strategic Risk Committee (SRC). The Fire Authority has defined its risk appetite and there are processes in place to keep this under review. This was reported to the Executive Panel in June 2025.</p> <p>Risk management training needs should be clearly identified for all staff and arrangements require clarification for monitoring compliance.</p> <p>Processes for ensuring risks are identified, consistently reviewed, scored, recorded and monitored across the organisation require enhancement. We identified that the Strategic and Operational Risk Register had not been consistently completed at the time of the review e.g. assurances in place, gaps in control/assurances and action plans. In addition, progress updates had not been provided for the majority of risks (this was also found to be the case for the risks included within the Strategic Risk Register).</p> <p>Governance arrangements for the reporting of assurance against delegated risks by the Fire Authority are not clearly outlined in the Risk Management Strategy. In addition, processes for regular reporting to the Fire Authority in relation to the risk management processes require clarification.</p>			
Key Areas Agreed for Action	<ul style="list-style-type: none"> The risk register should be fully completed and should be used as an active “live” document. It is imperative that all fields within the risk register are fully completed and reflect current status in relation to progress updates. It is also recommended that each action should have an allocated 			

deadline date. The risk register should be updated to reflect the agreed risk appetite for each risk. In addition, the risk register should be reflective of regular risk reviews and progress updates should be recorded to mitigate the identified risks. Compliance of regular risk reviews by the Risk Owners should be monitored by SRC. Any issues in relation to non-compliance including overdue progress updates of risks should be escalated to SLT. A review of Departmental risks should be undertaken on a routine basis as part of 1 to 1 meetings between SLT and the Risk Owners. Evidence of this review should be maintained. (High Risk)

- SRC - The meeting notes should reflect the discussions held to confirm that risks are appropriately challenged and scrutinised. It should be highlighted within the meeting notes where risk registers are not fully completed and where there are gaps in relation to progress updates.

SLT - The Service should ensure that SLT meeting minutes reflect escalation of issues raised by SRC e.g. risks where progress updates and actions taken to address risks have not been provided. The minutes should sufficiently detail action points for individual risk owners in maintaining their risk registers. Risk owners should be held to account for their areas of risk. The Service should consider that the SRC is chaired by a member of SLT.

FRA - Assurance should be provided to the Fire Authority in relation to risk management on a routine basis. (Medium Risk)

- The Service should ensure that the Training Needs Analysis (TNA) has been included in the Risk Management Strategy. The arrangements for monitoring compliance of training should also be agreed (for all levels). (Medium Risk)
- The Risk Management Strategy should be enhanced to include training requirements and Executive responsibility for risk. (Low Risk)

Appendix D: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	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 aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	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 system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function or process objectives; has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

Limitations

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regards to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

Responsibility for a sound system of internal controls and the prevention and detection of fraud and other irregularities rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify all circumstances of fraud or irregularity. Effective and timely implementation of our recommendations by management is important for the maintenance of a reliable internal control system.

Reports prepared by MIAA are prepared for your sole use and no responsibility is taken by MIAA or the auditors to any director or officer in their individual capacity. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose and a person who is not a party to the agreement for the provision of Internal Audit and shall not have any rights under the Contracts (Rights of Third Parties) Act 1999.

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Recommendations Follow Up Assignment Report 2026/27

North Wales Fire & Rescue Service

June 2026

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MIAA would like to thank all staff for their co-operation and assistance in completing this review.

This report has been prepared as commissioned by the organisation and is for your sole use. If you have any queries regarding this review, please contact the Engagement Manager. To discuss any other issues then please contact the Director.

1 Executive Summary

A key part of the work undertaken by MIAA as your internal auditors involves us making recommendations to improve and strengthen governance, risk management and controls to support the organisation in achieving its objectives. To verify that the benefits of the recommendations are achieved, it is necessary to subsequently follow up on implementation of agreed actions, in order to fully assess:

- Whether implementation has occurred or been superseded by further events; and
- Whether the actions have produced the intended effect.

Follow-up is, therefore, a vital aspect of the internal audit process and it is our policy, in accordance with the Internal Audit plan, to revisit previous assignments.

The table overleaf sets out the areas and recommendations which have been reviewed this time and the level of progress which has been made. Our review confirms that good progress has been made in implementing recommendations.

2 Summary of Findings

The table below sets out the areas and recommendations which have been reviewed this time and the level of progress which has been made.

Audit Report	Total No. of Recs to be followed up	Implemented	Partial				Not Implemented				Superseded/ Not Accepted				Not yet Followed Up				Comments	
			C	H	M	L	C	H	M	L	C	H	M	L	C	H	M	L		
2023/24																				
Cyber Organisational Controls Review	6	-	-	1	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6 recommendations have been partially implemented in relation to the following actions: <ul style="list-style-type: none"> Incident management and response and threat reporting (High) Embedding cyber security, developing a positive cyber security culture and growing cyber expertise (Medium) Third party/partner management (Medium) Identifying cyber assets (Medium) Cyber security regime (Medium) Cyber security measures (Medium)

Audit Report	Total No. of Recs to be followed up	Implemented	Partial				Not Implemented				Superseded/ Not Accepted				Not yet Followed Up				Comments
			C	H	M	L	C	H	M	L	C	H	M	L	C	H	M	L	
																			Revised implementation dates – End of September 2026 Responsible Officer – Head of ICT
2024/25																			
Procurement	3	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	All recommendations have now been implemented.
Key Financial Transactional Processing Controls	6	4	-	-	-	-	-	-	-	-	-	1	1	-	-	-	-	-	4 recommendations have now been implemented. 2 recommendations in relation to Supplier verification and Anti-fraud guidance and Standing Operating Procedures have been superseded by the Key Financial Transactional Processing Controls review undertaken in 2025/26.
Training Strategy Implementation Plan	4	3	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1 recommendation has been partially implemented in relation to the following action: <ul style="list-style-type: none"> Reporting Arrangements (Medium) Revised implementation dates – July 2026

Audit Report	Total No. of Recs to be followed up	Implemented	Partial				Not Implemented				Superseded/ Not Accepted				Not yet Followed Up				Comments
			C	H	M	L	C	H	M	L	C	H	M	L	C	H	M	L	
																			Responsible Officer – Head of Training and Development
Risk Management	5	3	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	3 recommendations have now been implemented. 2 recommendations have been superseded by the Risk Management Core Controls review 2025/26.
2025/26																			
Equipment Asset Management	8	2	-	-	4	1	-	-	-	-	-	-	-	-	-	1	-	-	2 recommendations have now been implemented. 5 recommendations have been partially implemented in relation to the following actions: <ul style="list-style-type: none"> • Lifecycle and Replacement Monitoring (Medium); • Governance Reporting (Medium); • Policies, Procedures and Strategy (Medium); • Training (Medium); • Repairs and Disposals (Low).

Audit Report	Total No. of Recs to be followed up	Implemented	Partial				Not Implemented				Superseded/ Not Accepted				Not yet Followed Up				Comments
			C	H	M	L	C	H	M	L	C	H	M	L	C	H	M	L	
																			Revised implementation dates – April 2027 Responsible Officer – Area Manager Technical Operations and Fleet The implementation due date for 1 recommendation (high risk) in relation to Asset Tracking System has not yet passed (April 2027).
Business Planning	5	2	-	-	1	-	-	-	-	-	-	-	-	-	-	-	2	-	2 recommendations have now been implemented. 1 recommendation has been partially implemented in relation to the following action: <ul style="list-style-type: none"> Completion of Business Plans (Medium) Revised implementation dates – November 2026 Responsible Officer – Head of Finance and Procurement The implementation due date for 2 recommendations (medium risk) in relation post evaluation implementation and staff personal objectives have not yet passed

Audit Report	Total No. of Recs to be followed up	Implemented	Partial				Not Implemented				Superseded/ Not Accepted				Not yet Followed Up				Comments
			C	H	M	L	C	H	M	L	C	H	M	L	C	H	M	L	
																			(November 2026 (1) and May 2026 (2)).
Key Financial Transactional Processing Controls	4	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	3 recommendations have now been implemented. The implementation due date for 1 recommendation (low risk) in relation Standard Operating Procedures (SOPs) has not yet passed (September 2026).
Risk Management Core Controls	4	-	-	-	-	-	-	-	-	-	-	-	-	-	1	2	1	All implementation due dates have not yet passed (September 2026).	
TOTAL	45	20	-	1	11	1	-	-	-	-	-	2	1	1	-	2	4	2	

Appendix A: Assurance Definitions and Risk Classifications

Level of Assurance	Description
High	There is a strong system of internal control which has been effectively designed to meet the system objectives, and that controls are consistently applied in all areas reviewed.
Substantial	There is a good system of internal control designed to meet the system objectives, and that controls are generally being applied consistently.
Moderate	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 aspects of the system objectives at risk.
Limited	There is a compromised system of internal control as weaknesses in the design and/or inconsistent application of controls puts the achievement of the system objectives at risk.
No	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 system objectives.

Risk Rating	Assessment Rationale
Critical	Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to: <ul style="list-style-type: none"> the efficient and effective use of resources the safeguarding of assets the preparation of reliable financial and operational information compliance with laws and regulations.
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.
Medium	Control weakness that: <ul style="list-style-type: none"> has a low impact on the achievement of the key system, function or process objectives; has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.

Appendix B: Report Distribution


Name	Title
Helen MacArthur	Assistant Chief Fire Officer
Audit Committee	

Limitations

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Global Internal Audit Standards (UK Public Sector)

Our work was completed in accordance with *Global Internal Audit Standards (UK public sector)*.

Report to	Audit Committee	
Date	15 June 2026	
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer	
Contact Officer	Elgan Roberts, Head of Finance and Procurement	
Subject	Treasury Management Outturn Report 2025/26	

PURPOSE OF REPORT

- 1 The purpose of this report is to provide Members of the North Wales Fire and Rescue Authority (the Authority) with an update on the treasury management activity and compliance with the treasury management prudential indicators for the period 1 April 2025 – 31 March 2026.

EXECUTIVE SUMMARY

- 2 In December 2003, the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice (2021)* (the CIPFA Code) which requires the Authority to approve, as a minimum, treasury management semi-annual and annual outturn reports.
- 3 The CIPFA Code also included a new requirement for quarterly reporting of the treasury management indicators from April 2023. The non-treasury prudential indicators are incorporated in the Authority's normal revenue and capital monitoring report.
- 4 The Authority's treasury management strategy for 2025/26 was approved at a meeting on 28 April 2025. As the Authority borrows and invests significant sums of money there are financial risks that need to be considered, including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.
- 5 During the year, the Authority's borrowing and investments remained well within the limits originally set. There were no new defaults by banks in which the Authority deposited money.

RECOMMENDATIONS

- 6 Members are asked to:
 - i) **Note the treasury management activities and prudential indicators for the period 1 April 2025 to 31 March 2026.**

EXTERNAL CONTEXT

- 7 The financial year was characterised by heightened global uncertainty, primarily driven by the introduction of US trade tariffs “Liberation Day” in April 2025 and the outbreak of conflict between the US/Israel and Iran in February 2026. Initial market reactions to the tariffs were negative; however, conditions stabilised in the following months with improvements in equity markets and some easing in bond yields. In the UK, this stability was tempered by ongoing concerns regarding the economic outlook and the government’s fiscal position, leading to increased gilt yields as investors sought higher returns.
- 8 The UK Autumn Budget was less expansive than anticipated, which provided some reassurance to markets. This contributed to a period of falling gilt yields, moderating inflation, and increased expectations of Bank of England (BoE) interest rate reductions. Prior to the escalation of geopolitical tensions, inflation had been on a downward path, with CPI at 3% in February 2026. However, the conflict significantly disrupted this trend, driving increases in oil and commodity prices and creating renewed uncertainty around the inflation outlook.
- 9 Economic growth in the UK remained weak throughout the period, with only marginal quarterly increases and no growth recorded in January 2026. Labour market conditions showed signs of softness, with a slight rise in unemployment and stable employment levels. While inflationary pressures are expected to increase in the short term, subdued labour market conditions are likely to limit wage growth, reducing the risk of sustained inflationary pressures from earnings.
- 10 Monetary policy became increasingly uncertain as the year progressed. The BoE maintained Bank Rate at 3.75% following earlier reductions, with policy direction dependent on the evolving balance between inflation and growth risks. Global central banks adopted similarly cautious approaches: the US Federal Reserve paused rate changes after earlier reductions, while signaling possible future cuts, and the European Central Bank held rates while revising its outlook to reflect higher inflation risks and weaker growth prospects. Current expectations suggest interest rates may remain stable in the short term, with potential upward or downward adjustments depending on economic developments.

- 11 Financial markets remained volatile throughout the year. Following an initial recovery from tariff-related declines, equity markets fell sharply towards year-end due to the geopolitical conflict, with UK indices declining significantly. Bond yields experienced notable fluctuations, and while credit conditions tightened during periods of stress, key indicators remained within acceptable limits. Ongoing volatility is expected, and credit risk will continue to be closely monitored in line with treasury management practices.

LOCAL CONTEXT

- 12 On 31 March 2026, the Authority had net borrowing of £15.76m arising from capital expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while balance sheet resources are the underlying resources available for investment. These factors are summarised in [Table 1](#) below.

Table 1: Balance Sheet Summary

	31.03.25 Actual £m	31.03.26 Actual £m
General Fund CFR	31.01	26.86
External borrowing	-19.07	-15.76
Internal borrowing	11.94	11.10
Less: Balance sheet resources	-14.46	-14.46
Less: New Investments	2.52	3.36
New borrowing	0.00	0.00

- 13 Table 1 confirms that the Authority's net borrowings were below the Capital Financing Requirement (CFR). The treasury management position at 31 March and the change during the year is shown in [Table 2](#) below.

Table 2: Treasury Management Summary

	31.3.25 Balance	Movement	31.03.26 Balance	31.03.26 Rate
	£m	£m	£m	%
Long-term borrowing	8.46	3.22	11.68	2.81 - 4.80
Short-term borrowing	10.61	-6.53	4.08	2.81 - 6.35
Total borrowing	19.07	-3.31	15.76	
Short-term investments	0.00	0.00	0.00	
Cash and cash equivalents	-2.52	-1.10	-3.62	3.00 - 3.51
Total investments	-2.52	-1.10	-3.62	
Net borrowing	16.55	-4.41	12.14	

BORROWING STRATEGY AND ACTIVITY

- 14 As outlined in the treasury strategy, the Authority's main objective when borrowing has been to adopt a low-risk strategy balancing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.
- 15 The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.72% at the end. The lowest available 10-year maturity certainty rate was 5.13% and the highest was 5.88%. Rates for 20-year maturity loans ranged from 5.71% to 6.37% during the period, and 50-year maturity loans from 5.46% to 6.24%. The cost of short-term borrowing from other local authorities has been similar to or a little above Base Rate for most of the period, with interest rates between 4.0% and 4.5%. However, as is commonly seen, rates rose higher towards the end of the financial year, with rates of 5.0% - 7.0% being seen.
- 16 CIPFA's 2021 Prudential Code outlines that local authorities must not borrow to invest with the primary objective being financial return. It is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement requiring new borrowing, unless directly and primarily related to the functions of the Authority.
- 17 The Authority has not invested in assets for financial return and all expenditure is related to the discharge of the Authority's functions.
- 18 As of 31st March 2026, the Authority held £15.76m of loans, a decrease of £3.31m compared to 31st March 2025. A summary of outstanding loans as of 31st March is provided in [Table 3A](#) below.

Table 3A: Borrowing Position

	31.3.25 Balance £m	Net Movement £m	31.03.26 Balance £m	31.03.26 Weighted Average Rate %	31.03.26 Weighted Average Maturity (years)
Public Works Loan Board	14.073	-0.317	13.756	4.110	7.840
Local authorities (short-term)	5.00	-3.00	2.000	6.350	0.067
Total borrowing	19.07	-3.317	15.756		

- 19 The Authority took out two short term local authority loans, £5M in December 24 which was repaid in August 25 and £2M in March 26 repayable in April 26. It took out further loans with the PWLB, £2M in August 25 repayable by 2030, £1M in October 25 repayable by 2035, £1M in January 26 repayable 2033 and £1.5m in March 26 repayable 2038. All other short-term loans are held with the PWLB. Further borrowing will be required in the year 2026/27.

Table 3B: Long-dated Loans borrowed

	Amount £m	Rate %	Period (Years)
PWLB Maturity Loan	2.00	4.80	27
PWLB EIP Loan	0.55	3.09	12
PWLB EIP Loan	3.89	3.91	15
PWLB EIP Loan	0.90	4.80	10
PWLB EIP Loan	0.86	4.58	7
PWLB EIP Loan	1.38	4.80	12
PWLB EIP Loan	0.30	2.81	2
PWLB EIP Loan	0.40	4.31	3
PWLB EIP Loan	1.40	4.61	4
Total borrowing	11.68		

- 20 The Authority's borrowing decisions are not predicated on any one outcome for interest rates and seeks to maintain a balanced portfolio of short- and long-term borrowing.

TREASURY MANAGEMENT INVESTMENT ACTIVITY

- 21 The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
- 22 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority's investment balances ranged between £0.63m and £13.73m. The investment position is shown in [Table 4](#) below.

Table 4: Treasury Investment Position

	31.3.25		31.03.26	31.03.26	31.03.26
	Balance	Net Movement	Balance	Income Return	Weighted Average Maturity
	£m	£m	£m	%	days
Banks & building societies	2.52	1.10	3.62	3.00-3.51	On call
Fixed Term					
Central Government					
Total investments	2.52	1.10	3.62		

- 23 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 24 As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term borrower, and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments.
- 25 Bank Rate reduced from 4.5% to 4.25% in May, followed by a further reduction to 4.00% in August 2025 and to 3.75% in December 2025. Short term interest rates have largely followed these levels. The rates on DMADF deposits ranged between 3.95% and 3.70% and money market rates between 3.51% and 4.34%.

COMPLIANCE

- 26 All treasury management activities undertaken during the year complied with the principles in the Treasury Management Code and the Authority's approved Treasury Management Strategy. North Wales Fire and Rescue Service (the Service) hold two call accounts that are used to place short term deposits, with Lloyds Bank and Barclays Bank. The interest rates being offered on treasury deposits tend to be more favourable; however, deposits were held with Lloyd and Barclays during the period due to the liquidity requirement for purchasing the land for the new training centre.
- 27 The authority also utilises its Debt Management Office (DMO) account, as the Treasury Management Strategy allows for unlimited funds to be placed with the DMO.
- 28 Compliance with specific investment limits is demonstrated in [Table 5](#) below.

Table 5: Investment Limits

Institution	Description	Limit	30.09.25 Actual	Complied? Yes/No
Banks	All UK banks and their subsidiaries that have good ratings (Fitch or equivalent). This is currently defined as long term (BBB)	£5m	£3.62m	yes
Central Government	Debt Management Office (DMO)	Unlimited	0	yes
Money Market Funds (MMF)	Only in conjunction with advice for Arlingclose	£1m per fund	0	yes
Local Authorities	All except those subject to limitation of council tax and precepts under Part 1 of the Local Government Finance Act 1992	£2m	0	yes
Building Societies	Building societies with a rating (as for the banking sector)	£2m	0	yes
Building Societies (Assets £1bn)	Building societies without a rating but with assets of £1billion or more	£2m/9 months	0	yes

- 29 Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in [Table 6](#) below.

Table 6: Debt and the Authorised Limit and Operational Boundary

	31.03.26 Actual £m	2025/26 Operational Boundary £m	2025/26 Authorised Limit £m	Complied?
Borrowing	15.756	28.99	30.99	Yes
Total debt	15.756	28.99	30.99	

- 30 Since the operational boundary is a management tool for in-year monitoring there may be occasions when actual borrowing exceeds this target. This may be due to variations in cash flow and short-term breaches would not count as a compliance failure.

TREASURY MANAGEMENT PRUDENTIAL INDICATORS

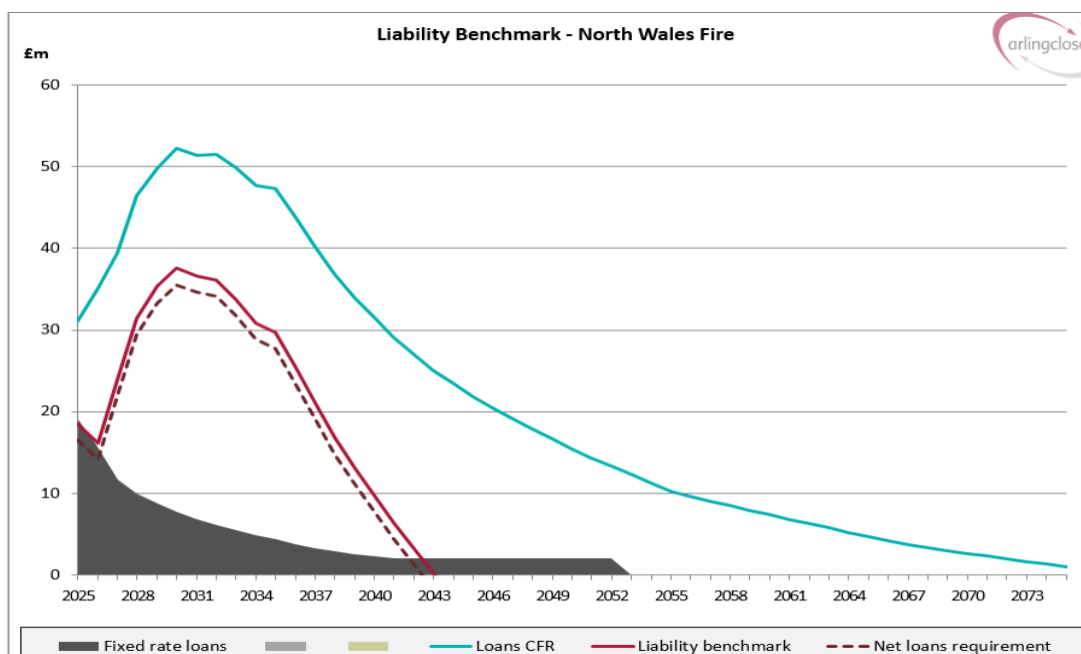
- 31 As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

Liability Benchmark

- 32 This new indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Authority is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making.
- 33 The indicator represents an estimate of the cumulative amount of external borrowing the Authority must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £2.0m required to manage day-to-day cash flow.

	31.03.25 Actual £m	31.03.26 Actual £m	31.03.27 Forecast £m	31.03.28 Forecast £m
Loans CFR	31.01	26.86	39.50	46.40
Less: Balance sheet resources	-14.46	-14.46	-17.50	-17.00
Net loans requirement	16.55	12.40	22.00	29.40
Plus: Liquidity allowance	2.00	2.00	2.00	2.00
Liability benchmark	18.55	14.40	24.00	31.40
Existing borrowing	-19.07	-15.76	-11.70	-9.90

- 34 Following on from the medium-term forecast above, the long-term liability benchmark assumes cumulative capital expenditure funded by borrowing of £22.0m in 2026/27, £29.4m in 2027/28 and £33.3m in 2028/29. Minimum revenue provision on new capital expenditure based on the asset life for the class of asset and income, expenditure and reserves all increasing by inflation of 2.5% a year. This is shown in the [chart below](#) together with the maturity profile of the Authority's existing borrowing.



- 35 The graph shows that the Authority is expecting to need to borrow in future years. The Authority will always have a borrowing requirement as it does not hold significant cash or reserves and only has limited access to capital grant funding.
- 36 The blue line represents the need to fund capital expenditure through borrowing (the Capital Financing Requirement or CFR). The red lines represent the need to fund capital expenditure through borrowing once reserves and working capital surplus' (or deficits) have been taken into account – this is actually the real need to borrow which CIPFA have defined as being the Liability Benchmark. The dashed red line represents the position at year end and the solid line represents the average mid-year position. The grey shaded areas show actual loans. When the grey area falls below the red lines this infers a borrowing need.

Maturity Structure of Borrowing

- 37 This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	31.03.26 Actual	Actual Limit	Upper Limit	Lower Limit	Complied Y/N
<12 months	2.0	12.69%	60.00%	0.00%	Y
12 months and <24 months	1.7	10.79%	45.00%	0.00%	Y
24 months and < 5 years	1.80	11.42%	45.00%	0.00%	Y
5 years and <10 years	2.00	12.69%	75.00%	0.00%	Y
>10 years	8.26	52.41%	100.00%	0.00%	Y

- 38 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Long-term Treasury Management Investments

- 39 The Authority does not hold any long-term treasury investments.

Proportion of Financing Costs to Net Revenue Stream

- 40 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and Minimum Revenue Provision are charged to revenue.
- 41 The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

	2024/25 actual	2025/26 actual	2026/27 budget	2027/28 budget
Financing costs (£m)	3.189	4.407	4.501	5.200
Proportion of net revenue stream	6.48%	9.36%	8.16%	9.2%

IMPLICATIONS

Wellbeing Objectives	Effective treasury management underpins the Authority's long-term well-being objectives by ensuring that capital investment in stations, fleet and training infrastructure is affordable, prudent and sustainable. Maintaining compliance with the CIPFA Treasury Management Code supports financial resilience, enabling the Authority to continue delivering emergency response and prevention services over the medium and long term.
Budget	Effective treasury management underpins the Authority's long-term well-being objectives by ensuring that capital investment in stations, fleet and training infrastructure is affordable, prudent and sustainable. Maintaining compliance with the CIPFA Treasury Management Code supports financial resilience, enabling the Authority to continue delivering emergency response and prevention services over the medium and long term.
Legal	All borrowing and investment activity complied with the statutory framework and the requirements of the CIPFA Treasury Management Code and Prudential Code.
Staffing	No direct staffing implications arising from this report.
Equalities/Human Rights/Welsh Language	There are no direct equalities, human rights or Welsh language implications arising from this report.
Risks	The principal risks relate to interest rate volatility, future borrowing requirements, and the security of invested funds. These risks are mitigated through adherence to approved investment limits, a cautious approach prioritising security and liquidity, and regular monitoring of counterparties and market conditions. The liability benchmark confirms that the Authority is a long-term borrower, reinforcing the importance of continued active treasury management and member oversight.

Report to	Audit Committee
Date	15 June 2026
Lead Officer	Helen MacArthur, Assistant Chief Fire Officer, Finance and Resources
Contact Officer	Carwyn Rees, Audit Wales
Subject	Audit Wales Audit Plan 2026



PURPOSE OF REPORT

- 1 The purpose of this report is to confirm the 2026 Audit Plan which details the audit approach and work to be undertaken by Audit Wales as North Wales Fire and Rescue Authority (the Authority)'s statutory auditors.

EXECUTIVE SUMMARY

- 2 Audit Wales is the statutory auditor for the Authority, and its work covers the financial statements, the Local Government (Wales) Measure 2009 and the sustainable development principle arising from the Authority's wellbeing objectives.
- 3 The audit plan for 2026 is contained within appendix 1 and confirms the auditor's responsibilities and proposed approach.

RECOMMENDATIONS

- 4 It is recommended that Members:
 - i) **Note the scope of the work undertaken by Audit Wales.**

IMPLICATIONS

Wellbeing Objectives	The audit plan considers the arrangements for delivering the sustainable development principle contained within the Authority's well-being objectives
Budget	The consideration of the Authority's arrangements for value for money is contained within the audit plan
Legal	The external audit of the Authority's financial statements is a requirement of the Accounts and Audit (Wales) 2014 Regulations
Staffing	Not directly applicable
Equalities/ Human Rights/ Welsh Language	The performance audit work will consider a range of measures including compliance with equality and Welsh language duties where applicable.
Risks	The work of Audit Wales will be planned around known risks.

North Wales Fire & Rescue Authority – Audit Plan 2026

Date issued: June 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



Adrian Crompton

Auditor General
for Wales

I am pleased to share my 2026 Audit Plan. The Plan sets out how I will undertake your audit.

My audit team has developed the Plan following a structured and risk-based planning process, which will remain ongoing throughout the audit. My [Code of Audit Practice](#) provides further detail on how my audit and certain other functions are to be carried out by my auditors.

At the core of all our work is our commitment to maintaining the highest standards of professional integrity, objectivity, independence and audit quality. Our three lines of assurance model (page 21) sets out how we will ensure those standards of quality are met. Our latest [annual quality report](#), provides more information about our audit quality arrangements.




My audit team will work constructively with your staff to understand the issues you are facing, ensure the audit process operates as smoothly as possible, and provide valuable insights about any areas for improvement.

My local performance audit work programme, as outlined in this Plan, sits alongside other [national audit work](#) that may include coverage of your organisation. Local performance audit work may also inform wider national reporting.





Should you have any questions about your audit my audit team will be happy to discuss them with you. They will also keep you regularly updated as work progresses.

Our aims and ambitions


Our purpose

-  Assure people that public money is being managed well
-  Explain how that money is being spent
-  Inspire the public sector to improve

Our vision

-  Fully exploiting our unique perspective, expertise and depth of insight
-  Strengthening our position as an authoritative, trusted and independent voice
-  Increasing our visibility, influence, and relevance
-  Being a model organisation for the public sector in Wales and beyond

Our areas of focus

-  A strategic, dynamic, and high-quality audit programme
-  A targeted and impactful approach to communications and influencing
-  A culture and operating model that enables us to thrive

You can find out more about Audit Wales in our [Annual Plan 2025-26](#) and [Our Strategy 2022-27](#).

Financial audit work

Audit of financial statements

I am required to issue a report on your financial statements (and the Firefighters Pension Fund) which includes an opinion on their ‘truth and fairness’ and their proper preparation in accordance with accounting standards and legal requirements.

I will also report by exception on a number of matters which are set out in more detail in our [Statement of Responsibilities](#).

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).

There have been no limitations imposed on me in planning the scope of this audit.

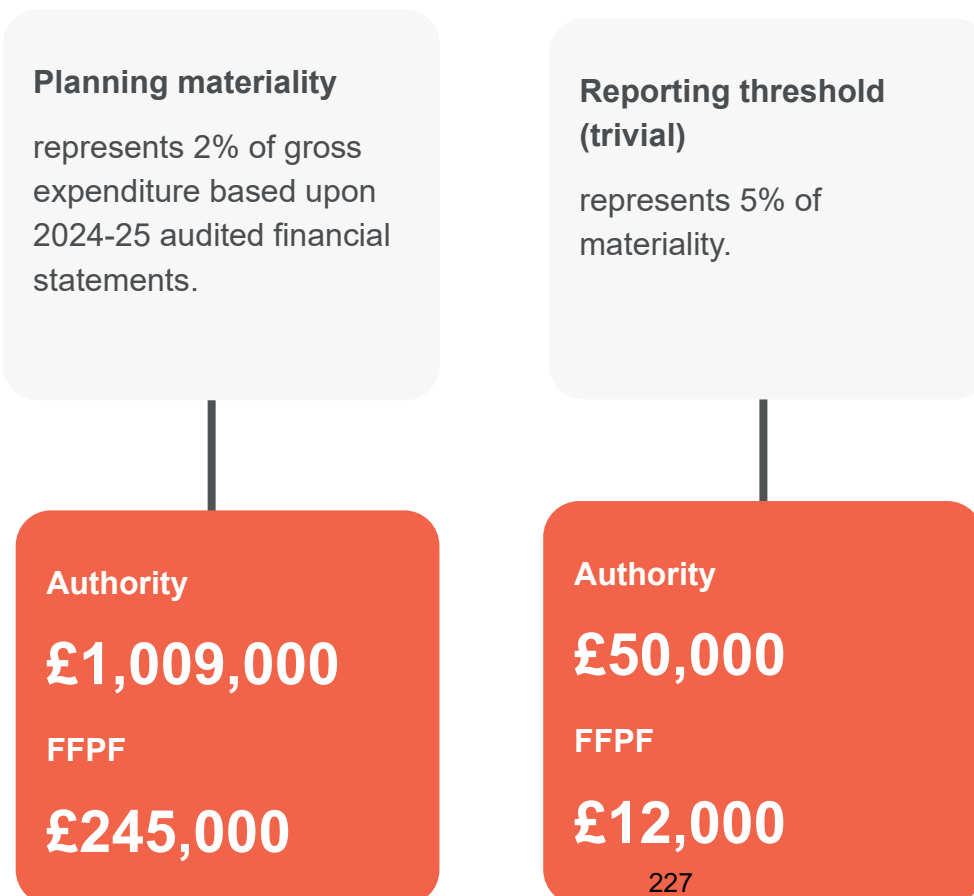
Financial statements materiality

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 and correct material misstatements, that is, those that might result in a reader of the accounts being misled. Materiality applies not only to financial misstatements, but also to disclosure requirements and adherence to the applicable accounting framework and law.

I set planning materiality to:

- Determine the level of misstatement that could cause the user of the accounts to be misled;
- Assist in the scoping of our audit approach and resultant audit tests;
- Determine sample sizes;
- Assess the effect of known and likely misstatements in the financial statements; and
- Report to those charged with governance any unadjusted misstatements above a trivial level, our reporting threshold.

The levels at which I judge such misstatements to be material is set out below.



There are some areas of the accounts that may be of more importance to the user of the accounts, and we have set a lower materiality level for these:

Senior officer remuneration £1,000	Related party disclosures (relating to individuals) £10,000
--	---

My audit team will assess materiality levels throughout the audit.

Significant financial statements risks

Significant risks are identified risks of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum of inherent risk or those which are to be treated as a significant risk in accordance with the requirements of other International Standard on Auditing (ISAs). The ISAs require us to focus more attention on these significant risks.

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].

Our planned response

My audit team will:

- test the appropriateness of journal entries and other adjustments made in preparing the financial statements;
- review accounting estimates for bias; and
- evaluate the rationale for any significant transactions outside the normal course of business

Other areas of focus

I set out below other identified risks of material misstatement which, although not determined to be significant risks as above, I would like to bring to your attention.

Valuation of pension fund net liability/surplus

The Local Government Pension scheme (LGPS) and Firefighters Pension Fund pension fund liability as reflected in the financial statements are material estimates.

The nature of this estimate means that it is subject to a high degree of estimation uncertainty as it is sensitive to small adjustments in the assumptions used in its calculation.

The impact of economic conditions, particularly interest rate levels also has a significant impact on the liability (at 31 March 2025 for example, the liability was in fact a surplus, primarily due to higher interest rates).

A triennial valuation of the scheme has been undertaken as at 31 March 2025, which may impact upon balances and disclosures in the Authority's financial statements in the 2025-26 financial year.

There are also several legal cases potentially impacting on the valuation of the net liability.

There is a risk therefore that the liability/surplus is materially misstated.

Our planned response

My audit team will:

- evaluate the instructions issued by management to their management experts (actuary) for this estimate and the scope of the actuary's work;
- assess the competence, capabilities and objectivity of the actuary who carried out the valuations;
- assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability;
- test the accuracy of the pension fund net liability and disclosures in the financial statements with the actuarial report from the actuary;

- assess the reasonableness of the assumptions made by the actuary by reviewing the report of the consulting actuary (auditor's expert) and undertaking any additional procedures required;
- undertake a programme of work to provide assurance over the data used by the actuary to undertake the triennial valuation; and
- assess whether any legal cases could have a material impact on the net liability, and if so, confirm that this has been appropriately recognised and disclosed within the financial statements.

Valuation of land and buildings

The value of land and buildings reflected in the balance sheet and notes to the accounts are material estimates.

Land and buildings are required to be held on a valuation basis which is dependent on the nature and use of the assets. This estimate is subject to a high degree of subjectivity, depending on the specialist and management assumptions, and changes in these can result in material changes to valuations.

Assets are required to be revalued every five years, and for the 2025-26 financial year CIPFA have introduced new requirements for the subsequent measurement of assets, including the application of indexation. This will introduce additional judgements and calculations for finance teams to undertake.

My audit team will:

- review the information provided to the valuer to assess for completeness
- evaluate the competence, capabilities and objectivity of the professional valuer
- test a sample of assets revalued in the year to ensure the valuation basis, key data and assumptions used in the valuation process are reasonable, and the revaluations have been correctly reflected in the financial statements;
- review the approach taken to the application of indexation to ensure that it complies with the relevant standards and results in a reasonable estimate; and

- test the reconciliation between the financial ledger and the asset register.

Senior officer remuneration

There have been several appointments to senior posts during 2025-26.

There is a risk that these are not appropriately disclosed in the financial statements as remuneration paid to senior officers continues to be of high interest and is material by nature.

Our planned response

My audit team will:

- understand the movements in the senior management team during 2025-26;
- ensure that remuneration disclosed is consistent with supporting evidence;
- ensure that amounts paid are consistent with those approved by the Authority; and
- ensure that disclosures are complete based on the team's knowledge and are prepared in accordance with requirements.

Related party disclosures

The financial statements must disclose any related party relationships along with the transactions and balances between the Authority and the other body/party.

The Authority has many relationships that could be considered a related party. Many are well known for example, Welsh Government as funder.

However, where related party relationships arise via individual officer or member relationships, there is likely to be less transparency regarding these relationships. These transactions are of high interest and are considered to be material by their nature

There is a risk of material misstatement due to incomplete or inaccurate disclosures, even where these are of relatively low value.

Our planned response

My audit team will:

- review the Authority’s process for identifying related party relationships and associated transactions and balances;
- undertake procedures to confirm the completeness of related party relationships; and
- ensure disclosures are complete, accurate, consistent with evidence and are in accordance with the Local Government Code.

Financial statements audit timetable

Below is a timetable showing the key stages of the audit and our key audit deliverables that we will provide to you.

Exhibit 1: Financial statements audit timetable

Planning	<ul style="list-style-type: none"> Planning meeting High level risk assessment procedures Fraud risk assessment Accounting estimates planning IT environment risk assessment Indicative audit fee Draft Audit Plan
April 2026	
Interim	<ul style="list-style-type: none"> Information flows Detailed risk assessment procedures IT controls review Develop testing strategy Early sample testing
April to June 2026	
Fieldwork	<ul style="list-style-type: none"> Update risk assessment Audit of financial statements to include narrative report and annual governance statement Complete audit testing Evaluate audit findings Audit closure meeting
June to July 2026	
Reporting	<ul style="list-style-type: none"> Audit of Accounts Report Recommendations for improvement Present findings to those charged with governance Auditor General certification Annual Audit Summary Post project learning
July - December 2026	








Performance audit work

Proper arrangements

As set out in the Code of Audit Practice, I must satisfy myself that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources ('value for money'), and conclude accordingly.

I do this by undertaking an appropriate programme of performance audit work each year. I base my work programme on an assessment of risks of the Authority and the wider Local Government sector in Wales not having the proper arrangements in place, with the work typically focusing on the areas of greatest risk.

In designing the programme, my auditors must have considered corporate and service level arrangements, including:

-  Strategic planning
-  Financial planning
-  Performance and risk management
-  Workforce planning
-  Asset management
-  Collaborative working
-  Overall governance.

My auditors will also have taken account of relevant work that is being undertaken or planned by other audit, regulatory and inspection bodies at the Authority.

I conduct my performance audit work using the ISSAI 3000 standard developed by the International Organisation of Supreme Audit Institutions (INTOSAI). INTOSAI is a global umbrella organisation for the performance audit community. It is a non-governmental organisation with special

consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

Well-being of future generations

Section 15 of the Well-being of Future Generations (Wales) Act 2015 (the Act) requires me to carry out examinations of public bodies for the purposes of assessing the extent to which a body has acted in accordance with the sustainable development principle when setting well-being objectives and taking steps to meet those objectives.

The **Sustainable development principle** is defined as acting in a manner...

...which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.'

To do this, they must take account of the '**five ways of working**'.



Long-term



Prevention



Integration



Collaboration



Involvement

I must carry out these examinations at each public body covered by the Act at least once during a specified period.

These could be stand-alone examinations as part of my performance audit programme. However, where relevant and appropriate to do so, my auditors will integrate the work required into other planned performance audit work for the Authority. My auditors will continue to engage closely with the Office of the Future Generations Commissioner for Wales to help coordinate our respective activities.

Local Government Measure 2009

Under the Local Government (Wales) Measure 2009, I must also satisfy myself that the Authority has put in place arrangements to make continuous improvements, including related plans and reports and to assess whether the Authority is likely to (or has) met these requirements.

Planned performance audit work

I set out below details of my performance audit work to satisfy my duties for 2026-27.

On-call firefighter availability

Most of the Authority's fire stations are crewed by on-call firefighters. This means that this provision is a key part of how the Authority protects the community and discharges its legal duties. Ensuring that there is sufficient availability is critical and is a key corporate risk area. Failing to ensure sufficient provision risks the effectiveness of the service's provision and therefore increases the risk that proper arrangements for securing value for money are not in place.

This project will review the arrangements the Authority has put in place to ensure the availability of on-call firefighters. This will include the steps the Authority has taken to ensure availability, as well as the recruitment and retention of on-call firefighters.

Timing of Performance Audit Work

My team will work with officers in the Authority to arrange exact timescales for the individual projects and will be communicated regularly through our work programme and timetable and subsequent mid-year update. My auditors aim to substantially complete the performance audit work set out in this plan by the end of June 2027.

Other statutory audit functions

In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. The Public Audit (Wales) Act 2004 sets out these responsibilities:

- Section 30 Inspection of documents and questions at audit; and
- Section 31 Right to make objections at audit.

As this work is reactive, I have made no allowance in the fee below. If I do receive questions and objections, my auditors will discuss the potential impact on audit fees with the Head of Finance and Procurement.

Audit fee

In January 2026 we published our [2026-27 Fee Scheme](#) following approval by the Senedd Finance Committee which details the average increase to fee rates of 5.3%.

The actual fee that any individual audited body will pay depends not just on our fee rates but on the quantum of work and the skill mix required.

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 my auditors first discussing them with the Assistant Chief Fire Officer. **Exhibit 2** sets out a further breakdown of your estimated audit fee.

I base my audit fee on the following assumptions:

- The agreed audit deliverables set out the expected working paper requirements to support the financial statements and include timescales and responsibilities.
- Officers are available and able to respond to audit queries in a timely manner
- The audit requirements of my individual performance audit projects are met by the audited body, or suitable alternative arrangements are put in place that satisfy the needs of my audit team.
- No matters of significance, other than as summarised in this plan, are identified during the audit.

Exhibit 2: Breakdown of my estimated audit fee for 2026 (and 2025 for comparison)

Estimated fee for 2026 (£)¹

Audit of financial statements ²	Performance audit work ³
£62,997	£18,386
Total fee: £81,383	

Actual fee for 2025 (£)

Audit of financial statements	Performance audit work
£60,442.	£TBC ⁴
Total fee: £TBC	

¹ The fees shown in this document are exclusive of VAT.

² Payable November 2025 to October 2026

³ Payable April 2026 to March 2027.

⁴ We cannot confirm the final fee until we have finished our work programme.

Audit team

My audit team will continue to work and engage remotely using technology, but some on-site audit work will continue where it is appropriate to do so.

Indeed, my audit team who were onsite during the audit of accounts work last year found the close proximity to officers a more efficient way of working, and officers have fed back positively on their experiences.

Audited bodies have a responsibility to ensure the safety and wellbeing of Audit Wales staff when they are on your premises.

The main members of my team, together with their contact details, are summarised in **Exhibit 3**.

Exhibit 3: My local audit team

Engagement Director	Gary Emery Gary.Emery@audit.wales	
	Financial Audit	Performance Audit
Engagement Lead	Kate Havard kate.havard@audit.wales	Gary Emery Gary.Emery@audit.wales
Audit Manager	Carwyn Rees carwyn.rees@audit.wales	Tim Buckle Timothy.Buckle@audit.wales
Audit lead	Kieran Vickery kieran.vickery@audit.wales	Charles Rigby Charles.Rigby@audit.wales

I can confirm that my team members are all independent of the body and your officers.

Audit quality

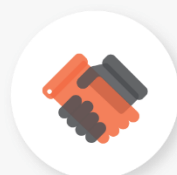
Our commitment to audit quality in Audit Wales is absolute. We believe that audit quality is about getting things right first time.

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 annual [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

Further information

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.



Audit Wales

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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.

