

NORTH WALES AND RESCUE SERVICE FIRE SERVICE

COMMITTEE:	NORTH WALES FIRE AUTHORITY
DATE:	15 DECEMBER 2003
REPORT OF:	TREASURER
SUBJECT:	STATEMENT OF ACCOUNTS 2002-2003

1. INTRODUCTION

Following accounting scandals at companies such as World.Com and Enron auditors across the world have reviewed auditing standards. Of particular relevance for the Authority is the Statement of Auditing Standard 610 – Communications of Audit Matters with those charged with governance (SAS610). SAS610 was originally published in 2001 and was significantly revised in late 2002. It imposes responsibilities upon the Authority’s Auditors (the Audit Commission in Wales), who have decided to fully implement these responsibilities for the 2002-2003 accounts.

In summary, these requirements mean that the Auditors will report to the body charged with corporate governance (for the Fire Service this is the North Wales Fire Authority) the following items:

- Any material weaknesses in the accounting and internal control systems found at the Authority;
- Expected modifications to the Auditors’ report;
- Unadjusted misstatements.

2. REPLY TO THE AUDITORS REPORT

The Audit Commission in Wales as part of their audit on the Statement of Accounts 2002-2003 had some presentational issues with the accounts and required that the officer responsible for the Internal Audit function provide a further comment on the internal financial controls for the year under review.

The presentational issues have now been addressed and the published accounts will contain these amendments.

The following statement has been provided by the Head of Audit and Procurement in reply to the Audit Commission in Wales:

“The purpose of the system of internal control is to provide reasonable assurance that all risks are managed, assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. The effectiveness of the system of internal control is dependent upon :

- Comprehensive budgeting systems;
- Regular reviews of periodic and annual performance reports which include financial performance against the forecast;
- Setting targets to measure financial and other performance;
- Regular reporting of actual performance against targeted performance;
- As appropriate, formal project management disciplines.

In accordance with good practice and consistent with the requirement contained in the Accounts and Audit Regulations 1996, the work undertaken by Internal Audit during 2002-2003 indicates, in my opinion, that the System of Internal Control currently in operation at the Fire Service is sufficiently robust to meet the objectives described above. However, I would add that work to be undertaken in order to develop the Risk Management strategy will further inform the opinion given above.”

3. RECOMMENDATION

- Members are requested to approve the amended Statement of Accounts for 2002-2003**
- Members are requested to note the Statement on the System of Internal Control.**

KW FINCH
Treasurer