

**Due to the current heightened security level in all our premises, Members are reminded to wear their identity badges whilst attending meetings. Any visitors must produce photographic identification at Reception.**

## **SOUTH WALES FIRE & RESCUE AUTHORITY**

**COMMITTEE:** Finance, Audit & Performance Management Committee

**DATE:** **Monday, 8 April 2019 at 10:30 hours**

**VENUE:** South Wales Fire & Rescue Service Headquarters,  
**Room 8**, Forest View Business Park, Llantrisant  
CF72 8LX

### **AGENDA**

1. Apologies for Absence
2. Declarations of Interest

Members of the Fire & Rescue Authority are reminded of their personal responsibility to both verbally and in writing declare any personal and/or prejudicial interests in respect of matters contained in this agenda in accordance with the provisions of the Local Government Act 2000, the Fire & Rescue Authority's Standing Orders and the Members Code of Conduct.

3. Chairperson's Announcements
4. To Receive the Minutes of:

- Finance Asset & Performance Management Scrutiny Group Meeting held on 14 January 2019 5
- Finance Audit & Performance Management Meeting held on 28 January 2019 9

5. Draft Annual Report of the Work of the FAPM Committee and the Discharge of the Terms of Reference of the Finance, Asset & Performance Management Scrutiny Group 15

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20.	To consider any items of business that the Chairperson deems urgent (Part 1 or 2)	231

**At the close of the meeting Members will meet with the Wales Audit Office and Internal Auditors to discuss Service progress**

Signature of Proper Officer:



## MEMBERSHIP

### Councillors:

L	Brown	Monmouthshire
J	Collins	Blaenau Gwent
K	Critchley	Newport
R	Crowley	Vale of Glamorgan
L	Davies	Merthyr Tydfil
S	Ebrahim	Cardiff
S	Evans	Torfaen
A	Hussey	Caerphilly
A	Roberts	Rhondda Cynon Taff
D	White	Bridgend

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**SOUTH WALES FIRE & RESCUE AUTHORITY**

**MINUTES OF THE FINANCE, ASSET & PERFORMANCE  
MANAGEMENT SCRUTINY GROUP MEETING  
HELD ON MONDAY 14 JANUARY 2019 AT  
SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS**

**78. PRESENT:**

**Councillor**

**Left**

K Critchley (Chair)	Newport
S Bradwick	Rhondda Cynon Taff
L Brown	Monmouthshire
L Davies	Merthyr Tydfil
S Evans	Torfaen
J Harries	Rhondda Cynon Taff
A Hussey	Caerphilly
D Naughton	Cardiff
A Roberts	Rhondda Cynon Taff
A Slade	Torfaen
V Smith	Monmouthshire
H Thomas	Newport
J Williams	Cardiff

**APOLOGIES:**

R Crowley	Vale of Glamorgan
R Shaw	Bridgend
S Watkins	Deputy Monitoring Officer

**ABSENT:**

K McCaffer	Vale of Glamorgan
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**OFFICERS PRESENT:-** DCO S Chapman – Monitoring Officer, Mr C Barton – Treasurer, ACFO R Prendergast – Director of Technical Services, Mr G Thomas - Head of Finance & Procurement, Mr C Williams – Head of ICT, AM G Davies – Head of Operational Risk Management, GM H Morse, Mr J Carter – Service Performance & Communications Officer

## **79. DECLARATIONS OF INTEREST**

All Members declared a personal non-prejudicial interest in each agenda item which affected their Authority.

## **80. CHAIR'S ANNOUNCEMENTS**

There were no Chair's announcements to report.

## **81. MINUTES OF PREVIOUS MEETING**

The minutes of the previous Finance, Asset & Performance Management Scrutiny Group meeting held on 8 October, 2018, were received and accepted as a true record of proceedings.

With reference to the appointment of Member Champions, the Deputy Chief Officer assured Members that she would liaise with the relevant Heads of Service to arrange the subsequent meetings.

## **82. OPERATIONAL & PERSONAL EQUIPMENT STRATEGY, BUDGET & PLANNING ASSUMPTIONS 2018-2025**

The Head of Operational Risk Management and Group Manager Morse presented a report which updated Members on the Operational and Personal Equipment Strategy 2018-2025.

### **RESOLVED THAT**

- 82.1 Following lengthy debate, and a question and answer session on the process of the disposal of surplus assets, and possible procurement issues due to Brexit, Members agreed to note the content of the report.
- 82.2 Following a request by Members, Officers agreed to carry out a review of the spreadsheet within the appendices, and to reconsider how the financial information was presented to provide greater clarity.

### **83. SCRUTINY OF STRATEGIC CORPORATE RISKS**

The Service Performance & Communications officer delivered an electronic presentation to Members on the Strategic Corporate Risks.

#### **RESOLVED THAT**

Following Members scrutiny of the Strategic Corporate Risks, and a lengthy question and answer session on a number of possible key risks for the Service, e.g. Brexit, Building Compliance, Industrial Action, and Pensions, Members agreed to accept the report.

### **84. PREPARATION OF CAPITAL BUDGET SETTING 2019/2020:- REVIEW OF ICT STRATEGY, BUDGET & PLANNING ASSUMPTIONS, PROJECT OVERVIEW & PROGRESS AGAINST THE PLAN TO INCLUDE CAPITAL REPORT**

The Head of ICT presented a report to Members which provided a review of the ICT Strategy, budget and planning assumptions, and an overview of the key projects with a capital report.

#### **RESOLVED THAT**

Following a question and answer session on possible ICT security issues for the organisation, Members agreed to note the contents of the report.

### **85. FORWARD WORK PROGRAMME**

The Monitoring Officer presented the Forward Work Programme for 2018/2019. She advised the financial data requested in relation to operational equipment would be included on the agenda for the next meeting.

#### **RESOLVED THAT**

Members accepted the Forward Work Programme for 2018/2019.

**86. TO CONSIDER ANY ITEMS OF BUSINESS THAT THE  
CHAIRMAN DEEMS URGENT (PART 1 OR 2)**

There were no items of urgent business for Members to consider.

## SOUTH WALES FIRE & RESCUE AUTHORITY

### MINUTES OF THE FINANCE, AUDIT & PERFORMANCE MANAGEMENT MEETING HELD ON MONDAY 28 JANUARY 2019 AT SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS

#### 41. PRESENT:

<b>Councillor</b>	<b>Left</b>
K Critchley (Chair)	Newport
S Evans (Deputy Chair)	Torfaen
R Crowley	Vale of Glamorgan
L Davies	Merthyr Tydfil
S Evans	Torfaen
S Ebrahim	Cardiff
A Hussey	Caerphilly
D White	Bridgend

#### APOLOGIES:

L Brown	Monmouthshire
J Collins	Blaenau Gwent

#### ABSENT:

A Roberts	Rhondda Cynon Taff
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**OFFICERS PRESENT:-** DCO S Chapman – Monitoring Officer, Mr C Barton – Treasurer, ACFO R Prendergast – Director of Technical Services, Mr G Thomas – Head of Finance & Procurement, Ms S Watkins – Deputy Monitoring Officer, Mr Christopher Temby – Temporary Head of Fleet, Mr S Gourlay – TIAA Internal Auditor, Ms A Butler - WAO

#### 42. DECLARATIONS OF INTEREST

All Members declared a personal non-prejudicial interest in each agenda item which affected their Authority.

#### 43. CHAIR'S ANNOUNCEMENTS

There were no Chair's announcements.

#### **44. MINUTES OF PREVIOUS MEETING**

The following minutes were received and accepted as a true record of proceedings:-

- Finance, Asset & Performance Management Scrutiny Group meeting held on 8 October, 2018
- Finance Audit & Performance Management meeting held on 3 December, 2018

#### **45. REVENUE BUDGET SETTING REPORT 2019/20**

The Treasurer presented a report to members which outlined the latest information available in relation to the budget, together with 3 consultation responses received from Cardiff, Caerphilly and the Vale of Glamorgan on the proposed Fire Authority Revenue Budget for the financial year 2019/2020. Any further responses will be shared at the fire Authority meeting on 11 February. The Treasurer advised the group that it was announced last week that the Home Office were going to fund the pension deficit in England but there has been no response from Welsh Government at this time. It was agreed that the recommendation should include "Subject to final confirmation of pension funding".

#### **RESOLVED THAT**

Members agreed to recommend to the Fire Authority the Revenue Budget 2019/2020 detailed in the report, subject to final confirmation of pension funding.

#### **46. REVENUE MONITORING REPORT 2018/2019**

Head of Finance informed Members that the Revenue Monitoring Report provided details of the annual revenue budget and associated information for the year ending 31 March, 2019. Point 2.2.2 advising of holiday pay entitlement to personnel on zero hours contract was noted and will be added to the budget reports going forward.

## **RESOLVED THAT**

Members agreed to note and agree the report content and agreed to holiday pay entitlement detailed in paragraph 2.2.2 of the report.

### **47. CAPITAL MONITORING REPORT 2018/2019**

The Head of Finance informed Members that the Capital Monitoring report provided details of the capital budget, transactions to date, and the forecast year end position.

## **RESOLVED THAT**

- 47.1 Members agreed to note the budget and the progress of capital schemes.
- 47.2 Members approved the alterations to the capital budget identified in Appendix 1 attached to the report.
- 47.3 Members agreed to note the associated funding streams for the capital budget.

### **48. HEALTH CHECK ON PERFORMANCE AND STRATEGIC OBJECTIVES QUARTER 3 (1 APRIL TO 31 December) 2018/2019**

The Deputy Chief Officer reported that the paper would give assurance to Members of the Fire & Rescue Authority and senior management within the South Wales Fire & Rescue Service, on progress towards achievement of the Strategic Objectives, and performance of the Strategic Performance Indicators for the first three quarters of 2018/2019.

## **RESOLVED THAT**

Following a review of the performance details and statistical data for the first three quarters of 2018/2019, Members agreed to approve the report.

### **49. REPORT ON PROGRESS OF AUDIT, SCHEME AND CIRCULAR ACTION UPDATES AS AT 31 DECEMBER, 2018**

The Deputy Chief Officer presented a report to Members which showed the latest progress recorded against actions arising from Internal Audits, Wales Audit Office Thematic Reviews, Operational Assurance Peer Reviews, Corporate Schemes and Government Circulars at Appendix 1 attached to the report. The scorecard showed the performance of each action through a RAG status. The WAO requested that financial recommendations be added for ease in future and can be used as a tracker.

### **RESOLVED THAT**

Members agreed to note the contents of the progress report and graphical summaries.

### **50. UPDATE FLEET MANAGEMENT USAGE AUDIT**

The Temporary Head of Fleet presented a report which updated Members upon progress being made against the fleet management usage and gave more detail to the original internal audit report on fleet management presented at the last meeting.

### **RESOLVED THAT**

Members agreed to note the internal audit recommendations and work completed to date.

### **51. WALES AUDIT OFFICE – AUDIT OF SOUTH WALES FIRE AUTHORITY'S ASSESSMENT OF 2017/2018 PERFORMANCE**

The Deputy Chief Officer asked that members note the certificate certifying the assessment of performance in 2017-18.

### **RESOLVED THAT**

Members agreed to note the audit of the Authority's assessment of performance for 2017-18.

### **52. INTERNAL AUDIT REPORT**

The Internal Auditors presented a report to update Members upon progress being made against the Internal Audit Plan 2018/2019

**RESOLVED THAT**

Members agreed to note the internal audit recommendations and work completed to date on the Internal Audit Annual Plan.

**53. FORWARD WORK PROGRAMME**

The Deputy Chief Officer presented the Forward Work Programme for 2018/2018.

**RESOLVED THAT**

Members accepted the Forward Work Programme for 2018/2019.

**54. TO CONSIDER ANY ITEMS OF BUSINESS THAT THE CHAIRMAN DEEMS URGENT (PART 1 OR 2)**

There were no items of urgent business for Members to consider.

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**SOUTH WALES FIRE & RESCUE AUTHORITY**  
FINANCE, AUDIT & PERFORMANCE  
MANAGEMENT COMMITTEE

AGENDA ITEM NO 5  
08 APRIL 2019

JOINT REPORT OF THE CHAIR OF THE FINANCE, AUDIT &  
PERFORMANCE MANAGEMENT COMMITTEE AND THE DEPUTY CHIEF  
OFFICER

**DRAFT ANNUAL REPORT OF THE WORK OF THE FAPM COMMITTEE  
AND THE DISCHARGE OF THE TERMS OF REFERENCE OF THE  
FINANCE, ASSET & PERFORMANCE MANAGEMENT SCRUTINY GROUP**

**SUMMARY**

This report is the draft annual report on the work of the Finance, Audit & Performance Management Committee and its Scrutiny Group for the municipal year 2018/19.

**RECOMMENDATION**

That Members consider the report and make any necessary amendments to its content prior to reporting to the Fire & Rescue Authority as a summary of the workload carried out by the Committee and Scrutiny Group during the municipal year.

**1. BACKGROUND**

- 1.1 This report sets out the annual report of the Committee and its Scrutiny Group during the municipal year.

**2. ISSUE**

- 2.1 As Members will be aware, the Finance, Audit & Performance Management Committee was established to demonstrate the Authority's commitment to the efficient and effective deployment of public resources and the attainment of related performance targets.
- 2.2 The Committee is responsible for the planning and management of the Authority's financial resources including authorising expenditure, virement of funds and donations of equipment or other property. It oversees the financial reporting process and provides a detailed examination of financial performance including the extent that this affects the Authority's exposure to risk and weakens the control environment. The Committee also provides assurance of the adequacy of the risk management framework and associated control environment. Within the scope of the Committee it also assists the Fire & Rescue Authority in policy and strategy development issues relating to Finance, Audit & Performance Management and Good Governance issues.

2.3 To discharge its functions the Committee plans its work through a forward work programme. The work of the Committee broadly falls under three distinct categories, namely: financial; policy, audit or development; and scrutiny. For the purposes of this report it is intended that an overview of the work undertaken by the Committee in the 2018/19 municipal year is detailed under each of the sub headings.

2.4 In addition, the Committee is also responsible for the Authority's Finance, Audit & Performance Management Scrutiny Group. The Scrutiny Group annual report forms part of this report at Appendix 1.

## 2.5 **Financial**

2.5.1 The Committee is specifically tasked with reviewing and challenging where necessary the Authority's financial statements, interim reports, preliminary projections and related formal statements before clearance by the auditors. Particular attention is paid to:

2.5.1.1 The critical accounting policies and practices and any changes in them.

2.5.1.2 The extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed.

2.5.1.3 The clarity of reports.

2.5.1.4 Significant adjustments resulting from audits.

2.5.1.5 Compliance with accounting standards.

2.5.1.6 Compliance with other legal requirements.

2.5.2 The Committee also monitors the management action in response to issues raised in relation to financial reporting and carries out spending reviews of budgets to enable reviews of current spending policy.

2.5.3 In discharging these functions the Committee has undertaken a large amount of work this year on a variety of financial issues. This work has included the following:

2.5.4 **Revenue & Capital Monitoring** – The Committee has considered in detail regular monitoring reports in respect of the current financial year's revenue and capital budgets which provide an update of expenditure against the budget for the year. Detailed scrutiny has taken place in respect of variations against budget, and further reports or information have been requested where appropriate to address Members' queries. Detailed questioning has been undertaken in respect of various costings,—including

approving a virement from the contingency budget and agreed to pay holiday pay entitlement due to legislative amendments the Working Time Directive 2003 and the Zero Hours Regulations 2015 it was noted by members that this was built into the medium term financial plan and will be included as part of initial budget setting in future years. Members also noted the budget and progress of capital schemes and approved alterations noting the associated funding streams.

**2.5.5 Revenue and Capital Outturn** – Members considered the revenue and capital outturn reports for the previous financial year which advise on total revenue and capital expenditure against the respective set budgets following the year end. Members scrutinised year end variations and used this information to help understand the budget pressures and to influence budget setting for subsequent years. Members' scrutiny has resulted in greater confidence that recurrent underspends, however small, are being removed from future budgets. Members received reports on the outturn position and deployment of the net revenue surplus and usable reserves.

**2.5.6 Reserves Strategy**

Members were updated on the reserves position of the Authority and in accordance with best practice, considered and scrutinised their stance on reserves and agreed to reaffirm the previous strategy with regard to Reserves.

**2.5.7 Revenue and Capital Budget Setting** – The Committee and its Finance, Asset & Performance Management Scrutiny Group have taken a detailed role in assisting in the formulation of the appropriate revenue and capital budgets required to meet the Service's requirements for the next financial year. The work has once again been greatly assisted by a full review of the Authority's Medium Term Financial Plan, which has been updated accordingly. The culmination of this work resulted in the Authority resolving to consult on a slightly increased budget recommendation on the equivalent figure for the current financial year. The Committee considered in detail the representations received by constituent authorities following consultation on the draft budget proposals and were able to assist local authorities in their budget setting again this year by maintaining an early budget process. As a consequence of this detailed deliberation on the budget proposals and particularly the issue of projected pay awards for next year, the Committee subsequently recommended to the Fire & Rescue Authority that there should be a budget increase of 0.93% subject to final confirmation of pension funding. However the Fire

Authority elected to set the budget at 5.01% for 2019/20 to include the pension shortfall, and return unrequired expenditure to constituent councils if Welsh Government funding is received. Subsequently pension funds have been made available by Welsh Government. Therefor the budget increase has reverted back to the original 0.93%.

**2.5.8 Wales Audit Office - Audit of Accounting Statements** – The Committee considered the Wales Audit Office report which provides an opinion on the accuracy, adequacy and statutory compliance of the Authority’s Statement of Accounts for Members. Members considered in detail the Auditor’s Financial Statements Report and Annual Audit Letter and scrutinised and noted the progress and actions made in relation to the recommendations for both 2016/17 and 2017/18 financial years.

**2.5.9 Treasury Management** – In September, the Committee considered the Treasury Management annual report which advises on performance against the Treasury Management Policy and Strategy following the financial year end. The report provided Members with an opportunity to scrutinise performance and also to assess any implications for the current strategy and budget setting proposals for the following financial year.

**2.5.10** In December, the Committee considered the Treasury Management mid-term report which outlined performance against the Treasury Strategy from April to September of the current financial year. Detailed scrutiny and questioning took place resulting in recommendations to Fire & Rescue Authority to approve the revised Strategy.

**2.5.11 Medium Term Financial Strategy**

Members received electronic presentations on the updated determination of the MTFS and were informed of the best, medium and worst case scenarios that had been used in the financial modelling that had been undertaken and were afforded the opportunity to scrutinise the process and scrutinise the implications for the Service of various scenarios.

**2.6 Policy, Audit or Development**

**2.6.1** The Committee has specific responsibilities in relation to internal control and risk management; internal audit; external audit and inspection; performance management; and the Local Government Measure. In relation to internal control and risk management, the Committee is responsible for reviewing the Authority’s procedures

for detecting fraud and corruption and whistleblowing, and ensuring that arrangements are in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, finance control and any other matters. The Committee also reviews officers and the internal auditor's reports on the effectiveness of the systems for internal financial control, financial reporting and risk management, and monitors the integrity of the Authority's internal financial controls. The Committee is also required to review and approve the Authority's assurance statements, including the annual governance statement, and be satisfied that they properly reflect the risk environment and any actions required to improve it. In addition, Members assess the scope and effectiveness of the systems established to identify, assess, manage and monitor financial risk, and review and approve the Authority's Corporate Risk Register.

**2.6.2 Internal Audit** – In relation to internal audit the Committee is required to review and approve the internal audit programme for the Authority and ensure that the internal audit function is adequately resourced. In this respect it receives reports on the results of the internal auditor's work on a periodic basis and receives the annual report of the internal auditor. The Committee reviews and monitors action taken by departments as a result of the internal auditor's findings and recommendations, and monitors and assesses the role and effectiveness of the internal audit function in the overall context of the Authority's risk management system. Where necessary, direct action is to be taken as a consequence of an internal audit report if required.

**2.6.3** The previous Committee agreed an annual internal audit programme for 2018/19 at their meeting of 23 April 2018, covering the areas identified below. Since the programme was agreed, the Committee has considered in detail the progress and findings of the relevant audits:

Governance Management	–	Performance	Anti-Fraud Data Analytics
Fleet Management	–	Usage HR	– Deep dive review of payments
Management – Rosters			Station Visits
Estate Management	–	Delivery	Governance –
Risk Management	–	Mitigating	Partnerships
Controls/Board Assurance			GDPR Compliance Audit
			Key Financial Controls

Members have noted the internal audit recommendations and work completed to date on the Internal Audit Annual Plan. Members resolved to receive a further report on 'Fleet Management – Usage'

at its meeting on Monday 28 January 2019, where the Temporary Head of Fleet presented a report which updated Members upon progress being made against the fleet management usage and gave more detail to the original internal audit report on fleet management.

2.6.4 **External Audit** – In relation to external audit and inspection, the Committee is responsible for overseeing the Authority's relations with the external auditor. It approves the terms of engagement to the external auditor in respect of auditing inspection services received by the Authority.

2.6.5 The Committee also reviews with the external auditor the findings of their work including any major issues that arise during the course of an audit, key accounting and audits judgements, level of errors identified during the audit, and obtain explanations from managers or auditors as to why certain errors might remain unadjusted. In addition, the Committee reviews and monitors the actions taken by departments as a result of the external auditor's findings and recommendations and, where necessary, direct action should be taken as a consequence of an external audit report.

Members agreed to note the Wales Audit Office certificate certifying the Audit of South Wales Fire Authority's Assessment Of 2017/2018 Performance.

2.6.6 Members also assess at the end of the audit cycle the effectiveness of the audit process by reviewing whether the auditor has met the agreed audit plan and understanding the reasons for any change (including changes in perceived audit risks and the work undertaken by the external auditors to address those risks); consideration of the robustness and perceptiveness of the auditors in handling of the key accounting and audit judgements; responding to questions from the Committee, and their commentary, where appropriate, on the systems of internal control.

2.6.7 The Committee was very pleased to note some of the very positive comments made by the Auditor General about the progress the Service was making in implementing previous recommendations and that the Authority had appropriate arrangements in place for achieving financial resilience.

2.6.8 The previous Fire & Rescue Authority required that the Committee meets on an annual basis with both internal and external auditors without management present to discuss the audit work of the Authority. Provision is now made for these meetings to take place

after every meeting of the Finance, Audit & Performance Management Committee meeting.

- 2.6.9 **Performance Management** – The Committee receives all external reports on the performance of the Authority and considers and recommends to the Fire & Rescue Authority action plans relating to these reports and monitors progress against the approved action plans. In relation to the Wales Programme for Improvement, the Committee reviews, approves and challenges, where necessary, the performance and improvement plan; the operational and non-operational assurance self-assessment when appropriate; the joint risk assessment; and any other periodic reports on performance management of relevant areas of the Service. In addition, the Committee considers comparative studies, including benchmarking and best practice.
- 2.6.10 As a consequence, the Committee has to date considered reports on progress of audit, scheme and circular action updates and also provides detailed scrutiny of the Service’s Strategic Risk Register. In addition, considerable time has been taken up considering progress against the Statutory Performance Indicators the Service reports against to Welsh Government and its health check of performance against the Priority Actions identified by the Service as being required to be implemented to achieve the five Strategic Themes approved by the Authority in its five year Strategic Plan.
- 2.6.11 In November the Planning, Performance and Risk Manager advised Members that a report on the South Wales Fire & Rescue Service response to the ‘Electrical Fires In Wales’ Written Statement By Welsh Government was considered by the FAPM Scrutiny Group who resolved to refer this issue to the committee for their information and consideration.

Members acknowledged the Service’s to the ‘Electrical Fires in Wales’ written statement by Welsh Government, and how the issues raised within the written statement can be rationalised and explained.

## 2.7 Scrutiny

- 2.7.1 As it has already been highlighted, the Committee is responsible for the scrutiny function of the Authority and has undertaken a considerable amount of scrutiny throughout the year on a variety of topics. It provides service improvement through regular challenge and scrutiny of reports and assumptions, with some detailed scrutiny provided by the Scrutiny Group.

2.7.2 This year, the scrutiny work of the Committee has continued to adopt a thematic approach, whereby a specific topic or area is examined which will allow the Authority to develop its policies and respond more effectively to local needs.

2.7.3 This has included the appointment of Member Champions, and examined the South Wales Fire & Rescue Service response to the 'Electrical Fires In Wales' Written Statement By Welsh Government the Scrutiny Group referred this to the FAPM Committee. Other aspects of work undertaken have included the scrutiny of Strategic Corporate Risks and considering the Revenue Budget in relation to the Local Government Settlement.

2.7.4 The Scrutiny Committee have also reviewed a number of asset management strategies including the Asset-Management Strategy 2017 – 2021, considering sustainability and environmental issues. It has also reviewed the fleet & vehicles strategy, budget & planning assumptions and progress against the plan. The Scrutiny group also analysed the Operational and Personal Equipment Strategy, Budget and Planning Assumptions 2018-2025 along with the ICT strategy, Budget and Planning Assumptions & Project Overview & progress.

### 3. RECOMMENDATION

3.1 That Members consider the report and make any necessary amendments to its content prior to reporting to the Fire & Rescue Authority as a summary of the workload carried out by the committee and Scrutiny Group during the municipal year.

<b>Contact Officer:</b> Sally Chapman Deputy Chief Officer	<b>Background Papers:</b> <ul style="list-style-type: none"> <li>Appendix 1 – Annual Report of the Finance, Asset &amp; Performance Management Scrutiny Group</li> </ul>
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## **APPENDIX 1**

### **ANNUAL REPORT OF THE FINANCE, ASSET & PERFORMANCE MANAGEMENT SCRUTINY GROUP**

#### **1. PURPOSE OF THE SCRUTINY GROUP**

1.1 As Members will be aware, the Finance, Asset & Performance Management Scrutiny Group was established to achieve two purposes:

1.1.1 Firstly, to demonstrate the Authority's commitment to the efficient and effective deployment of public resources and to give assurance that available funding is utilised as efficiently and effectively as possible to protect the level of service offered to the public within the core priorities defined by the Fire & Rescue Authority. This was considered necessary to enable detailed and in depth scrutiny of the Service's operations and its budgets in a manner that was not possible within the time constraints posed within the Committee structure.

1.1.2 Secondly, to demonstrate the Authority's commitment to the efficient and effective management of its assets, and to give assurance that its assets are utilised as efficiently and effectively as possible to ensure that the level of service offered to the public, within the core priorities defined by the Fire & Rescue Authority, is delivered.

1.2 For clarity, it is proposed to deal with each of the functions of the Scrutiny Group separately.

#### **2. FINANCIAL RESPONSIBILITIES**

2.1 The Scrutiny Group is responsible for reviewing and challenging the make-up of the Authority's revenue and capital budget with a view to cost reduction or value enhancement. In carrying out these functions, the Scrutiny Group pays particular regard to:

- The clarity of budget headings.
- The statutory requirements of the Authority to deliver a service to the public of South Wales.
- The national commitments of the Authority to deliver a service on strategic issues such as national resilience.

- The relationship of the budget with key corporate documents of the Authority.
- Carrying out spending reviews of budgets to enable assessments of current spending policy against future financial predictions of the organisation within the Medium Term Financial Strategy.
- Reviewing past performance of selected budget areas when assessing current and future years' requirements; and
- Reviewing the budget setting process for revenue and capital budgets for improvements that could be made in future years.

2.2 To discharge its functions the Scrutiny Group plans its work through a forward work programme which is agreed at the beginning of the year and reviewed at each meeting. The work of the group broadly comprises scrutiny of the Medium Term Financial Strategy and financial projections for the future, scrutiny of budget holders, scrutiny of revenue and capital budget monitoring reports and reports to the Finance, Audit & Performance Management Committee.

2.3 As Members will be aware, much of the work of the Scrutiny Group is geared towards preparations for striking the revenue and capital budget each year, set in the context of the adopted Strategic Plan, the Medium Term Financial Strategy (MTFS), the approved Budget Strategy and the approved Reserves Strategy.

2.4 In addition, the following specific areas of work were considered:

#### 2.4.3 Revenue Budget

Members received a presentation on the Revenue Budget and issues for consideration in relation to the Local Government Settlement and the Firefighters' Pension Scheme evaluation, and the possible effect on contributions to the Fire and Rescue Service from Local Authorities. Members noted the presentation and update given by the Treasurer.

2.4.4 The process followed by Members allowed them to apply a robust level of scrutiny by questioning Officers over the process and assumptions made in reaching their conclusions.

### 3. ASSET MANAGEMENT RESPONSIBILITIES

3.1 The Scrutiny Group is responsible for reviewing, monitoring and challenging the management of the Authority's assets. In carrying out these functions, the Scrutiny Group pays particular regard to:

- The statutory requirements of the Authority to deliver a service to the public of South Wales.
- The statutory requirements of the Authority of running an organisation (including health and safety management).
- The relationship of our assets with key corporate documents of the Authority.
- Carrying out specific reviews of the Authority's performance in the management of its assets.
- To consider and challenge the performance review systems and targets.
- To consider collaborative opportunities for the Authority in the management of its assets.

3.2 As with its financial responsibilities, to discharge its functions effectively, the Scrutiny Group plans its work through a forward work programme. The work of the group broadly comprises scrutiny of the following documents and reports to the Finance, Audit & Performance Management Committee:

- Asset Management Strategy
- Operational Equipment Asset Management Plan
- ICT Management Plan
- Fleet and Vehicles Management Plan
- Personal Issue & Operational Equipment Management Plan

3.3 In addition, the following specific areas of work were considered:

#### 3.3.1 **Review of Asset Management Strategy**

Members received a progress update on the **Asset Management Strategy 2017 – 2021** and questioned Officers on specific areas of work **including** a discussion in relation to Pontypridd Fire & Rescue Station, cloud technology, Community Safety within the communities and the use of data to target those at risk and vulnerable within our communities. Members resolved to approve the Asset Management Strategy 2017-2021.

#### 3.3.2 **Review of Property Strategy**

A detailed overview was provided to Members of the property strategy, budget and planning assumptions and progress against the plan and consideration of sustainability and environmental issues which included:

- Building and Maintenance Strategy, 2018/19
- Overview of achievements

- HQ fuel pump
- The Compartmental Fire Behaviour Training (CFBT) Facility build at Cardiff Gate

Members received a presentation was given on the Energy Strategy, and consumption trends at Service premises was noted and discussed.

Members noted the property strategy, budget and planning assumptions and progress against the plan and consideration of sustainability and environmental issues.

### **3.3.3 Review of Fleet Strategy**

Members were given a detailed overview of the fleet and vehicles strategy, budget and planning assumptions and progress against the plan. The Group scrutinised the various elements of the plan including:

- Vehicle Replacement Programme
- Capital budget
- Revenue budget
- Planned preventative maintenance
- Local performance indicators
- Collaboration and National Issues Committee

Members noted the fleet and vehicles strategy, budget and planning assumptions and progress against the plan.

### **3.3.4 Review of ICT Strategy**

A report was delivered to Members which provided a review of the ICT Strategy, budget and planning assumptions, and an overview of the key projects with a capital report.

Following a question and answer session on possible ICT security issues for the organisation Members noted the work that was currently underway in relation to ICT and some of the key projects that were ongoing across the Service

### **3.3.5 Review of Operational and Personal Equipment Asset Management Plan 2018-2025**

The group received a report which updated Members on the Operational and Personal Equipment Strategy 2018-2025.

Following lengthy debate, and a question and answer session on the process of the disposal of surplus assets, and possible procurement issues due to Brexit, Members agreed to note the content of the report.

Following a request by Members, Officers agreed to carry out a review of the spreadsheet within the appendices, and to reconsider how the financial information was presented to provide greater clarity.

#### 4. **Appointment of Member Champions**

Members were requested to determine Member Champions to the key asset management groups. It was noted that the frequency of Member/Lead officer meetings needed to be enhanced, with this in mind it was agreed meetings take place following each meeting of the Group.

Members resolved to re-appoint the following Members as Member Champions for the following Asset Groups:

- Land & Buildings – Cllr Val Smith
- ICT – Cllr Aurfron Roberts
- Fleet & Engineering – Cllr Steve Evans
- Operational & Personal Issue Equipment – Cllr Dan Naughton

#### 5. **A South Wales Fire & Rescue Service Response to the ‘Electrical Fires in Wales’ written statement by Welsh Government**

The Scrutiny group received the background to the Statement by the Welsh government in relation to electrical fires in Wales, and the response by the Service.

A detailed analysis of the report was given and provided scrutiny and context to the data provided within the report to supplying a more proportional picture of the risk presented by fires of this nature.

Members acknowledged the Service’s response to the ‘Welsh Government and how the issues raised within the written statement can be rationalised and explained; and resolved that the report be referred to the Finance, Audit and Performance Management Committee on 12 November 2018.

#### 6. **Scrutiny of Strategic Corporate Risks**

An electronic presentation using the BMIS System was provided to Members on the Strategic Corporate Risks.

Following Members scrutiny of the Strategic Corporate Risks, and a lengthy question and answer session on a number of possible key risks for the Service, e.g. Brexit, Building Compliance, Industrial Action, and Pensions, Members agreed to accept the report.

#### 7. **Additional Areas of Scrutiny Work Still To Be Undertaken**

In addition to the work relating to the Authority’s finances and assets, the Scrutiny Group has still to undertake several other pieces of detailed scrutiny work during the remainder of the municipal year including:

- Draft Annual Governance Statement
- WAO Discussion Paper: Six themes to help make scrutiny ‘fit for the future’

One remaining item has been placed on the forward work programme for the next municipal year

- **Operational & Personal Equipment Strategy Spreadsheets**

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## **REVENUE MONITORING REPORT 2018/19**

### **SUMMARY**

The Revenue Monitoring Report provides details of the annual revenue budget and associated information for the year ending 31 March 2019.

### **RECOMMENDATION**

That the Finance, Audit and Performance Management Committee note and agree the report content.

## **1. BACKGROUND**

- 1.1 This report provides an update of the major changes affecting the revenue budget since the Finance, Audit & Performance Management (FAPM) Committee on 28 January 2019.
- 1.2 Appendix 1 details the original budget, a revised budget to reflect authorised virements, transactions to date, the forecast outturn position and variance analysis. Appendix 2 charts the budget variances reported at each FAPM Committee in addition to the overall year end position.
- 1.3 The reserve statement in Appendix 3 has been provided to update Members with potential year end movements and position to enable scrutiny and financial planning.

## **2. ISSUES**

- 2.1 Updated revenue projections indicate an underspend of £334k, a decrease in 'net spending' of £605k since previous reporting. This is a £77k reduction in employee costs in addition to a further £528k within non employee budgets.
- 2.2 The most significant changes since previous reporting are outlined below:

### **2.2.1 EMPLOYEE COSTS - £77k increase in underspend**

This consists of an overall decrease against salaries of £90k, offset by a £17k increase in travel and subsistence costs.

Salary costs have decreased as a result of fewer on call recruits than forecast, in addition to more retirement notices in higher ranking operational officers than forecast. This is partially offset by

an increase in Firefighter Pension costs arising from 23 new members into the 2015 scheme.

As a result of increased training activity, associated costs in accommodation and subsistence have increased accordingly.

#### **Establishment figures (FTE) as at February 2019**

	<b>Strength*</b>	<b>Budgeted Estab</b>
WDS	779.00	794.00
RDS (100%)	356.70	426.40
Control	38.93	42.00
Support Staff	263.33	254.64
YFF	67.88	66.75
Auxiliary Reserve	74.00	80.00

#### **Total Leavers & Joiners April 2018 to February 2019 (Headcount)**

	<b>Starters</b>	<b>Leavers</b>
Control	0	0
Support Staff	29	29
RDS	99	80
WDS	0	40
YFF Staff	2	0
Auxiliary Reserve	0	2
<b>Total</b>	<b>130</b>	<b>151</b>

\*Includes new starters or leavers to the service, not additional contracts

#### **2.2.2 PREMISES COSTS - £12k decrease in overspend**

£57k of energy savings are anticipated through investment in the capital efficiency scheme, this is offset by increased costs maintenance, repairs and 'minor projects' of £45k.

#### **2.2.3 TRAINING - £40k decrease in overspend**

Forecast training delivery costs are less than budgeted although this under spend has been used to support spending in non-delivery areas i.e. travel, equipment, uniform (for the branch of Fire Cadets at Cardiff Gate).

#### **2.2.4 SUPPLIES AND SERVICES - £355k decrease in overspend**

A £224k overspend was previously reported in relation Home Fire Safety (HFS) equipment as the grant funding receivable from Welsh Government fell short of the requirement. The Minister for Housing and Local Government has since confirmed additional

funding is available which has decreased the overspend considerably.

There are several over / under spends spread over number of budget lines although the largest of these are as follows;

Licencing have increased by £69k and is due to the tri service charges for Joint Control that were previously part of the capital budget.

A reduction of £68k in hydrant repairs due to a delay in works completed by Welsh Water. £123k of orders have been raised in this area for the year and yet £98k remain uncompleted.

A decision to delay spending on promotional items until the new financial year resulted in a £62k decrease. This decision was based on previous monitoring information which indicated an over spend and was an attempt to balance the budget in non-priority areas.

A £43k saving in annual policy premiums and £25k cost avoidance in the furniture budget.

#### **2.2.5 CAPITAL COSTS - £197k increase in overspend**

The main increase of £276k, relates to CERA (Capital Expenditure from Revenue Account). CERA is a capital financing charge that supports capital investment. The increase relates to co-location projects and is completely offset by a corresponding value in income (reported below). Of the £276k, £112k relates to Barry and the arrangement with WAST and the remaining £164K relates to Llantwit Major and the arrangement with South Wales Police.

The above is offset by a £73k reduction in the Minimum Revenue Provision (MRP). This charge is dependent on the capital forecast and as Members will be aware, the capital monitoring report details delays on completion of various schemes, thus reducing the forecast (more detail in the capital monitoring).

#### **2.2.6 INCOME - £328k Increase**

As above, £276k of additional income is receivable from WAST and South Wales Police as capital funding contributions towards co-location.

An increase of £18k has been received in relation to insurance settlements while a further £24k is in connection to unbudgeted lease income in regards to Abertillery Station and the co-location arrangement with Gwent Police. £12k of this lease income is backdates to 2017/18, while £12k relates to 2018/19. Moving

forward this annual sum will be factored into the budgeting process.

### 3. FINANCIAL IMPLICATIONS

- 3.1 An overall projected underspend on the revenue budget equating to £334k.

### 4. EQUALITY RISK ASSESSMENT

- 4.1 There are no equality implications resulting directly from this report. Each element of the revenue budget will have undergone equality and diversity risk assessments by the responsible budget holder as part of the budget planning process.

### 5. RECOMMENDATIONS

- 5.1 That the Finance, Audit and Performance Management Committee note and agree the report content.

<b>Contact Officer:</b>	<b>Background Papers:</b>
Geraint Thomas Head of Finance and Procurement	<ul style="list-style-type: none"> <li>- Revenue and Capital Determination Report</li> <li>- Revenue Budget Working Papers</li> <li>- Budget Holder Reports</li> <li>- Capital Monitoring Report</li> </ul>

<b>SOUTH WALES FIRE &amp; RESCUE SERVICE</b>							
<b>BUDGET MONITORING 2018/19</b>						<b>APPENDIX 1</b>	
		<b>Original Budget 2018/19 £</b>	<b>Budget (vired budget) 2018/19 £</b>	<b>Actual at 25.02.19 £</b>	<b>Forecast 31.03.19 £</b>	<b>Over/Under Spend Against Revised Budget</b>	<b>Over/ Under Spend %</b>
<b>Employee Costs</b>							
	Salaries, NI & superann.	54,166,233	54,431,580	48,568,437	53,484,263	947,317	1.3%
		54,166,233	54,431,580	48,568,437	53,484,263	947,317	
	Pensions (ill health)	793,608	793,608	543,970	978,735	-185,127	-0.3%
	Travel and Subsistence	453,200	452,700	400,131	483,898	-31,198	0.0%
	<b>Total Employee Costs</b>	<b>55,413,041</b>	<b>55,677,888</b>	<b>49,512,537</b>	<b>54,946,896</b>	<b>730,992</b>	<b>1.0%</b>
	<b>Premises Related Expenses</b>	<b>4,668,990</b>	<b>4,664,718</b>	<b>3,850,102</b>	<b>4,912,927</b>	<b>-248,208</b>	<b>-0.3%</b>
	Training Expenses	1,525,925	1,536,834	410,923	1,547,452	-10,618	0.0%
	Supplies & Services	3,679,201	3,693,942	3,406,381	3,950,884	-256,942	-0.4%
	Transport Related Expenses	1,252,942	1,248,883	1,176,544	1,296,276	-47,393	-0.1%
	Third Party Payments (Contracted Services)	744,139	872,277	614,550	924,088	-51,811	-0.1%
	Capital costs / leasing	4,498,825	4,443,725	964,193	4,778,946	-335,221	-0.5%
	Contingency	355,705	0	0	0	0	0.0%
	<b>Income</b>	<b>-976,096</b>	<b>-975,596</b>	<b>-1,076,914</b>	<b>-1,528,986</b>	<b>553,390</b>	<b>0.8%</b>
	<b>CONTRIBUTION BUDGET 2018/2019</b>	<b>71,162,672</b>	<b>71,162,672</b>	<b>58,858,316</b>	<b>70,828,482</b>	<b>334,190</b>	<b>0.5%</b>
<b>Key</b>							
	 Overspend						
	 Underspend						

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## SOUTH WALES FIRE &amp; RESCUE SERVICE

## BUDGET MONITORING 2018/19

## APPENDIX 2

	Original Budget 2018/19 £	Revised Budget (vired budget) 2018/19 £	FAPM Forecast 10.09.18 £	FAPM Forecast 12.11.18 £	FAPM Forecast 29.01.19 £	FAPM Forecast 08.04.19 £	Variance at FAPM 10.09.18 to Revised Budget	Variance at FAPM 12.11.18 to FAPM 10.09.18	Variance at FAPM 29.01.19 to FAPM 12.11.18	Variance at FAPM 08.04.19 to FAPM 29.01.19	Cumulative Variances against Revised Budget	Summary on variances previously reported*
<b>Employee Costs</b>												
Salaries, NI & superann.	54,166,233	54,431,580	53,399,435	53,703,462	53,574,060	53,484,263	676,441	-304,027	129,402	89,796	591,612	* Vacancy underspends Additional income relating to Joint Control and CS Pension variations since budget setting Increase in the number of Ill Health retirements since budget setting Virement of £81k to Contracted Services re: Aux.Reserve
	54,166,233	54,431,580	53,399,435	53,703,462	53,574,060	53,484,263	676,441	-304,027	129,402	89,796	591,612	** Increase in salaries offset by reduction in FFPF costs (due to increase in retirements forecast) and additional funding for CS staff forecast through to March 2019
Pensions (ill health)	793,608	793,608	871,745	955,054	982,814	978,735	-78,137	-83,308	-27,761	4,080	-185,127	Further increase in ill health retirements
Travel and Subsistence	453,200	452,700	461,934	458,102	467,176	483,898	-9,234	3,832	-9,074	-16,721	-31,198	Includes projections for 2% pay award for operational staff - monies set aside within contingency
<b>Total Employee Costs</b>	<b>55,413,041</b>	<b>55,677,888</b>	<b>54,733,114</b>	<b>55,116,617</b>	<b>55,024,050</b>	<b>54,946,896</b>	<b>589,069</b>	<b>-383,503</b>	<b>92,567</b>	<b>77,155</b>	<b>375,287</b>	*** Change in JC split from 50:50 to 60:40 offset by budgeted 2% pay award against actuals. Reduction in pension fund costs as 13 further retirements. Increase in ill health retirements - 2 additional.
<b>Premises Related Expenses</b>	<b>4,668,990</b>	<b>4,664,718</b>	<b>4,957,683</b>	<b>4,992,459</b>	<b>4,924,671</b>	<b>4,912,927</b>	<b>-292,964</b>	<b>-34,776</b>	<b>67,787</b>	<b>11,745</b>	<b>-248,208</b>	* NNDR increase following 2017 revaluations External Fabric increase - wall repairs at Pontycymmer and Monmouth, fencing at Porthcawl, remaining NET2 swipe installation. These costs are partially offset by savings identified within air conditioning unit repairs Increase in re-active areas including boiler repairs, HQ ceiling works and signage ** Co-location recharge of JPSC along with increasing trade waste costs *** Energy savings Rebate for Occupational Health premise from CCC
<b>Training Expenses</b>	<b>1,525,925</b>	<b>1,536,834</b>	<b>1,563,694</b>	<b>1,598,684</b>	<b>1,587,591</b>	<b>1,547,452</b>	<b>-26,860</b>	<b>-34,989</b>	<b>11,093</b>	<b>40,138</b>	<b>-10,618</b>	* Additional training not initially budgeted (RAPs, ELP and MIND Cymru) ** High Rise training costs in association with WMFRS *** Monies transferred to cover associated travel and subsistence
<b>Supplies &amp; Services</b>	<b>3,679,201</b>	<b>3,693,942</b>	<b>4,074,400</b>	<b>4,268,372</b>	<b>4,305,975</b>	<b>3,950,884</b>	<b>-380,458</b>	<b>-193,972</b>	<b>-37,604</b>	<b>355,092</b>	<b>-256,942</b>	* Overspend anticipated on WG HFS funding Operational equipment increased due to goods not received in 17/18 and ladders required within Fleet. Also, HYDRA facility at Cardiff Gate which will be covered by both 18/19 income and carry forward reserves Increase to Support and Maintenance and Licence costs within IT offset by income ** £130k for non salary costs for UKRO £45k for unbudgeted replacement operation equip inc. trauma bags and hose reel branches Increase in Core subscription costs offset by income (MWWFRS) *** UKRO costs Replacement of kit damaged during wildfires
<b>Transport Related Expenses</b>	<b>1,252,942</b>	<b>1,248,883</b>	<b>1,248,983</b>	<b>1,240,237</b>	<b>1,286,475</b>	<b>1,296,276</b>	<b>-100</b>	<b>8,746</b>	<b>-46,238</b>	<b>-9,801</b>	<b>-47,393</b>	*** Replacement pool cars Increase in DERV due to wildfires
<b>Third Party Payments (contracted services)</b>	<b>744,139</b>	<b>872,277</b>	<b>893,130</b>	<b>913,635</b>	<b>924,090</b>	<b>924,088</b>	<b>-20,852</b>	<b>-20,506</b>	<b>-10,455</b>	<b>2</b>	<b>-51,811</b>	* Additional Consultancy costs within HR offset by additional income received ** Recoding from training budget to cover consultancy costs *** Secondment costs for 3 staff to JESG
<b>Capital costs / leasing</b>	<b>4,498,825</b>	<b>4,443,725</b>	<b>4,816,313</b>	<b>4,606,485</b>	<b>4,582,279</b>	<b>4,778,946</b>	<b>-372,588</b>	<b>209,827</b>	<b>24,206</b>	<b>-196,666</b>	<b>-335,221</b>	* Operating Lease charges increase including Joint Control lease and buy out charges MRP increase due to revised schedule of works CERA increase offset by additional income received Recalculation of loan interest due to two loans ending in 2018/19 ** Revised MRP calculation to exclude projects funded from earmarked reserves £38k set aside for new borrowing no longer required *** Reduction in MRP due to delay in property works undertaken
<b>Contingency</b>	<b>355,705</b>	<b>0</b>	<b>355,705</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>355,705</b>	<b>0</b>	<b>0</b>	<b>355,705</b>	** Within salaries to cover operational pay award
<b>Income</b>	<b>-976,096</b>	<b>-975,596</b>	<b>-1,088,997</b>	<b>-1,172,872</b>	<b>-1,201,196</b>	<b>-1,528,986</b>	<b>113,401</b>	<b>83,875</b>	<b>28,325</b>	<b>327,790</b>	<b>553,390</b>	* Increase to cover additional expenditure in areas detailed above ** £53k unbudgeted investment returns along with a further £18k to cover subscription costs *** £25k increase in mast rental costs following re-valuation of Barry station
<b>CONTRIBUTION BUDGET 2018/2019</b>	<b>71,162,672</b>	<b>71,162,672</b>	<b>71,554,025</b>	<b>71,563,618</b>	<b>71,433,936</b>	<b>70,828,482</b>	<b>-391,353</b>	<b>-9,593</b>	<b>129,682</b>	<b>605,454</b>	<b>334,190</b>	

## Key

Overspend

Underspend

\* Comments for the latest FAPM will be included in detail in the report attached

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					APPENDIX 3
Reserve	Purpose and Control	Balance at year start	Transfers in and (out)	Balance at year end	Variations arising between budgeted and actual levels of reserves
<b>General</b>	To cover general financial risks including council funding, grants, inflation and interest.	-3,000,000	0	-3,000,000	
<b>Managed under spends</b>	To meet costs associated with rolling programmes of expenditure incomplete at year end. Controlled via routine budget monitoring procedures.	-100,689	-15,971	-116,660	Spending against 2017/18 carry forward requests within revenue
<b>Change Management</b>	Costs of change arising from 'Shaping our 'Future' programme, investment in change projects to improve service and / or reduce spend.	-6,674,331	1,548,455	-5,125,876	Capital expenditure on Energy Efficiency and Revenue underspend
<b>CFBT Reserve</b>	This reserve has been set up to fund capital investment activities in this facility which is to be housed at Cardiff Gate.	-4,349,161	2,929,391	-1,419,770	Capital spend on CFBT
<b>PFI Equalisation</b>	To meet future costs of the Training Centre PFI project	-3,850,851	617	-3,850,233	Current figures which includes estimated additional value for indexation at year end
<b>Capital Receipts</b>	To meet costs of the capital programme. Reserve applied as receipts are generated	-786,635	-89,343	-875,978	Capital Receipts Reserve in 18/19, mainly disposed vehicles
<b>Joint Control Lease Reserve</b>	To meet the lease costs over an eight year period (from 2017/18)	0	-600,000	-600,000	Annual Joint Control lease costs
	<b>TOTAL</b>	<b>-18,761,666</b>	<b>3,773,149</b>	<b>-14,988,518</b>	

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## **CAPITAL MONITORING REPORT 2018/19**

### **SUMMARY**

The capital monitoring report provides detail of the capital budget, transactions to date and the forecast year end position as at 18 February 2019.

### **RECOMMENDATION**

That Members note the budget, progress of capital schemes, approve alterations identified in Appendix 1 and note the associated funding streams.

## **1. BACKGROUND**

- 1.1 This report provides an update of the major changes affecting the capital budget since the Finance, Audit & Performance Management (FAPM) Committee on 28 January 2019.
- 1.2 Appendix 1 illustrates 2017/18 budget slippage, the 2018/19 budget, expenditure incurred to date, a forecast 31 March position and budget slippage into 2019/20. In summary, the total available budget equates to £8.1 million, the forecast outturn and slippage for the year is £6.1 and £2.8 respectively. Appendix 1 also provides a detailed breakdown of the schemes contributing to the aforementioned position together with the necessary financing arrangements. The following narrative provides an update in support of Appendix 1.

## **2. ISSUES**

### **2.1 Property**

- 2.1.1 Forecast spending on property schemes has reduced by £355k and budget slippage into 2019/20 has increased accordingly since previous reporting. These variances are caused by the follows properties;

	<b>28.01.19 Forecast</b>	<b>Current Forecast</b>	<b>Variance</b>
MONMOUTH	25	10	-15
BARRY (co-location cont's offset over spend)	581	601	20
TONYPANDY	300	62	-238
FORMER CONTROL (Pontyclun)	150	30	-120
C/GATE SECURE STORAGE UNIT	60	57	-3
	1,115	760	-355

The variance represents the impact of competing priorities in progressing property schemes, e.g. CFBT has proven to be resource intensive and will be completed in August this year.

## 2.2 Vehicle Replacement Programme (VRP)

2.2.1 Since previous reporting, the forecast has reduced by £638k and slippage into 2019/20 has increased accordingly. This relates to the following vehicles;

	<b>28.01.19 Forecast</b>	<b>Current Forecast</b>	<b>Variance</b>
OPERATIONAL 4WD	120	0	-120
VANS (LIGHT VEHICLES)	231	177	-54
WATER LADDERS	464	0	-464
	815	177	-638

### 2.2.2 Operational 4WD

There has been a delay in placing the order as a new model was released in December. The Fleet Engineer intends to order two vehicles prior to the 31 March although delivery will not take place until 2019/20.

### 2.2.3 Vans (Light Vehicles)

We have taken delivery of 8 vans with the final van (£30k) scheduled for delivery in July and the budget has slipped into 2019/20 to accommodate this. There is a slight underspend on the final vehicle of £14k, due to an economic, in-house conversion.

### 2.2.4 Water Ladders

Due to ongoing discussions with Operational Co-ordination Group (OCG) regarding the design of the Waterladder, the order has been delayed and the budget slipped forward.

## 2.3 EQUIPMENT / ICT

2.3.1 Since previous reporting, the forecast has reduced by £218k and is attributable to the following projects;

	28.01.19 Forecast	Current Forecast	Variance
BREATHING APPARATUS	22	24	2
MOBILE DATA TERMINALS	0	213	213
WEBSITE PROJECT (reserve funding)	41	38	-3
BIMS	5	1	-4
UNIFIED COMMUNICATION REPLACEMENT	110	9	-101
MTFA EQUIP (grant)	60	0	-60
CBRN / DIM EQUIP (grant)	85	40	-45
LCD DETECTION / MONITORING (grant)	220	0	-220
	543	325	218

- 2.3.2 Mobile Data Terminals (MDTs)  
An order has been placed for 75 MDTs equating to £213k and was not included in previous monitoring reports. These will be 70% funded by Welsh Government as part of the larger Emergency Services Network (ESN) project.
- 2.3.3 Unified Communication Replacement  
Although this has been ordered the work will not be completed until 2019/20 and the budget has been slipped into 2019/20.
- 2.3.4 As previously reported, grant funding of £365k was to become available for investment in capital equipment to support National Resilience work. This has been reduced to £40k through budget discussions with service managers as it seems some items were incorrectly classified as capital, and were purchased through revenue grants, although this is minimal. It seems, the largest part of the reduction is due to funding being available on an all Wales basis and the grant being shared on a needs basis.

### 3 FINANCIAL IMPLICATIONS

- 3.1 Appendix 1 illustrates capital spending plans and is supported by paragraphs 2.1 to 2.3 above. The appendix is over spent on the original budget by £726k although this is offset by additional funding i.e. grants, reserves, third party contributions and is be analysed as follows;

	Over/Under spend £000	Additional Funding £000	Report Variances £000
C/GATE SECURE STORAGE UNIT	-2		-2
PLANNED & PREVENTATIVE MAINT	154		154
BREATHING APPARATUS	-24		-24
MOBILE DATA TERMINALS	-70	-143	-213
SERVICE DESK	4		4
BIMS	4		4
UNIFIED COMMUNICATION REPLACEMENT	-10		-10
VANS (light vehicles)	14		14
BARRY (co-location cont's offset over spend)		-171	-171
LLANTWIT MAJOR (co-location cont's offset overspend)		-164	-164
CFBT FACILITY CARDIFF GATE (reserve funding)		-81	-81
ENERGY EFFICIENCY SCHEMES (reserve funding)		-95	-95
USAR VEHICLES (grant funded)		-48	-48
MTFA Vehicles (grant funded)		-54	-54
CBRN / DIM EQUIP (grant funded)		-40	-40
<b>TOTAL</b>	<b>70</b>	<b>-796</b>	<b>-726</b>

Consequently, there is £796k of additional funding to cover over spends and an additional £70k on the capital budget to be funded via borrowing.

#### 4. EQUALITY RISK ASSESSMENT

- 4.1 There are no equality implications resulting directly from this report. Each element of the capital programme will have undergone Equality risk assessments by the responsible project lead, prior to the commencement of the scheme.

#### 5. RECOMMENDATION

- 5.1 That Members note the progress of the capital schemes, approve alterations identified in Appendix 1 and note the associated funding streams.

Contact Officer:	Background Papers:
Geraint Thomas Head of Finance & Procurement	Revenue & Capital Budget Determination Report Capital Monitoring working papers 2018/19 Budget Holder Reports

CAPITAL PROGRAMME 2018/19								APPENDIX 1
	Project Total £000	SLIPPAGE B/F 2017/18 £000	2018/19 BUDGET £000	ACTUAL AS AT 18.02.19 £000	COMMITTED AS AT 18.02.19 £000	OUTTURN POSITION 31.03.19 £000	BUDGET UNDER/OVER SPEND £000	SLIPPAGE C/F 2019/20 £000
<b>PROPERTY</b>								
<b>LAND ACQUISITIONS</b>								
PONTYPRIDD	425	425	0	0	0	0	0	425
<b>STATION REFURBISHMENTS</b>								
MONMOUTH	600	597	0	0	9	10	0	587
NEW INN	2,550	497	0	3	6	10	0	487
BARRY (co-location cont's offset over spend)	1,400	0	430	448	144	601	-171	0
TONYPANDY	300	0	300	2	60	62	0	238
FORMER CONTROL (Pontyclun)	150	0	150	1	24	30	0	120
LLANTWIT MAJOR (co-location cont's offset overspend)	0	0	37	21	8	201	-164	0
<b>NEW BUILDS</b>								
CFBT FACILITY CARDIFF GATE (reserve funding)	5,000	2,848	0	1,503	1,426	2,929	-81	0
C/GATE SECURE STORAGE UNIT	55	0	55	57	0	57	-2	0
PLANNED & PREVENTATIVE MAINT	0	100	113	59	0	59	154	0
ENERGY EFFICIENCY SCHEMES (reserve funding)	1,054	1,054	0	907	373	1,149	-95	0
	<b>11,534</b>	<b>5,521</b>	<b>1,085</b>	<b>3,002</b>	<b>2,048</b>	<b>5,108</b>	<b>-359</b>	<b>1,857</b>
<b>VEHICLES</b>								
OPERATIONAL 4WD		0	120	0	0	0	0	120
TRUCK (SLIDE DECK / CRANE)		0	150	0	0	0	0	150
VANS (LIGHT VEHICLES)		61	170	89	119	177	14	40
WATER LADDERS		0	464	0	0	0	0	464
MTFA Vehicles (grant funded)		0	0	53	0	54	-54	0
USAR VEHICLES (grant funded)		0	0	0	48	48	-48	0
RESCUE BOAT	45	45	0	0	0	0	0	45
	<b>45</b>	<b>106</b>	<b>904</b>	<b>142</b>	<b>167</b>	<b>279</b>	<b>-88</b>	<b>819</b>
<b>EQUIPMENT</b>								
BREATHING APPARATUS	900	0	0	24	0	24	-24	0
MOBILE DATA TERMINALS		0	0	0	213	213	-213	0
SERVICE DESK	50	35	0	9	21	31	4	0
HQ SWITCH REPLACMENT	200	200	0	150	45	200	0	0
DISASTER RECOVERY	100	44	100	100	3	144	0	0
WEBSITE PROJECT (reserve funding)		0	40	32	0	38	0	2
BIMS	126	5	0	1	0	1	4	0
UNIFIED COMMUNICATION REPLACEMENT	100	0	100	9	101	9	-10	101
MTFA EQUIPMENT (grant funded)		0	0	0	0	0	0	0
CBRN / DIM EQUIP (grant funded)		0	0	0	0	40	-40	0
LCD DETECTION / MONITORING (grant funded)		0	0	0	0	0	0	0
USAR RIG UPGRADE (grant funded)		0	0	0	0	0	0	0
	<b>1,476</b>	<b>284</b>	<b>240</b>	<b>326</b>	<b>383</b>	<b>700</b>	<b>-279</b>	<b>103</b>
<b>TOTAL</b>	<b>13,055</b>	<b>5,911</b>	<b>2,229</b>	<b>3,470</b>	<b>2,598</b>	<b>6,087</b>	<b>-726</b>	<b>2,779</b>
<b>FUNDING ANALYSIS</b>								
						1,150		
						335		
						200		
						4,116		
						285		
						<b>6,087</b>		

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## **INTERNAL AUDIT REPORT**

### **SUMMARY**

This report updates Members upon progress being made against the Internal Audit Plan 2018/2019.

### **RECOMMENDATION**

Members are asked to note internal audit recommendations and work completed to date on the Internal Audit Annual Plan.

## **1. BACKGROUND**

- 1.1 As Members will be aware, TIAA Limited are appointed as the Authority's Internal Auditors to undertake work covered in the Internal Audit Plan 2018/2019 which was approved by this Committee on 23 April 2018.
- 1.2 As previously agreed, all audit reports with an assurance level of limited or no assurance will be provided in full. Recommendations only will be provided for reports with an assurance level of substantial or reasonable.

## **2. ISSUE**

- 2.1 The areas of internal audit reviews within the Annual Plan were completed with 2 final report being issued:-
  - **Key Financial Controls**
  - **Follow Up**

The Summary Internal Audit Progress Report written by TIAA Limited is attached as Appendix 3.

### **2.2 Key Financial Controls**

- 2.2.1 An annual review of the effectiveness of the key financial controls is undertaken which provides assurance that the following systems are operating in accordance with the organisation's requirements:- Budgetary Control, General Ledger, Cash, Banking & Treasury Management, Cash Flow Planning, Income & Debtors, Payments, Payroll, and Security of Assets.

2.2.2 The audit was given a reasonable level of assurance with one important recommendation made.

### 2.3 Follow Up

2.3.1 The Follow Up Review established the management actions that have been taken in respect of the priority 1 and 2 recommendations arising from the internal audit reviews during the year. It also reviewed recommendations made in the previous year that required actions in 2018/2019.

2.3.2 The Auditors found that good progress had been made against the recommendations with 68% having been completed or in progress of completion, and the remainder having a revised target date set for completion. There were no areas identified where recommendations had not been completed or acted upon.

## 3 EQUALITY RISK ASSESSMENT

3.1 The issues raised within this report have no adverse impact on the protected characteristics, and would have been considered during the audit process.

## 4 RECOMMENDATION

4.1 Members are asked to note the internal audit recommendations, and work completed to date on the Internal Audit Annual Plan.

<b>Contact Officer:</b>	<b>Background Papers:</b>
Name: Geraint Thomas Title: Head of Finance & Procurement	Appendix 1 – Key Financial Controls Appendix 2 – Follow Up Appendix 3 – Summary Internal Audit Progress Road



## **South Wales Fire and Rescue Service**

### **Compliance Review of Key Financial Controls**

**March 2019**

**FINAL**

## Executive Summary

### OVERALL ASSURANCE ASSESSMENT



### OVERALL CONCLUSION

The Service has effective segregation of duties and key financial controls in place that are appropriate to the size of the Finance Team and which were found to be operating effectively from the testing completed as part of this review.

- The Financial Procedure Rules need to be reviewed.
- The bank reconciliations had been completed in a timely manner.

### SCOPE

#### Rationale

Key financial controls reviewed annually.

#### Scope

This review considered the effectiveness of the key financial controls which provide assurance that the following systems are operating in accordance with the Organisation's requirements: Budgetary control; General ledger; Cash, banking & treasury management; Cash flow planning; Income & debtors; Payments; Payroll and Security of assets.

### ACTION POINTS

Urgent	Important	Routine	Operational
0	1	0	0

## Management Action Plan - Priority 1, 2 and 3 Recommendations

Rec .	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	The Financial Procedure Rules (FPR) were last approved by the Fire Authority in July 2013.	The Financial Procedure Rules be reviewed and any changes be approved by the Fire & Rescue Authority.	2	<i>Review work is currently being undertaken and any amendments will be reported through committees and to the Fire Authority in the 2019 municipal year.</i>	<i>September 2019</i>	<i>Head of Finance &amp; Procurement</i>

## **Operational Effectiveness Matters**

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Ref	Risk Area	Item	Management Comments
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No Operational Effectiveness Matters were identified.

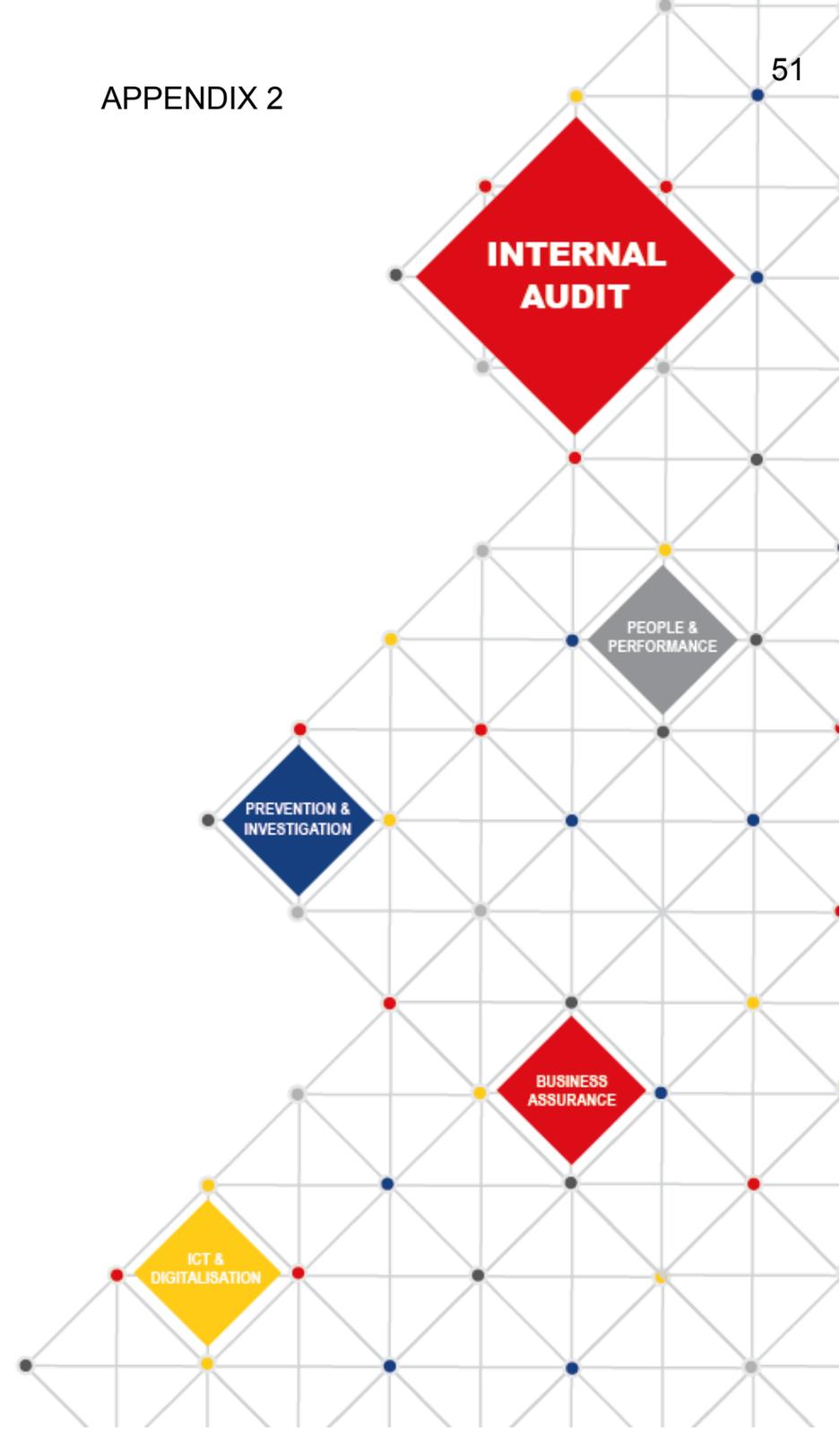


## South Wales Fire and Rescue Service

### Follow Up Review

March 2019

**FINAL**



## Executive Summary

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### INTRODUCTION

1. This follow up review by TIAA established the management action that has been taken in respect of the priority 1 and 2 recommendations arising from the internal audit reviews listed below at the Authority. The review was carried out in February 2019.

<b>Review</b>	<b>Year</b>	<b>Date Presented to Fire Authority</b>
<b>Follow Up (2017/18)</b>	<b>2016/17</b>	<b>23<sup>rd</sup> April 2018</b>
<b>Risk Management – Anti-fraud</b>	<b>2017/18</b>	<b>4<sup>th</sup> December 2017</b>
<b>Station Visits (2018/19)</b>	<b>2017/18</b>	<b>12<sup>th</sup> November 2018</b>
<b>ICT Cyber Security (2018/19)</b>	<b>2017/18</b>	<b>4<sup>th</sup> December 2017</b>
<b>Fleet Management – Fuel (2017/18)</b>	<b>2017/18</b>	<b>29<sup>th</sup> January 2018</b>
<b>HR Absence Management</b>	<b>2017/18</b>	<b>11<sup>th</sup> September 2017</b>
<b>Contract Management</b>	<b>2017/18</b>	<b>23<sup>rd</sup> April 2018</b>

## KEY FINDINGS

2. The follow up review considered whether the management action taken addresses the control issues that gave rise to the recommendations. The implementation of these recommendations can only provide reasonable and not absolute assurance against misstatement or loss. From the work carried out the following evaluations of the progress of the management actions taken to date have been identified.

Evaluation	Number of Recommendations
Implemented	36
Outstanding	6
Considered but not Implemented/No longer Applicable	1
Not Implemented	-

3. There has been very good progress with 29 recommendations (68%) fully implemented, 13 recommendations (30%) outstanding and 1 recommendation (2%) no longer applicable.

## SCOPE AND LIMITATIONS OF THE REVIEW

4. The review considered the progress made in implementing the recommendations made in the previous internal audit reports and to establish the extent to which management has taken the necessary actions to address the control issues that gave rise to the internal audit recommendations.
5. The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.
6. For the purposes of this review reliance was placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

**RELEASE OF REPORT**

7. The table below sets out the history of this report.

<b>Date draft report issued:</b>	19 <sup>th</sup> February 2019
<b>Date management responses rec'd:</b>	8 <sup>th</sup> March 2019
<b>Date final report issued:</b>	8 <sup>th</sup> March 2019

## Detailed Report

### FOLLOW UP

8. Management representations were obtained on the action taken to address the recommendations and limited testing has been carried out to confirm these management representations. The following matters were identified in considering the recommendations that have not been fully implemented:

9. Follow Up 2017/18

<b>Audit title</b>	<b><u>Estate Management Strategy</u></b>	<b>Audit year</b>	2016/17	<b>Priority</b>	2
<b>Recommendation</b>	A defined process for updating asset and property condition survey data in light of maintenance, compliance reviews and other activities be established.				
<b>Initial management response</b>	The Property Strategy Estate Manager stated that when the review was undertaken there were issues with accessing the Asset database. These issues have now been solved. The Estate Team has made progress but the Property Strategy Manager agreed that the recommendation is still outstanding as further improvements need to be made to the current process for updating the asset and property condition survey data. Currently asset and property condition data is being populated within an Excel spreadsheet.				
<b>Responsible Officer/s</b>	Property Strategy Manager	<b>Original implementation date</b>	1 <sup>st</sup> December 2016	<b>Revised implementation date(s)</b>	December 2019
<b>Latest Update</b>	The Property Strategy Manager stated that a new Excel based management tool has been introduced and is in the process of being completed.				
<b>New implementation date</b>	To be set	<b>Status</b>	<b>Outstanding</b>		

<b>Audit title</b>	<b><u>Governance – Internal Communications</u></b>	<b>Audit year</b>	2016/17	<b>Priority</b>	2
<b>Recommendation</b>	To alleviate the conflicting pressures placed on the Media and Communications Team the wider teams within the service be reminded of the importance of allowing sufficient time for requests to be completed, when planning communications activity.				
<b>Initial management response</b>	The Head of Service Performance and Communication confirmed that latest update has been provided to the Finance, Audit and Performance Management Committee meeting in December 2017. Currently work is being undertaken and meetings are being planned with key leads within each of the 'customer' departments that utilise Media & Communications and its functions so that requests are managed accordingly and planned in as early as possible to reduce conflicting pressures and deadlines on the team.				
<b>Responsible Officer/s</b>	Head of Service Performance and Communication	<b>Original implementation date</b>	01/02/2017	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The recommendation forms part of the ongoing working relationship arrangements. At the moment the Media and Communications Team is using a consultation and engagement group to obtain an understanding of the future requirements. The group meets every six weeks with the latest group meeting on the 16 <sup>th</sup> January 2019.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Governance – Internal Communications</u></b>	<b>Audit year</b>	2016/17	<b>Priority</b>	<b>2</b>
<b>Recommendation</b>	<p>The intended restructure of the Media and Communications Team is to give consideration to the following factors:</p> <ul style="list-style-type: none"> <li>- The Welsh Language Standards,</li> <li>- Additional Data Protection requirements to co-ordinate, maintain and manage consent forms for all moving imagery, photographs and audio recordings,</li> <li>- the introduction of new bilingual intranet and internet sites,</li> <li>- the synergies between the communication and engagement functions within the service,</li> <li>- 24/7 support for media and communication activity,</li> <li>- The resilience of the senior roles within the media and communications team over forthcoming months.</li> </ul>				
<b>Initial management response</b>	<p>The Head of Service Performance and Communication confirmed that a Service Structural review is still being undertaken. To date the following arrangements have been put in place:</p> <ul style="list-style-type: none"> <li>- In Q1 of 2017 Website was reviewed and reduced in time to enable compliance with Welsh Language Standards,</li> <li>- The future structure of the Media and Communications Team has been proposed to ELT and SMT,</li> <li>- Temporary Communications Officer recruited to provide resilience,</li> <li>- Website project launched with Temporary Website and Communications Officer recruited to run the project,</li> <li>- Temporary Project Support Officer recruited,</li> <li>- Interim structure remains in place awaiting decision on the future structure of the department,</li> <li>- Website project is progressing</li> </ul>				
<b>Responsible Officer/s</b>	Head of Service Performance and Communication	<b>Original implementation date</b>	31/12/2017	<b>Revised implementation date(s)</b>	30/09/2019

<b>Latest Update</b>	The Head of Service Performance and Communication confirmed that the intranet website project is outstanding. The restructure of the Media and Comms team is in the final stages moving to a permanent structure. The external Website phase 1 has been delivered bilingually and is undergoing further development. The intranet project will be likely to launch towards Q3 of 2019 when the permanent structure has been implemented.		
<b>New implementation date</b>	To be set	<b>Status</b>	<b>Outstanding</b>

<b>Audit title</b>	<b><u>Follow Up</u></b>	<b>Audit year</b>	2016/17	<b>Priority</b>	<b>2</b>
<b>Recommendation</b>	All procedures relating to HR and Payroll processes be reviewed and amended as planned.				
<b>Initial management response</b>	The HR Manager and Accountant for People Services confirmed that the HR and Payroll system Core HR has now been implemented and minor software releases have been updated in September 2017. The occupational absence functionality has been enabled and Core support are in the process of resolving any issues which the Service has been experiencing with the software since it went live in October 2015. Once this has been resolved, a further functionality for Core Expense will be implemented. The procedures relating to HR and payroll and will be amended once the issues have been corrected and the new functionalities implemented as necessary. Meetings have already been undertaken to discuss the process for reviewing the procedures. It is anticipated that the recommendation will be implemented in March 2018.				
<b>Responsible Officer/s</b>	HR Manager and Accountant for People Services	<b>Original implementation date</b>	July 2016	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	Policies and procedures have been updated.				
<b>New implementation date</b>	N/A	<b>Status</b>	<b>Implemented</b>		

<b>Audit title</b>	<b>ICT Security Management</b>	<b>Audit year</b>	2016/17	<b>Priority</b>	2
<b>Recommendation</b>	A full annual asset reconciliation or a rolling programme of reconciliations that ensure that all areas are reconciled at least annually be implemented once the ICT asset database has been brought up to date.				
<b>Initial management response</b>	The recommendation was originally planned to be completed following the implementation of the ICT Infrastructure Project. The Service Manager stated that the project has taken a longer time to be implemented and this has had an impact on the timescales for completion of the recommendation. A new Asset Management system has been implemented within ICT that gives individuals portal access to log calls with ICT. In the next three months lists will be sent out to departments to reconcile the equipment held. Anomalies and variances will be investigated and amended accordingly via the database.				
<b>Responsible Officer/s</b>	ICT Service Manager	<b>Original implementation date</b>	December 2016	<b>Revised implementation date(s)</b>	June 2019
<b>Latest Update</b>	The ICT Service Manager provided a report of the assets without an audit date. Currently work is still being undertaken to conduct a verification check of the remaining 1,237 assets.				
<b>New implementation date</b>	To be set	<b>Status</b>	<b>Outstanding</b>		

10. Risk Management – Anti-fraud

<b>Audit title</b>	<b><u>Risk Management – Anti-fraud</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	2
<b>Recommendation</b>	The Action to be taken in the Event of Fraud Discovery or Suspicion of Fraud document be reviewed as planned and be required to contain the points suggested in the body of the report.				
<b>Initial management response</b>	The review was due in September 2017. It has been delayed to accommodate recommendations falling out of this audit report. The document will now be reviewed to incorporate improvements suggested in paragraph 11.1.				
<b>Responsible Officer/s</b>	Head of Finance and Procurement	<b>Original implementation date</b>	31/01/2018	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The document was amended incorporating recommendations from the initial audit report and subsequently reported to the service Senior Management Team for approval in April 2018.				
<b>New implementation date</b>	To be set	<b>Status</b>	<b>Implemented</b>		

<b>Audit title</b>	<b><u>Risk Management – Anti-fraud</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	2
<b>Recommendation</b>	A formal Fraud Register be developed and be presented to every Finance, Audit and Performance Committee even if there are no incidents or changes since it was last presented.				
<b>Initial management response</b>	A decision will be taken by the FAPM Committee on the frequency of a register being presented. Following this a fraud register will be developed to include detail recorded in the fraud log.				
<b>Responsible Officer/s</b>	Head of Finance and Procurement	<b>Original implementation date</b>	31/12/2017	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The Fraud Register was developed, however it was deemed unnecessary to report to the FAPM unless a fraudulent event had taken place.				
<b>New implementation date</b>	To be set	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Risk Management – Anti-fraud</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	2
<b>Recommendation</b>	The OP-05.003 Public Interest Disclosure Procedure (Whistleblowing) be reviewed and updated as planned.				
<b>Initial management response</b>	The review was due in September 2017. It has been delayed to accommodate recommendations falling out of this audit report. The document will now be reviewed and include improvements suggested in paragraph 11.12.				
<b>Responsible Officer/s</b>	Head of Finance and Procurement	<b>Original implementation date</b>	31/01/2018	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The procedure documents was amended and published in April 2018.				
<b>New implementation date</b>	To be set	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Risk Management – Anti-fraud</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	2
<b>Recommendation</b>	The Code of Corporate Governance be reviewed and updated to reflect current arrangements or if it is now obsolete this be removed from the Documents within the fire Authority.				
<b>Initial management response</b>	This document is now obsolete and will be withdrawn.				
<b>Responsible Officer/s</b>	Head of Business Support	<b>Original implementation date</b>	30/11/2017	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The Code of Governance has been withdrawn				
<b>New implementation date</b>	N/A	<b>Status</b>	No longer applicable		

<b>Audit title</b>	<b><u>Risk Management – Anti-fraud</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	3
<b>Recommendation</b>	The formal designation of a Money Laundering Reporting Officer for the Service be included in the next review of the Financial Procedures.				
<b>Initial management response</b>	The next review of the Financial Regulation procedures will include designation of the Treasurer/deputy treasury as the Money Laundering Reporting Officer.				
<b>Responsible Officer/s</b>	Head of Finance and Procurement	<b>Original implementation date</b>	31/01/2018	<b>Revised implementation date(s)</b>	September 2019
<b>Latest Update</b>	The review of Financial procedures is currently being undertaken and will be reported to FAPM/FRA in the 2019 municipal year.				
<b>New implementation date</b>	To be set	<b>Status</b>	<b>Outstanding</b>		

<b>Audit title</b>	<b><u>Risk Management – Anti-fraud</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	3
<b>Recommendation</b>	The revised Public Interest Disclosure Procedure (Whistleblowing) be made available for the general public on the organisation's website to access and obtain the process to report any concerns.				
<b>Initial management response</b>	Significant redeveloped of the Service website is currently being undertaken by an external agency. Links to the Public Interest Disclosure Procedure will be included with other relevant documents published by the Finance Department.				
<b>Responsible Officer/s</b>	Head of Finance and Procurement	<b>Original implementation date</b>	31/05/2018	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The revised document has been published on the service Website.				
<b>New implementation date</b>	To be set	<b>Status</b>	<b>Implemented</b>		

<b>Audit title</b>	<b><u>Risk Management – Anti-fraud</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	3
<b>Recommendation</b>	All gifts and hospitality be recorded in the Gifts and Hospitality Register whether accepted or declined in accordance with the General Standing Orders and this be noted in the next review of the OP-05.006 Hospitality and Gifts Policy.				
<b>Initial management response</b>	The Gifts and Hospitality register will be updated to include accepted and declined offers.				
<b>Responsible Officer/s</b>	Head of Business Support	<b>Original implementation date</b>	31/12/2017	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The register was updated to reflect the outlined recommendations.				
<b>New implementation date</b>	To be set	<b>Status</b>	<b>Implemented</b>		

<b>Audit title</b>	<b><u>Risk Management – Anti-fraud</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	3
<b>Recommendation</b>	The Gifts and Hospitality Register be presented regularly to the Finance, Audit and Performance Committee meeting for inspection in accordance with good governance and this be recorded in the minutes.				
<b>Initial management response</b>	The Gifts and Hospitality register will be updated to include accepted and declined offers. This will be presented to the FAPM committee at intervals to be agreed.				
<b>Responsible Officer/s</b>	Head of Business Support	<b>Original implementation date</b>	31/12/2017	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The register will be presented to the FAPM committee during the municipal year and included in the forward work programme for future years.				
<b>New implementation date</b>	To be set	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Risk Management – Anti-fraud</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	3
<b>Recommendation</b>	A de-briefing of all frauds identified as a lessons learnt exercise be undertaken to satisfy management that internal controls are in place and operating effectively to prevent any further occurrence and that actions taken were appropriate to uphold the Services culture to fraud.				
<b>Initial management response</b>	A structured debrief to be included as part of the fraud response plan for Senior Managers of the Service.				
<b>Responsible Officer/s</b>	Head of Finance and Procurement	<b>Original implementation date</b>	Ongoing – to be undertaken in the event of Fraud	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The debrief requirement was added to the fraud response plan.				
<b>New implementation date</b>	To be set	<b>Status</b>	<b>Implemented</b>		

11. Station Visits (2018/19)

<b>Audit title</b>	<b>Station Visits</b>	<b>Audit year</b>	2018/19	<b>Priority</b>	2
<b>Recommendation</b>	Pencoed station staff be reminded that fuel cards must be kept in the locked key safe when not being used.				
<b>Initial management response</b>	The fuel card has been placed in the Key Safe at Pencoed. SC to monitor. All SC have been emailed to remind them fuel cards are to be kept in the Key Safes. This will be monitored on station audits for any future non-compliance. Will complete a spot check 4 weeks from date email sent.				
<b>Responsible Officer/s</b>	Station Commander (SC) and OAST SM – Monitoring officer only	<b>Original implementation date</b>	11/09/2017	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The points have been reiterated to all Station Commanders.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b>Station Visits</b>	<b>Audit year</b>	2018/19	<b>Priority</b>	2
<b>Recommendation</b>	Routine fire alarm tests and firefighting equipment inspections be carried out on a weekly basis and emergency lighting tests on a monthly basis be undertaken at all stations in accordance with the procedures set out in the Raising Awareness, Reducing Risk Log book.				
<b>Initial management response</b>	Email send to all SC reminding them of the importance of personnel performing these tests within the correct timelines and completing the appropriate Log Books. All Log Books are checked by the OAST team during the annual audits				
<b>Responsible Officer/s</b>	Station Commander (SC) and OAST SM – Monitoring officer only	<b>Original implementation date</b>	11/9/2017	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The points have been reiterated to all Station Commanders.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b>Station Visits</b>	<b>Audit year</b>	2018/19	<b>Priority</b>	2
<b>Recommendation</b>	All staff undertaking quarterly checks of first aid kits be reminded that expired first aid kit items must be removed as part of the periodical check carried out every three months.				
<b>Initial management response</b>	Email sent to all SC advising them to check all First Aid Kits and replace any out of date items. The first Aid packs are checked during annual audits by the OAST team. Will complete a spot check 4 weeks from date email sent.				
<b>Responsible Officer/s</b>	Station Commander (SC) and OAST SM – Monitoring officer only	<b>Original implementation date</b>	11/9/2017	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The points have been reiterated to all Station Commanders.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b>Station Visits</b>	<b>Audit year</b>	2018/19	<b>Priority</b>	2
<b>Recommendation</b>	Pencoed station be supplied with a first aid kit for the Environmental Commander Unit (ECU) vehicle.				
<b>Initial management response</b>	A First Aid kit has been ordered for this appliance. Confirmation of arrival and placement of kit on vehicle to be confirmed by the SC.				
<b>Responsible Officer/s</b>	Station Commander (SC) and OAST SM – Monitoring officer only	<b>Original implementation date</b>	11/09/2017	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	First aid kit has been added to the ECU vehicle.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Station Visits</u></b>	<b>Audit year</b>	2018/19	<b>Priority</b>	<b>2</b>
<b>Recommendation</b>	The rowing machine at Pencoed station currently located between the two fire appliances be moved to the gymnasium area to remove the potential health and safety risk to station staff accessing the fire appliances.				
<b>Initial management response</b>	The rowing machine has been moved to the rubber matt in the gym area. SC to monitor. Location of gym equipment to be monitored on Station audit visits.				
<b>Responsible Officer/s</b>	Station Commander (SC) and OAST SM – Monitoring officer only	<b>Original implementation date</b>	Confirmed completed.	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The points have been reiterated to all Station Commanders. Station inspections will pick these issues up going forward.				
<b>New implementation date</b>	N/A	<b>Status</b>	<b>Implemented</b>		

<b>Audit title</b>	<b><u>Station Visits</u></b>	<b>Audit year</b>	2018/19	<b>Priority</b>	<b>3</b>
<b>Recommendation</b>	All Stations be reminded that the Incident Reporting System (IRS) needs to be updated in a timely manner.				
<b>Initial management response</b>	Email sent to all SC to remind all staff the importance of completing the IRS forms in a timely manner. Will complete a spot check 4 weeks from date email sent.				
<b>Responsible Officer/s</b>	Station Commander (SC) and OAST SM – Monitoring officer only	<b>Original implementation date</b>	11/09/2017	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The points have been reiterated to all Station Commanders.				
<b>New implementation date</b>	N/A	<b>Status</b>	<b>Implemented</b>		

<b>Audit title</b>	<b>Station Visits</b>	<b>Audit year</b>	2018/19	<b>Priority</b>	2
<b>Recommendation</b>	Members of staff at all stations be reminded that all equipment identified on the Due Reports need to be tested the Redkite system updated in a timely manner or the Redkite Customer Support Team need to be advised that items are not located at the station recorded on Redkite as having the item to enable enquiries to be made to identify the location of these items.				
<b>Initial management response</b>	Pontypridd SC to provide a list of their Redkite equipment which needs re-kiting. Either they have no number or the number has faded and is no longer readable. Email sent to all SC reminding them of the importance of stations competing the Redkite tests on a daily basis. Will complete a spot check 4 weeks from date email sent. A new equipment log book is being produced to track location of equipment used or swapped at incidents/training and will be completed and on stations by the end of September.				
<b>Responsible Officer/s</b>	Station Commander (SC) and OAST SM – Monitoring officer only	<b>Original implementation date</b>	11/09/2017	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The points have been reiterated to all Station Commanders.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b>Station Visits</b>	<b>Audit year</b>	2018/19	<b>Priority</b>	2
<b>Recommendation</b>	Staff at all stations be reminded that when equipment is returned as repaired or new, the Redkite system needs to be updated to ensure that all equipment can be accounted for and is fit for purpose.				
<b>Initial management response</b>	Email sent to all SC reminding them of the importance of station personnel completing acceptance tests and updating the Redkite system. Will complete a spot check 4 weeks from date email sent.				
<b>Responsible Officer/s</b>	Station Commander (SC) and OAST SM – Monitoring officer only	<b>Original implementation date</b>	11/09/2017	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The points have been reiterated to all Station Commanders.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

12. ICT Cyber Security

<b>Audit title</b>	<b>ICT Cyber Security</b>	<b>Audit year</b>	2018/19	<b>Priority</b>	2
<b>Recommendation</b>	Intrusion prevention and intrusion detection solutions be implemented at the earliest opportunity.				
<b>Initial management response</b>	CISCO Firepower IDS solution is currently being evaluated.				
<b>Responsible Officer/s</b>	ICT Communications Team Leader	<b>Original implementation date</b>	31/03/2018	<b>Revised implementation date(s)</b>	March 2019
<b>Latest Update</b>	The Capital Bid is yet to be approved for 2019/20 and includes IPS and IDS specification.				
<b>New implementation date</b>	To be set.	<b>Status</b>	<b>Outstanding</b>		

<b>Audit title</b>	<b>ICT Cyber Security</b>	<b>Audit year</b>	2018/19	<b>Priority</b>	2
<b>Recommendation</b>	A comprehensive log management strategy be implemented that includes the use of a central log server and the use of log management tools.				
<b>Initial management response</b>	This is currently managed by exception, and therefore not comprehensive but will be included as part of ICT Business Plans 2018/19.				
<b>Responsible Officer/s</b>	ICT Infrastructure Team Leader	<b>Original implementation date</b>	31/03/2019	<b>Revised implementation date(s)</b>	September 2019
<b>Latest Update</b>	ICT Infrastructure Team Leader confirmed that currently undertaking testing of the central log server. The strategy will be developed by the agreed date of April 2019.				
<b>New implementation date</b>	To be set	<b>Status</b>	<b>Outstanding</b>		

<b>Audit title</b>	<b>ICT Cyber Security</b>	<b>Audit year</b>	2018/19	<b>Priority</b>	3
<b>Recommendation</b>	The relevant areas of the Information Security Management System be updated to ensure compliance with the requirements of EU GDPR and the equivalent UK legislation by the 25th May 2018 compliance deadline.				
<b>Initial management response</b>	ICT will work with SWFRS Information Governance & Compliance Officer to update relevant ISMS to ensure compliance with requirements of EU GDPR.				
<b>Responsible Officer/s</b>	ICT Service Manager	<b>Original implementation date</b>	25/05/2018	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	Full compliance and updated the relevant ISMS to ensure compliance with EU GDPR.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

13. Fleet Management – Fuel

<b>Audit title</b>	<b><u>Fleet Management – Fuel</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	<b>1</b>
<b>Recommendation</b>	The anomalies of unleaded and diesel fuel transactions for the same card and same vehicle be investigated and corrective action where necessary.				
<b>Initial management response</b>	It is possible for purchases of diesel and unleaded to take place at the same time. On investigation the unleaded fuel is for canned stock to refuel generators, plant etc. The electronic Fuel Receipt form allows for unleaded to be allocated as a canned stock purchase. This will be further extended to include the actual use of the canned stock purchase.				
<b>Responsible Officer/s</b>	Senior Procurement Officer	<b>Original implementation date</b>	31/01/18	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	Recommendation was followed up in November 2018 as part of the Fleet Management – Usage review where it was deemed to be fully implemented.				
<b>New implementation date</b>	N/A	<b>Status</b>	<b>Implemented</b>		

<b>Audit title</b>	<b><u>Fleet Management – Fuel</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	2
<b>Recommendation</b>	The OP-03.003 Fleet & Engineering Procedures be reviewed and updated to reflect current arrangements.				
<b>Initial management response</b>	A review is soon to take place to amend the existing OP-03.003 and reflect the improved ways of working. Fuel will have its own procedure and be separate from the Fleet and Engineering Procedure.				
<b>Responsible Officer/s</b>	Senior Procurement Officer and Fleet Manager	<b>Original implementation date</b>	31 <sup>st</sup> March 2018	<b>Revised implementation date(s)</b>	31 <sup>st</sup> March 2019
<b>Latest Update</b>	Recommendation was followed up in November 2018 as part of the Fleet Management – Usage review where it was deemed to be fully implemented.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Fleet Management – Fuel</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	2
<b>Recommendation</b>	All staff who have the authority to dispense fuel be set up in the system to ensure the VecTec system asks for the Service Number before the system will allow the dispensation of fuel.				
<b>Initial management response</b>	All staff have now been updated on the system and the procedure improved to capture new starters and leavers.				
<b>Responsible Officer/s</b>	Senior Procurement officer	<b>Original implementation date</b>	31/12/17	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	Recommendation was followed up in November 2018 as part of the Fleet Management – Usage review where it was deemed to be fully implemented.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Fleet Management – Fuel</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	2
<b>Recommendation</b>	All fob users be instructed that the correct mileage of the vehicle must be entered onto the VecTec system when dispensing fuel into that vehicle.				
<b>Initial management response</b>	An operations bulletin is being written to remind staff of their duties when fuelling vehicles from stored tanks. This message will also be shown on the intranet and routine notice. Management Reporting now allows us to track the offenders and instruct them directly.				
<b>Responsible Officer/s</b>	Senior Procurement Officer	<b>Original implementation date</b>	15/01/2018	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	Recommendation was followed up in November 2018 as part of the Fleet Management – Usage review where it was deemed to be fully implemented.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Fleet Management – Fuel</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	2
<b>Recommendation</b>	Periodic reviews of transactions undertaken using fobs via the VecTec system be undertaken and anomalies investigated and corrective action taken to ensure compliance with procedures.				
<b>Initial management response</b>	The ownership of the Fleet Management System and Fuel Cards has recently been moved to Procurement. Increased use of the Management Information will now take place to monitor and report and feedback issues to Senior Management.				
<b>Responsible Officer/s</b>	Senior Procurement Officer	<b>Original implementation date</b>	31/12/2017	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	Recommendation was followed up in November 2018 as part of the Fleet Management – Usage review where it was deemed to be fully implemented.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Fleet Management – Fuel</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	2
<b>Recommendation</b>	Periodic reviews of transactions undertaken using fuel cards be undertaken and anomalies investigated and corrective action taken to ensure compliance with procedures.				
<b>Initial management response</b>	The ownership of the Fleet Management System and Fuel Cards has recently been moved to Procurement. Increased use of the Management Information will now take place to monitor and report and feedback issues to Senior Management.				
<b>Responsible Officer/s</b>	Senior Procurement Officer	<b>Original implementation date</b>	31/12/2017	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	Recommendation was followed up in November 2018 as part of the Fleet Management – Usage review where it was deemed to be fully implemented.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Fleet Management – Fuel</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	3
<b>Recommendation</b>	The predefined threshold levels where fuel replenishment orders are generated be obtained from VecTec and these be reviewed to ensure they remain appropriate.				
<b>Initial management response</b>	A full review of the capacity levels and MOQ for tanks will take place in discussion with Operations, Property and Procurement.				
<b>Responsible Officer/s</b>	Senior Procurement Officer	<b>Original implementation date</b>	31/01/2018	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	Recommendation was followed up in November 2018 as part of the Fleet Management – Usage review where it was deemed to be fully implemented.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Fleet Management – Fuel</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	3
<b>Recommendation</b>	The fuel supplier be contacted to establish if electronic data on fuel deliveries could be provided as soon as possible after receipt of delivery to ensure the fuel stock levels are more timely managed.				
<b>Initial management response</b>	Discussions are taking place with the Fuel Supplier to receive accurate delivery quantities in a timelier manner. The existing supplier is unable to provide the data required on the day of or day after delivery. Work continues to find a suitable solution. If the supplier is unable to resolve the issue then a possible solution would be to discuss whether other framework providers offer this solution and consider moving for a cost increase.				
<b>Responsible Officer/s</b>	Senior Procurement Officer	<b>Original implementation date</b>	31/01/2018	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	Recommendation was followed up in November 2018 as part of the Fleet Management – Usage review where it was deemed to be fully implemented.				
<b>New implementation date</b>	N/A	<b>Status</b>	<b>Implemented</b>		

<b>Audit title</b>	<b><u>Fleet Management – Fuel</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	3
<b>Recommendation</b>	All fob users be reminded that fobs are issued to one vehicle registration and that they be used for that vehicle only.				
<b>Initial management response</b>	This has been investigated and resolved as a one off occurrence.				
<b>Responsible Officer/s</b>	Senior Procurement Officer	<b>Original implementation date</b>	31/12/2017	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	Recommendation was followed up in November 2018 as part of the Fleet Management – Usage review where it was deemed to be fully implemented.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Fleet Management – Fuel</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	3
<b>Recommendation</b>	Further training on the reporting functionality within VecTec be undertaken to improve and provide quality management information.				
<b>Initial management response</b>	Training on the system is planned to take place in February to include P2P, Finance and Ops Staff.				
<b>Responsible Officer/s</b>	Senior Procurement Officer	<b>Original implementation date</b>	28/02/2018	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	Recommendation was followed up in November 2018 as part of the Fleet Management – Usage review where it was deemed to be fully implemented.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Fleet Management – Fuel</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	3
<b>Recommendation</b>	All stations and All-star card users be reminded of the fact that the cards are to be used for the purchase of fuel and oil only.				
<b>Initial management response</b>	An operations bulletin is being written to remind staff of their duties when fuelling vehicles from stored tanks. This message will also be shown on the intranet and routine notice. All instances of small value orders to be checked against electronic fuel receipting form.				
<b>Responsible Officer/s</b>	Senior Procurement Officer	<b>Original implementation date</b>	15/01/2018	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	Recommendation was followed up in November 2018 as part of the Fleet Management – Usage review where it was deemed to be fully implemented.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Fleet Management – Fuel</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	3
<b>Recommendation</b>	All staff be reminded that refuelling at Motorways Services is only acceptable during major operational requirements and that this be kept to a minimum.				
<b>Initial management response</b>	An operations bulletin is being written to remind staff of their duties when fuelling vehicles from stored tanks. This message will also be shown on the intranet and routine notice.				
<b>Responsible Officer/s</b>	Senior Procurement Officer	<b>Original implementation date</b>	15/01/2018	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	Recommendation was followed up in November 2018 as part of the Fleet Management – Usage review where it was deemed to be fully implemented.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Fleet Management – Fuel</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	3
<b>Recommendation</b>	All stations and fuel card users be reminded to provide the odometer readings to the fuel garage till operative to comply with procedures.				
<b>Initial management response</b>	An operations bulletin is being written to remind staff of their duties when fuelling vehicles from stored tanks. This message will also be shown on the intranet and routine notice.				
<b>Responsible Officer/s</b>	Senior Procurement Officer	<b>Original implementation date</b>	15/01/2018	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	Recommendation was followed up in November 2018 as part of the Fleet Management – Usage review where it was deemed to be fully implemented.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Fleet Management – Fuel</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	3
<b>Recommendation</b>	A control and monitoring of the completion of pool car Vehicle Log Books be initiated and anomalies be addressed with the individuals using the vehicles				
<b>Initial management response</b>	Fleet and Engineering will carry out regularised Pool Car Log Book audits to identify any anomalies, a record of the discrepancies and those responsible will be kept and forwarded to line managers to ensure all issues are addressed.				
<b>Responsible Officer/s</b>	Fleet Manager	<b>Original implementation date</b>	9 <sup>th</sup> January 2018	<b>Revised implementation date(s)</b>	N/A
<b>Latest Update</b>	Recommendation was followed up in November 2018 as part of the Fleet Management – Usage review where it was deemed to be fully implemented.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

14. HR – Absence Management

<b>Audit title</b>	<b>HR – Absence Management</b>	<b>Audit year</b>	2018/19	<b>Priority/</b>	3
<b>Recommendation</b>	The Welfare and Attendance Monitoring Procedure be updated to reflect current practice				
<b>Initial management response</b>	Agreed – will be considered as part of the ongoing review of the procedures currently being undertaken.				
<b>Responsible Officer/s</b>	Absence Management Officer	<b>Original implementation date</b>	31/03/2018	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The Welfare and Attendance Monitoring Policy has been updated.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

15. Contract Management

<b>Audit title</b>	<b><u>Contract Management</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	2
<b>Recommendation</b>	The actions identified through the Wales Fire and Rescue Services Procurement Strategy Action Plan 2017-2022 and the Welsh Procurement Fitness Health Check be implemented as planned.				
<b>Initial management response</b>	The actions listed are joint All Wales Actions. MWWFRS have recently taken the strategic decision to join the Mid and West Wales Procurement Forum. It is yet to be decided whether the action plan will stand or whether we take these forward on our own. We will be able to move forward once the decision has been taken by the Strategic Procurement Board. Actions will then be reviewed.				
<b>Responsible Officer/s</b>	Senior Procurement / Procurement Officer	<b>Original implementation date</b>	30/06/2018	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The Action Plan which is still valid and being regularly monitored for completion of actions at the Strategic Procurement Board.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Contract Management</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	2
<b>Recommendation</b>	The responsibility for obtaining confirmation of up to date insurances, Waste Carriers license and other documentation required for the safe disposal of hazardous material removed from vehicles, in accordance with Environment Agency Guidelines and Regulations to be provided by the suppliers as part of the contract be formally communicated to the Training Department.				
<b>Initial management response</b>	An email has been sent to Training to confirm their responsibility to obtain copies and keep on file, of the Waste Carriers Licence and Insurance documents relevant to the End of Life Vehicle Contract on an annual basis.				
<b>Responsible Officer/s</b>	Procurement Coordinator	<b>Original implementation date</b>	14/02/2018	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	Fully implemented as per the initial management response.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

<b>Audit title</b>	<b><u>Contract Management</u></b>	<b>Audit year</b>	2017/18	<b>Priority</b>	3
<b>Recommendation</b>	Arrangements be developed to provide formal training on procurement and purchasing to staff that is commensurate with their role and responsibilities.				
<b>Initial management response</b>	We have developed a formal training plan to include Contract Management, Procurement and System Training. The training will commence 01/03/2018.				
<b>Responsible Officer/s</b>	Procurement Officer	<b>Original implementation date</b>	01/03/2018	<b>Revised implementation date(s)</b>	
<b>Latest Update</b>	The relevant training has now been delivered as required.				
<b>New implementation date</b>	N/A	<b>Status</b>	Implemented		

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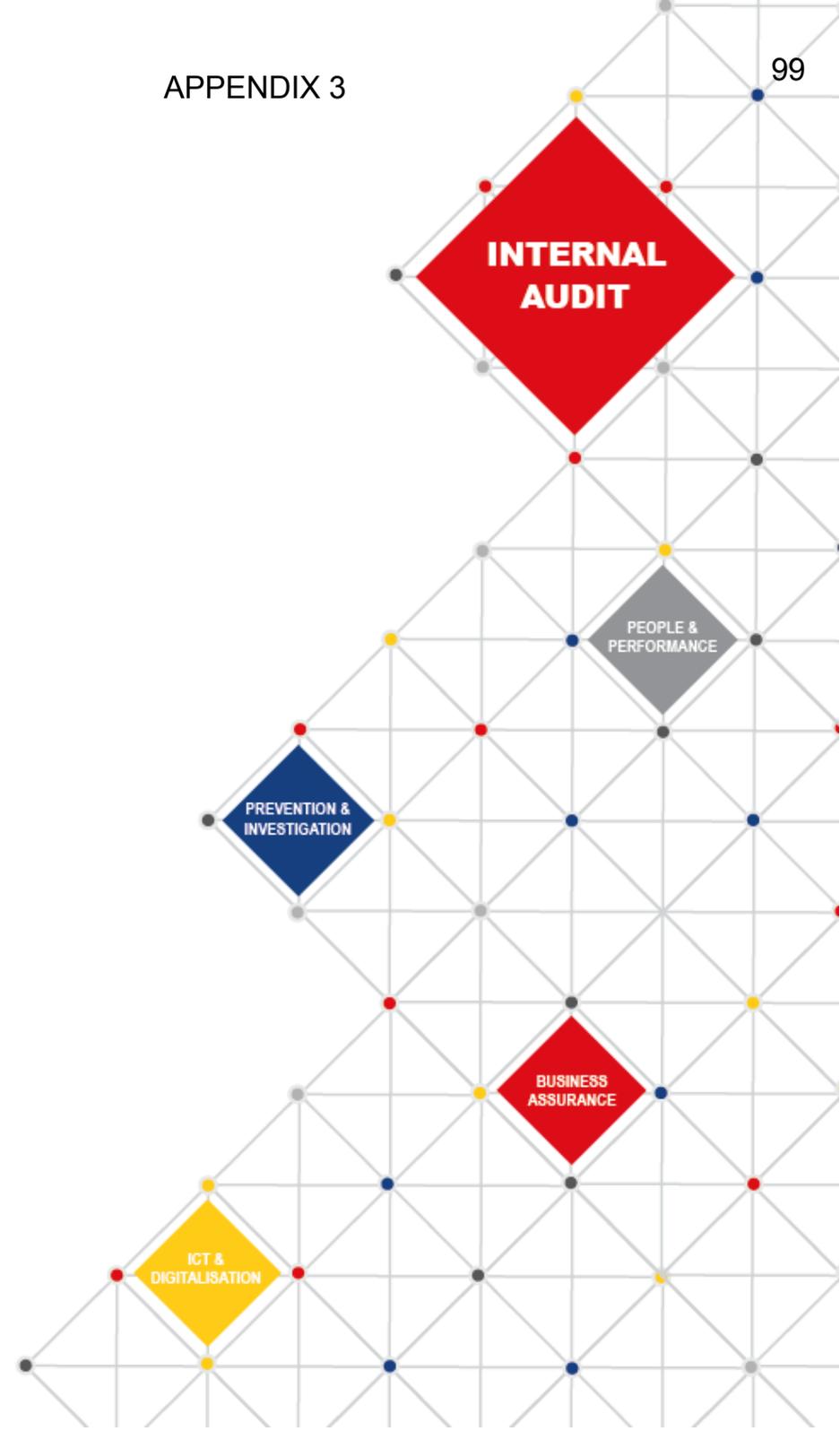


## South Wales Fire and Rescue Service

### Summary Internal Controls Assurance (SICA) Report

March 2019

**FINAL**



## INTRODUCTION

1. This summary report provides the Audit Committee with an update on the progress of our work at South Wales Fire and Rescue Service as at 8<sup>th</sup> March 2018 SICA report.

## PROGRESS AGAINST THE 2018/19 ANNUAL PLAN

2. Our progress against the Annual Plan for 2018-19 is set out in Appendix A.

## INTERNAL CONTROL FRAMEWORK

3. The key strategic governance, risk management and control matters identified from the four reviews completed since the previous SICA are summarised below. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

*Key Strategic Governance, Risk Management and Control Matters*

Review	High level
ICT Review of General Data Protection Regulations (GDPR) Compliance	<p>South Wales Fire and Rescue Service (SWF&amp;RS) is making progress towards full compliance with the European Union General Data Protection Regulation and the Data Protection Act 2018.</p> <ul style="list-style-type: none"> <li>• The GDPR Implementation Plan needs to be updated to capture recent actions and progress.</li> <li>• ISMS 012, Managing Information Security Incidents, and other key data protection and information governance policies and procedures needs to be reviewed and updated to ensure full compliance with GDPR and the Data Protection Act 2018.</li> <li>• The Service needs to determine how electronic data will be permanently deleted when it is no longer required.</li> </ul>
Key Financial Controls	<p>The Service has effective segregation of duties and key financial controls in place that are appropriate to the size of the Finance Team and which were found to be operating effectively from the testing completed as part of this review.</p> <ul style="list-style-type: none"> <li>• The Financial Procedure Rules need to be reviewed.</li> <li>• The bank reconciliations had been completed in a timely manner.</li> </ul>

Review	High level
Follow Up 2018/19	There has been very good progress with 29 recommendations (68%) fully implemented, 13 recommendations (30%) outstanding and 1 recommendation (2%) no longer applicable.

## EMERGING GOVERNANCE, RISK AND INTERNAL CONTROL RELATED ISSUES

4. We have identified no emerging risks which could impact on the overall effectiveness of the governance, risk and internal control framework of the organisation to date.

## AUDITS COMPLETED SINCE THE LAST REPORT TO COMMITTEE

5. The table below sets out details of audits finalised since the previous meeting of the Finance, Audit & Performance Management Committee.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OE
ICT Review of General Data Protection Regulations (GDPR) Compliance	Reasonable	22/10/2018	02/01/2019	07/01/2019		4		1
Key Financial Controls	Reasonable	11/02/2019	07/03/2019	07/03/2019		1		
Follow Up Review 2018/19	Not Applicable	19/02/2019	08/03/2019	08/03/2019	-	-	-	-

## CHANGES TO THE INTERNAL AUDIT STRATEGY AND ANNUAL PLAN 2018/19

6. Management have requested that the review of Governance – Performance Management is not completed as this is not required by the Wales Audit Office at present. This was replaced with a review of Training Records for which a final report has been issued. The scope of the Training Records review was as follows: ‘In order to provide assurance for South Wales Fire and Rescue Service, TIAA have been requested to review the adequacy and completeness of the recording and reporting of training records for all risk critical operational training for the Service’.

**FRAUDS/IRREGULARITIES**

7. We have not been advised of any frauds or irregularities in the period since the last summary report was issued.

**LIAISON**

8. **Liaison with external audit:** We have ongoing liaison with Wales Audit Office.

**PROGRESS ACTIONING PRIORITY 1 RECOMMENDATIONS**

9. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA or Progress Report.

**OTHER MATTERS**

10. Briefings on developments in governance, risk and control are included in Appendix B.

**RESPONSIBILITY/DISCLAIMER**

11. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

## Progress against the Annual Plan for 2018/19

System	Planned Quarter	Days	Current Status	Comments
Governance – Performance Management	1	10	Not required.	Replaced by a review of <i>Training Records</i> , as detailed in paragraph 6 of this summary report.
Fleet Management – Usage	1	6	Final report issued 7 <sup>th</sup> November 2018	
HR Management – Rosters	1	6	Final report issued 20 <sup>th</sup> December 2018	
Training Records	2	10	Final report issued 7 <sup>th</sup> August 2018	Replaces the <i>Performance Management</i> review, as detailed in paragraph 6 of this summary report.
Anti-Fraud Data Analytics – Deep dive review of payments	2	6	Final report issued 7 <sup>th</sup> August 2018	
Station Visits	2	4	Final report issued 13 <sup>th</sup> September 2018	
Estate Management – Delivery	2	6	Final report issued 9 <sup>th</sup> October 2018	
Governance – Partnerships	2	6	Final report issued 23 <sup>rd</sup> August 2018	
Risk Management – Mitigating Controls/Board Assurance	2	6	Final report issued 10 <sup>th</sup> October 2018	
GDPR Compliance Audit	2	5	Final report issued 7 <sup>th</sup> January 2019	
Key Financial Controls	4	6	Final report issued 7 <sup>th</sup> March 2019	
Follow-up	4	3	Final report issued 8 <sup>th</sup> March 2019	
2018/19 Annual Plan and Strategy	1	2	Draft agreed - Final Internal Plan to be issued	
2018/19 Annual Report	4	1		
Management & Planning	1-4	7	Ongoing	

### KEY:

	=	To be commenced
	=	Site work commenced

	=	Draft report issued
	=	Final report issued

## **Briefings on Developments in Governance, Risk and Control**

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TIAA produce regular briefing notes to summarise new developments in Governance, Risk, Control and Counter Fraud which may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those CBNs issued since the last meeting which may be of relevance to South Wales Fire and Rescue Service is given below. Copies of any CBNs are available on request from your local TIAA team.

<b>Date Issued</b>	<b>CBN Ref</b>	<b>Subject</b>	<b>Status</b>	<b>TIAA Comments</b>
21/12/2018	18048	Breach Reporting – Lessons Learned	<b>For Possible Action</b>	Audit Committees and Boards/Governing Bodies are advised to review their breach reporting arrangements to ensure that they fully comply with the requirements of the GDPR.

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**SOUTH WALES FIRE & RESCUE AUTHORITY**  
FINANCE AUDIT & PERFORMANCE  
MANAGEMENT COMMITTEE  
REPORT OF THE ACTING DEPUTY CHIEF OFFICER  
& THE INTERNAL AUDITORS

AGENDA ITEM NO 9  
8 APRIL 2019

**INTERNAL AUDITORS ANNUAL REPORT YEAR ENDING 31 MARCH 2019**

**SUMMARY**

This report summarises the Internal Audit work that has been undertaken this year.

**RECOMMENDATION**

That Members note the work and overall opinion of the Internal Auditors for the financial year 2018/2019.

**1. BACKGROUND**

- 1.1 As Members will be aware TIAA Limited are appointed as the Authority's Internal Auditors to undertake work covered in the Internal Audit Action Plan which was approved by this Committee on 23 April 2018.

**2. ISSUE**

- 2.1 During the year Members have received regular reports updating them on progress being made against the Plan and this report summarises for Members the outcomes of all the audits undertaken.
- 2.2 Throughout the Financial Year 2018/19, the 10 planned audits (70 days) were undertaken within scheduled timescales.
- 2.3 Based on the evidence provided the Internal Auditor is able to draw a reasonable conclusion as to the adequacy and effectiveness of the South Wales Fire and Rescue Service's risk management, control and governance processes.
- 2.4 The Internal Auditor's opinion for the year will support the Annual Governance Statement, which will be considered by the Finance, Audit & Performance Management Working Group prior to inclusion in the Annual Statement of Accounts.

**3. EQUALITY RISK ASSESSMENT**

- 3.1 The issues raised within this report have no adverse impact on the protected characteristics, and would have been considered during the audit process.

#### 4. RECOMMENDATION

- 4.1 That Members note the work and overall opinion of the Internal Auditors for the financial year 2018/2019.

<b>Contact Officer:</b>	<b>Background Papers:</b>
Geraint Thomas Head of Finance & Procurement	Appendix 1 – Internal Auditors Annual Report Year ending 31 March 2019

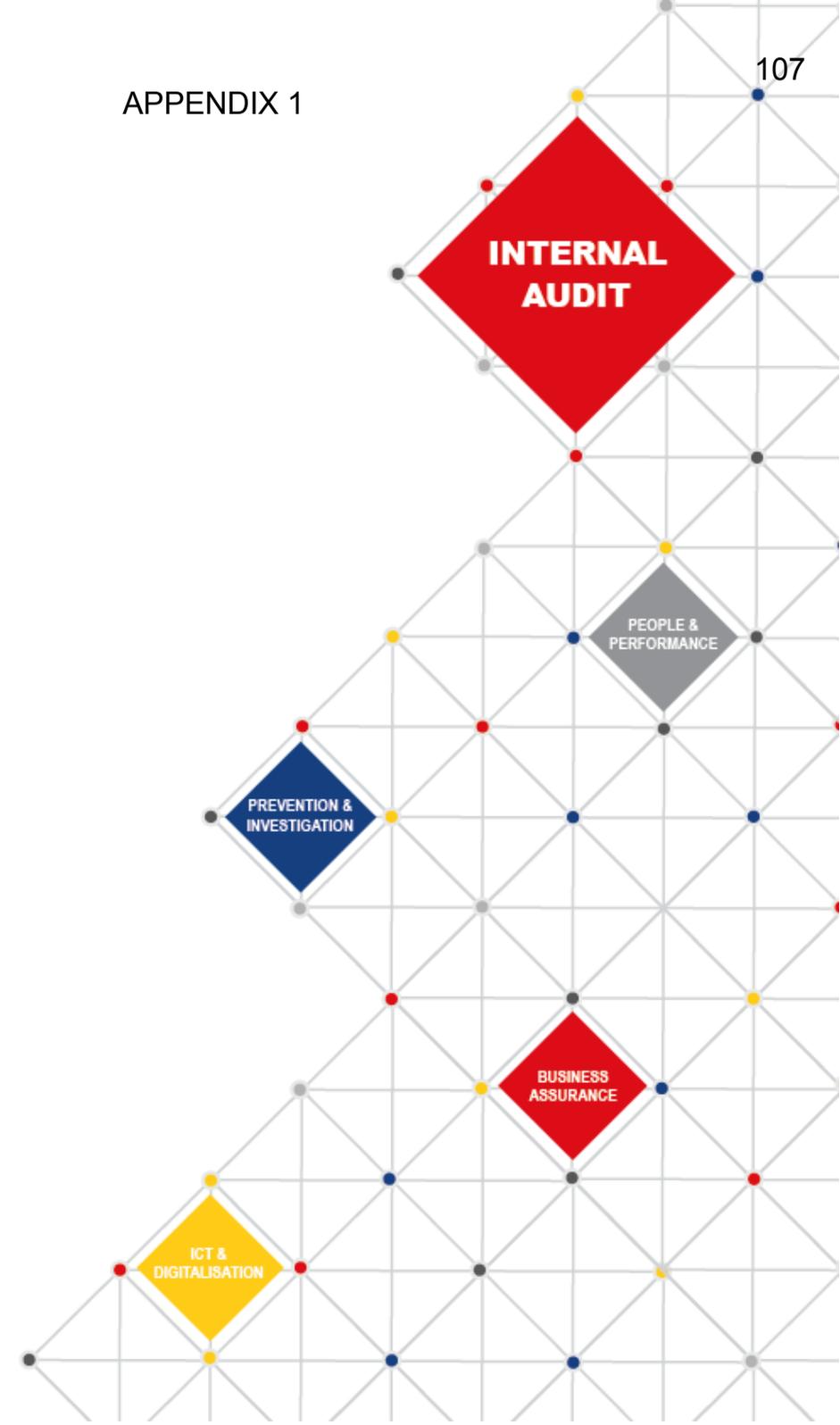


# South Wales Fire and Rescue Service

## Internal Audit Annual Report

March 2019

**FINAL**



## Internal Audit Annual Report

### INTRODUCTION

This is the 2018/19 Annual Report by TIAA on the internal control environment at South Wales Fire and Rescue Service. The annual internal audit report summarises the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control. This report is designed to assist the Finance, Audit & Performance Management Committee in making its annual governance statement.

#### HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

TIAA is satisfied that, for the areas reviewed during the year, South Wales Fire and Rescue Service has reasonable and effective risk management, control and governance processes in place.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by the South Wales Fire and Rescue Service from its various sources of assurance.

### INTERNAL AUDIT PLANNED COVERAGE AND OUTPUT

The 2018/19 Annual Audit Plan approved by the Finance, Audit & Performance Management Committee was for 70 days of internal audit coverage in the year. During the year there was one

changes to the Audit Plan which was approved by the Finance, Audit & Performance Management Committee.

All the planned work has been carried out and the reports have been issued (Annex A).

There was one review carried out which replaced the work set out in the Annual Audit Plan.

### ASSURANCE

TIAA carried out 10 reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve South Wales Fire and Rescue Service's objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	3	3
Reasonable Assurance	6	4
Limited Assurance	1	1
No Assurance	0	0

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work carried out in 2018/19.

Urgent	Important	Routine
1	22	14

## AUDIT SUMMARY

**Control weaknesses:** There was one area reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance'. Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations had been accepted.

**Recommendations Made:** We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed	0	2	0
Compliance	0	7	8
Operational	0	13	5
Reputational	1	0	1

**Operational Effectiveness Opportunities:** One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational
8

## INDEPENDENCE AND OBJECTIVITY OF INTERNAL AUDIT

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

## PERFORMANCE AND QUALITY ASSURANCE

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	100%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	95%	100%
Compliance with Public Sector Internal Audit Standards	100%	100%

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001:2015 standards. An independent external review was carried out of our compliance of the Public Sector Internal Audit Standards (PSIAS) in 2017 and in particular to meet the requirement of an independent 5 year review, the outcome confirmed full compliance with all the standards. Our work also complies with the IIA-UK Professional Standards.

### **RELEASE OF REPORT**

The table below sets out the history of this Annual Report.

<b>Date Report issued:</b>	11 <sup>th</sup> March 2019
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## Annexes

### Annex A

#### Actual against planned Internal Audit Work 2018/19

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Governance – Performance Management	Compliance	6	-	Not Applicable	Replaced by a review of <i>Training Records</i> ,
Fleet Management – Usage	Appraisal	6	6	Limited	
HR Management – Rosters	Assurance	6	6	Reasonable	
Training Records	Assurance	-	6	Reasonable	Replaces the <i>Performance Management</i> review,
Anti-Fraud Data Analytics – Deep dive review of payments	Compliance	6	6	Substantial	
Station Visits	Compliance	4	4	Reasonable	
Estate Management – Delivery	Assurance	6	6	Reasonable	
Governance – Partnerships	Assurance	6	6	Substantial	
Risk Management – Mitigating Controls/Board Assurance	Compliance	6	6	Substantial	
GDPR Compliance Audit	Compliance	5	5	Reasonable	
Key Financial Controls	Compliance	6	6	Reasonable	
Follow-up	Follow Up	3	3	Follow Up	

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
2018/19 Annual Plan and Strategy	Management	2	2	Not Applicable	
2018/19 Annual Report	Management	1	1	Not Applicable	
Management & Planning	Management	7	7	Not Applicable	
	<b>Total Days</b>	<b>70</b>	<b>70</b>		

**SOUTH WALES FIRE & RESCUE AUTHORITY**  
FINANCE AUDIT & PERFORMANCE  
MANAGEMENT COMMITTEE  
REPORT OF THE DEPUTY CHIEF OFFICER

AGENDA ITEM NO 10  
8 APRIL 2019

**INTERNAL AUDIT ANNUAL PLAN 2019/2020**

**SUMMARY**

This report details the proposed Internal Audit Annual Plan 2019/2020 for Members approval.

**RECOMMENDATION**

That Members approve the Internal Audit Annual Plan for 2019/2020.

**1. BACKGROUND**

- 1.1 As a requirement of the internal audit work of the Fire & Rescue Authority, it is necessary for Members of the Finance, Audit & Performance Management Committee to agree to an Internal Audit Annual Plan for the financial year.
- 1.2 Following a tender process in January 2017, TIAA have been awarded a contract for internal audit services for an initial period of three years commencing on 1 April 2017.

**2. ISSUE**

- 2.1 Attached at Appendix 1 is the proposed Internal Audit Annual Plan for 2019/2020 for Members consideration. The rationale for the plan is contained within the appended report.
- 2.2 To monitor progress against the internal audit annual plan, regular reports will be presented to this Committee outlining the audits undertaken, the status of reports and the recommendations being made by the internal auditors.

**3. FINANCIAL IMPLICATIONS**

- 3.1 The work proposed to be undertaken by Internal Audit as part of the proposed Annual Plan 2019/2020 is allocated as a budget line within the total revenue budget for 2019/2020.

**4. EQUALITY RISK ASSESSMENT**

- 4.1 The issues raised within this report have no adverse impact on the protected characteristics, and will be considered during the audit process.

## 5. RECOMMENDATION

5.1 That Members approve the Internal Audit Annual Plan for 2019/2020.

<b>Contact Officer:</b>	<b>Background Papers:</b>
Name: Geraint Thomas Title: Head of Finance & Procurement	Appendix 1 – Internal Audit Annual Plan 2019/2020

## South Wales Fire and Rescue Service

### Audit Strategy and Annual Internal Audit Plan

**2019/20**

March 2019

## Overview

### Introduction

The Audit Plan for 2019/20 has been informed by a risk assessment carried out across all our clients (with members and senior management) and by an updated audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks, and that the coverage will enable a robust annual Head of Internal Audit Opinion to be provided.

### Key Emerging Themes

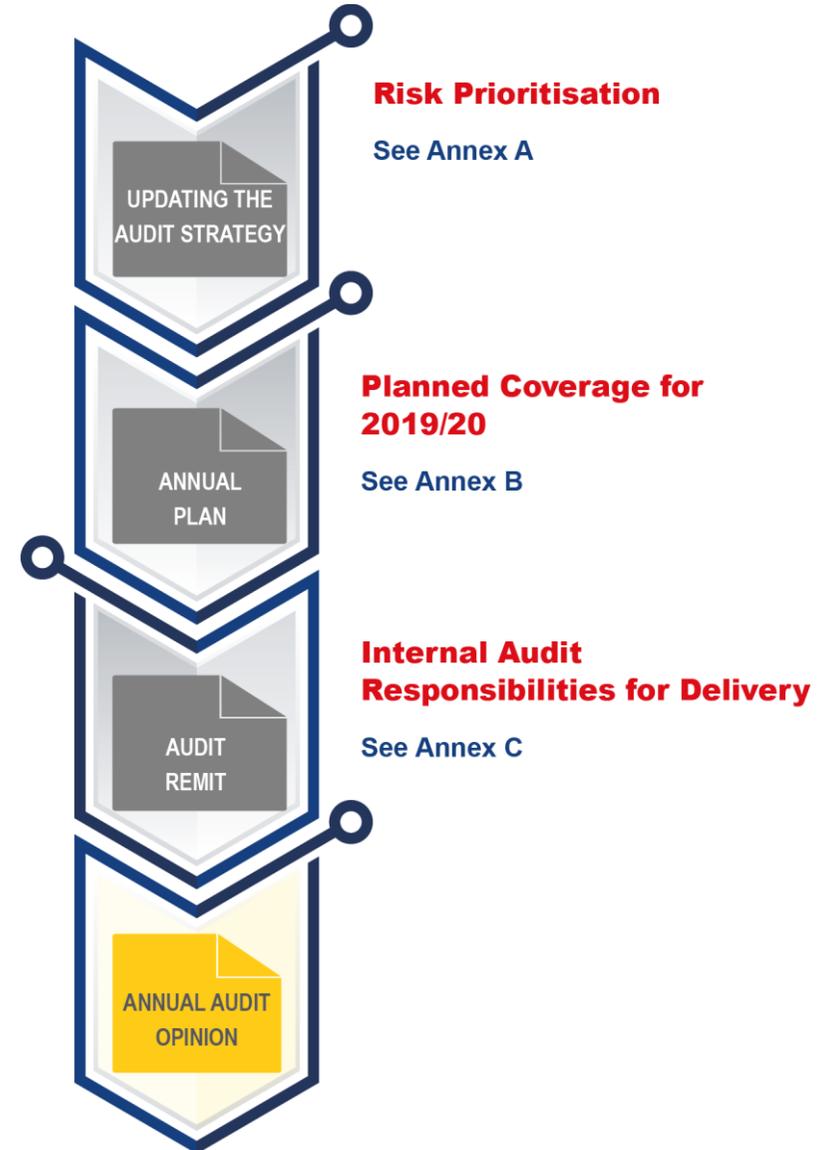
This year will be another challenging year for fire and rescue services in terms of income, regulation and also the pressures on service delivery. We have identified a number of key areas which require consideration when planning internal audit coverage.

- Brexit – The Business Plan and Risk Register need to be stress-tested against continuing uncertainty, which may have knock-on impacts on recruitment and retention of staff and on procurement and suppliers.
- Data Protection Act 2018 – this has a significant impact on how data is held and protected and could lead to an increase in access requests.
- Cybercrime – all the indications are that there will be continued and more sophisticated attempts to disrupt and deny services often for no clear motive.
- Collaboration - continuing collaboration across the public sectors
- Joint working – closer working ties with other Fire and Rescue Services and Police Forces.
- Strategic reviews – The ongoing changes in operational delivery models across the Service.
- Financial pressures – ongoing funding issues across the public sector and constituent local authorities.

### Adequacy of the planned audit coverage

The Fundamental reviews identified in the audit plan for 2019/20 support the Head of Audit's annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control as required by TIAA's charter. The Organisational reviews have been identified from your assurance framework, risk registers and key emerging themes.

2019/20 Audit planning process



## Internal Audit Plan

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### Audit Strategy Methodology

We adopt a proprietary risk based approach (GUARD) to determining your audit needs each year which includes reviewing your risk register and risk management framework, previous internal audit work for the organisation, the Regulatory Framework and assessment of South Wales Fire and Rescue Service, external audit recommendations together with key corporate documentation such as your business and corporate plan, standing orders, and financial regulations. For 2019/20 we have conducted an assurance survey of the chair of the Audit Committee's and key contacts at our clients using Strategic Risk Insight Tool (SRIT) to inform our annual planning. The Audit Strategy is based predominantly on our understanding of the inherent risks facing South Wales Fire and Rescue Service and those within the sector and has been developed with senior management.

### Risk Prioritisation

Each year an updated risk assessment is carried out to ensure the Audit Strategy remains fully aligned with the key risks facing South Wales Fire and Rescue Service. The resultant changes for 2019/20 which underpin your Audit Plan is set out at Annex A.

### Audit Strategy and Annual Plan

Following the risk prioritisation review, the Audit Strategy has been updated (Annex B) and the Annual Plan (Annex C) sets out the reviews that will be carried out, the planned times and the scopes for each of these reviews.

The Annual Plan will be subject to ongoing review and could change as the risks change for the organisation and will be formally reviewed with senior management and the Finance, Audit and Performance Management Committee mid-way through the financial year or should a significant issue arise.

The overall agreed time for the delivery of the Annual Plan includes: research, preparation and issue of terms of reference, production and review of working papers and reports and site work. The Annual Plan has been prepared on the assumption that the expected controls will be in place.

The total number of days required to deliver the Audit Plan is as agreed in the contract between TIAA and South Wales Fire and Rescue Service. This number of days is fixed and it is TIAA's responsibility to deliver the Audit Plan for this number

of days. Where South Wales Fire and Rescue Service agrees additional work the required number of days and the

aggregate day rate will be agreed in advance with the Deputy Chief Officer and will be clearly set out in the terms of reference for the additional review(s).

### Audit Remit

The Audit Remit (Annex D) formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within South Wales Fire and Rescue Service and defines the scope of internal audit activities.

### Reporting

**Assignment Reports:** A separate report will be prepared for each review carried out. Each report will be prepared in accordance with the arrangements contained in the Terms of Reference agreed with TIAA and which accord with the requirements of TIAA's audit charter and the Public Sector Internal Audit Standards (PSIAS).

**Progress Reports:** Progress reports will be prepared for each Finance, Audit and Performance Management Committee meeting. Each report will detail progress achieved to date against the agreed annual plan.

**Annual Report:** An Annual Report will be prepared for each year in accordance with the requirements set out in TIAA's audit charter and PSIAS. The Annual Report will include our opinion of the overall adequacy and effectiveness of South Wales Fire and Rescue Service's governance, risk management and operational control processes.

**Other Briefings:** During the year Client Briefing Notes, Benchmarking and lessons learned digests will be provided. These are designed to keep the organisation abreast of in-year developments which may impact on the governance, risk and control assurance framework.

### Assurance Mapping

For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks will be provided. The assurance mapping process is set out in Annex E.

### Liaison with the External Auditor

We will liaise with South Wales Fire and Rescue Service's External Auditor. Any matters in the areas included in the Annual Plan that are identified by the external auditor in their audit management letters will be included in the scope of the appropriate review.

## Performance

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan:

Area	Performance Measure	Target
Achievement of the plan	Completion of planned audits.	100%
	Audits completed in time allocation.	100%
Reports Issued	Draft report issued within 10 working days of exit meeting.	95%
	Final report issued within 10 working days of receipt of responses.	95%
Professional Standards	Compliance with TIAA's audit charter and PSIAS	100%

## Conflict of Interest

We are not aware of any conflicts of interest and should any arise we will manage them in line with TIAA's audit charter and PSIAS, the South Wales Fire and Rescue Service's requirements and TIAA's internal policies.

## Limitations and Responsibility

Substantive testing will only be carried out where a review assesses the internal controls to be providing 'limited' or 'no' assurance with the prior approval of South Wales Fire and Rescue Service and additional time will be required to carry out such testing. South Wales Fire and Rescue Service is responsible for taking appropriate action to establish whether any loss or impropriety has arisen as a result of the control weaknesses.

Internal controls can only provide reasonable and not absolute assurance against misstatement or loss. The limitations on assurance include the possibility of one or more of the following situations, control activities being circumvented by the

collusion of two or more persons, human error, or the overriding of controls by management. Additionally, no assurance can be provided that the internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks that may arise in future.

The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

Reliance will be placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

The matters raised in the audit reports will be only those that come to the attention of the auditor during the course of the internal audit reviews and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. The audit reports are prepared solely for management's use and are not prepared for any other purpose.

## Finance, Audit and Performance Management Committee Responsibility

It is the responsibility of the Finance, Audit and Performance Management Committee to determine that the number of audit days to be provided and the planned audit coverage are sufficient to meet the Committee's requirements and the areas selected for review are appropriate to provide assurance against the key risks within the organisation.

## Release of Report

The table below sets out the history of this plan.

**Date plan issued:**

**6<sup>th</sup> March 2019**

## Annex A: GUARD Risk Analysis

## Changes for 2019/20

In addition to the core audit work required to underpin the Head of Audit Annual Opinion (governance, risk management, core financial systems, network controls, follow up etc.) a GUARD assessment of key risks has been completed, to identify those that are most relevant to the organisation and where internal audit assurance would be best focussed. These are summarised below.

LINKED TO RISKS ON PAGE 1	GUARD Risk Analysis			
Risk Areas	SWFRS Specific	TIAA National Intelligence Assessment	Updated Guard Assessment	Cross Ref to Annual & Strategic Plan (Annex B, C)
<p>Brexit – There is likely to be significant uncertainty and potential fast-emerging risks developing as a result of the UK leaving the EU in March 2019, which will not be fully understood until after the departure date.</p> <p>How we intend to review this risk: We will assess the extent that the Business Plan and Risk Register have been stress-tested against the continued uncertainty. We will consider the actions taken by the organisation to prepare for Brexit and to mitigate the impact of known Brexit issues such as the availability of labour, procurement, and the increased cost of materials and the supply of materials.</p>				
<p>Data Protection Act 2018 – This will be an ongoing issue and source of risk for all organisations given the regulatory and public expectation about how data is held and protected, together with a likely increase in access requests.</p> <p>How we intend to review this risk: We will assess the organisation’s arrangements for storing hardcopy and electronic information that is covered under the Act and how it is managed to ensure its accuracy and completeness. We will consider responsibilities for managing data including awareness among the wider staff base on processing and providing data. Our approach also includes the arrangements in place for effectively dealing with access requests within the prescribed timeframe.</p>				Undertaken in 2018/19
<p>Cybersecurity – All the indications are that there will continue to be more sophisticated hacking attempts designed to disrupt or deny services, often for no clear motive.</p> <p>How we intend to review this risk: We will consider the practical and technical security measures that the organisation has deployed to minimise the risk of succumbing to a cyber incident. We will also consider the extent to which staff awareness has been addressed to minimise the risk of behaviours giving rise to a cyber incident.</p>				2020/21
<p>Funding pressure – the continued pressure on funding across the public sector and with the constituent local authorities.</p> <p>How we intend to review this risk: We will consider the extent to which the organisation is applying its budgetary control and reporting arrangements in a proactive way to ensure value for money in the service delivery.</p>				Annual
<b>Client Specific Risks</b>				
<p>Risk- Strategic reviews</p> <p>How we intend to review this risk – We will undertake a reviews of the following strategies to consider the extent to which these will deliver the service objectives prior to the overall review of the Strategic Planning arrangements.</p>				Q1 & 3 2019/20

LINKED TO RISKS ON PAGE 1	GUARD Risk Analysis			
Risk Areas	SWFRS Specific	TIAA National Intelligence Assessment	Updated Guard Assessment	Cross Ref to Annual & Strategic Plan (Annex B, C)
Estate Management Fleet Management ICT Strategy				

### Key to Risk Assessment Grades:

High	Medium	Low
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<b>RP Specific</b>	The control framework relating to the specific area has been identified as 'High' risk as per Assurance Framework, senior management, internal and external audit. 'Medium' priority determines that the control framework has been identified as reasonably vulnerable to control weaknesses based on discussions with management, internal and external audit. 'Low' priority means that review of the control framework has not revealed any significant issue.
<b>TIAA portfolio</b>	Across our client portfolio of similar types of housing providers, our intelligence has tracked a large or growing ('High' priority); mid-range or flat line ('Medium' priority); or relatively low or decreasing ('Low' priority) number of control issues in this specific area for this type of organisation.
<b>National Policy/Issue</b>	National bodies (including the Regulator of Social Housing, Homes England, HIAF, National Federation for Housing amongst others) have identified a growing or high level of control weaknesses ('High' priority); mid-range or flat line ('Medium' priority); or relatively low or decreasing ('Low' priority) in this specific area. There may also be a national policy emphasis on a specific area which will be reflected in this priority rating.

## Annex B: Rolling Strategic Plan

Fundamental Review Areas To support the Head of Internal Audit opinion	Type	Yr1	Yr2	Yr3
<b>Governance</b>				
<p>Key governance areas will be reviewed on a rotational basis each year such as strategic planning, strategic control, regulatory compliance, performance management, board assurance framework, partnership working, management of conflicts, health and safety, subsidiary governance and third party assurances.</p> <p>Strategic Planning – 19/20 Strategic Control – 20/21 Communications – 20/21 Performance Management – 21/22 Collaboration – 21/22</p>	Assurance	✓	✓	✓
<b>Risk</b>				
<p>A robust risk management framework is critical to all organisations to ensure risks are effectively management and emerging risks identified our cyclical annual reviews will cover embedding risk, risk identification, risk mitigation and risk workshops.</p> <p>Mitigating Controls - Annual</p>	Compliance	✓	✓	✓
<b>Financial systems - Cost Control and Income Maximisation</b>				
<p>Cost control, income maximisation and robust financial systems are essential to financial well-being of any organisation. Our reviews of key financial systems are designed to ensure compliance with PSIAS and help protect against potential frauds. We will carry out a high level review of key financial systems each year supported by a rolling programme of financial system reviews such as payments health check, income, payroll, budgetary control/management reporting, cost improvement planning and nominal ledger.</p> <p>Key Financial Controls - Annual Data Import arrangements – 19/20 Payment cards – 19/20 Pensions – 19/20 Procurement – 20/21 Anti-Fraud – 21/22</p>	Assurance	✓	✓	✓
<b>Operational Performance and Infrastructure</b>				
<p>Robust management systems are key to quality service delivery and therefore our reviews will ensure there are effective controls relating to the regulatory standards and operational delivery.</p> <p>Estate Management Strategy – 19/20 Fleet and Equipment Strategy – 19/20 Station Visits – Annual</p>	Compliance	✓	✓	✓

<b>Fundamental Review Areas</b>	<b>Type</b>	<b>Yr1</b>	<b>Yr2</b>	<b>Yr3</b>
<b>To support the Head of Internal Audit opinion</b>				
Fleet and Estate Management delivery – 20/21 and 21/22				
<b>ICT</b>				
We will use our GUARD risk assessment to continue to review ICT risks and controls in place within the organisation. The rolling programme of reviews will include data protection, ICT governance, ICT management and business support, application reviews, network security, data quality and cyber security. ICT Strategy – 19/20 ICT Cyber Security – 20/21 ICT Data Assurance – 21/22	Assurance	✓	✓	✓
<b>Follow Up</b>				
We will carry out a continuous follow up of internal audit recommendations utilising TIAA's client portal and recommendation tracker. Updates will be provided to each Committee.	Follow Up	✓	✓	✓

## Annex B: Rolling Strategic Plan

<b>Organisational Review Areas</b>	<b>Type</b>	<b>Yr1</b>	<b>Yr2</b>	<b>Yr3</b>
Human Resources Management – Training	Assurance	-	✓	-
Human Resources Management – Wellbeing	Assurance	-	✓	-
Secondary Employment	Assurance	-	-	✓
Health and Safety Management	Assurance	-	-	✓
<b>Data Analytics &amp; Benchmarking</b>				
Benchmarking Topic to be agreed	-		✓	
<b>Management and Planning</b>				
Briefings	-	✓	✓	✓
Planning	-	✓	✓	✓
Annual Report	-	✓	✓	✓
Management	-	✓	✓	✓

## Annex C: Annual Plan – 2019/20

Quarter	Audit	Type	Days	Rationale and Scope
1	Pensions	Assurance	6	<p><u>Rationale</u> Financial risk, rolling programme of financial reviews</p> <p><u>Scope</u> The review considers the arrangements for: the creation, amendment and deletion of pension records and payment of pensions. The review also considers compliance with the Fire Fighters Pension Scheme guidance to ensure correct treatment of ill health/injury award retirements The scope of the review does not include determination of pension rates, retirement and reappointment of staff and severance payments.</p>
1	Estate Management - Strategy	Assurance	5	<p><u>Rationale</u> Financial risk, high area of spend.</p> <p><u>Scope</u> The review considers the arrangements for the preparation and development of the Estates Strategy, including the risks, financial implications and Management information and KPIs that are reported to the Authority in relation to estates management.</p>
1	Fleet and Equipment Strategy	Assurance	6	<p><u>Rationale</u> Large area of spend, key risk area for the Service.</p> <p><u>Scope</u> The review considers the effectiveness of the application of the Fleet and Equipment strategy, including the usage planning and replacement arrangements.</p>
1	ICT Strategy	Assurance	5	<p><u>Rationale</u> Delivery risk.</p> <p><u>Scope</u> The review considers the effectiveness of the application of the ICT Strategy.</p>
2	Finance/HR System – Data Import arrangements	Advisory	6	<p><u>Rationale</u> Delivery and financial risk.</p> <p><u>Scope</u> The review will assess the data import arrangements between the core HR and finance systems. This review will be advisory and no assessment will be given.</p>
2	Station Visits	Compliance	4	<p><u>Rationale</u> A small sample of stations visited each year to ensure local compliance with corporate procedures.</p> <p><u>Scope</u> The review will consider the arrangements for complying with the organisation’s financial procedures at two whole-time or two-part time crewed stations. A member of the Finance Team will attend the station visits</p>

Quarter	Audit	Type	Days	Rationale and Scope
3	Governance – Strategic Planning	Assurance	6	<p><u>Rationale</u> Governance Risk – rolling programme of Annual reviews.</p> <p><u>Scope</u> The review considers the arrangements by which the Authority and senior management groups ensure that the corporate plans for the organisation remain achievable in times of economic uncertainty. The scope of the review does not include consideration of the strategic control arrangements or the appropriateness of decisions taken by the Authority.</p>
3	Risk Management – Mitigating Controls	Compliance	2	<p><u>Rationale</u> Key operational risks.</p> <p><u>Scope</u> The review will assess the quality and accuracy of the information provided to the Authority for providing assurance. Four risks currently included in the organisation's business significant risk map will be selected and the effectiveness of the identified assurance will be reviewed. The scope of the review does not include consideration of all potential mitigating arrangements or their effectiveness in minimising the opportunities for the identified risks to occur.</p>
4	Key Financial Controls	Compliance	6	<p><u>Rationale</u> Key financial controls reviewed annually.</p> <p><u>Scope</u> This review considers the effectiveness of the key financial controls which provide assurance that the following systems are operating in accordance with the Association's requirements:</p> <ul style="list-style-type: none"> <li>Budgetary control</li> <li>General ledger</li> <li>Cash, banking &amp; treasury management</li> <li>Cash flow planning</li> <li>Income &amp; debtors</li> <li>Payments</li> <li>Payroll</li> <li>Security of assets.</li> </ul>

Quarter	Audit	Type	Days	Rationale and Scope
4	Payment cards	Assurance	5	<u>Rationale</u> Financial risk.  <u>Scope</u> The review considers the arrangements for authorising and paying costs incurred by the organisation through payment cards. The scope does not include providing an assurance that the expenditure was necessary or that value for money was achieved from the expenditure committed
4	Follow-up	Follow up	3	Follow-up of implementation of agreed priorities one and two actions from audit reports, ensuring the Organisation is implementing recommendations, and providing reports to the Finance, Audit and Performance Management Committee.
-	Contingency		6	
1	Annual Planning	Management	2	Assessing the Organisation's annual audit needs – requirement of Internal Audit Standards.
4	Annual Report	Management	1	Reporting on the overall conclusions and opinion based on the year's audits and other information and providing input to the Annual Governance Statement.
1-4	Client Portal			The client portal provides a one stop shop of internal audit reports, progress and recommendation tracker as well as briefings, fraud alerts, fraud updates and committee briefings.
1-4	Management, Planning & Finance, Audit and Performance Management Committee Reporting/Support	Management	7	This time includes: meeting client management, overseeing the audit plan, reporting and supporting the Audit and Risk Committee, liaising with External Audit and Client briefings (including fraud alerts, fraud digests and committee briefings).
		<b>Total days</b>	<b>70</b>	

## Role

The main objective of the internal audit activity carried out by TIAA is to provide, in an economical, efficient and timely manner, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the South Wales Fire and Rescue Service framework of governance, risk management and control. TIAA is responsible for giving assurance to South Wales Fire and Rescue Service “Governing Body” (being the body with overall responsibility for the organisation) on the adequacy and effectiveness of South Wales Fire and Rescue Service risk management, control and governance processes.

## Scope

All South Wales Fire and Rescue Service activities fall within the remit of TIAA. TIAA may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that South Wales Fire and Rescue Service management has taken the necessary steps to achieve these objectives and manage the associated risks. It is not within the remit of TIAA to question the appropriateness of policy decisions. However, TIAA is required to examine the arrangements by which such decisions are made, monitored and reviewed.

TIAA may also conduct any special reviews requested by the board, Finance, Audit and Performance Management Committee or the nominated officer (being the post responsible for the day to day liaison with the TIAA), provided such reviews do not compromise the audit service’s objectivity or independence, or the achievement of the approved audit plan.

## Access

TIAA has unrestricted access to all documents, records, assets, personnel and premises of South Wales Fire and Rescue Service and is authorised to obtain such information and explanations as they consider necessary to form their opinion. The collection of data for this purpose will be carried out in a manner prescribed by TIAA’s professional standards, Information Security and Information Governance policies.

## Annex D: Audit Remit

### Standards and Approach

TIAA’s work will be performed with due professional care, in accordance with the requirements of the Chartered Institute of Internal Auditors – UK & Ireland standards.

### Independence

TIAA has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. However, it may provide independent and objective advice on risk management, control, governance processes and related matters, subject to resource constraints. For day to day administrative purposes only, TIAA reports to a nominated officer within South Wales Fire and Rescue Service and the reporting arrangements must take account of the nature of audit work undertaken. TIAA has a right of direct access to the chair of the board, the chair of the Finance, Audit and Performance Management Committee and the responsible accounting officer (being the post charged with financial responsibility).

To preserve the objectivity and impartiality of TIAA’s professional judgement, responsibility for implementing audit recommendations rests with South Wales Fire and Rescue Service management.

Consultancy activities are only undertaken with distinct regard for potential conflict of interest. In this role we will act in an advisory capacity and the nature and scope of the work will be agreed in advance and strictly adhered to.

### Irregularities, Including Fraud and Corruption

TIAA will without delay report to the appropriate regulator, serious weaknesses, significant fraud, major accounting and other breakdowns subject to the requirements of the Proceeds of Crime Act 2003.

TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.

## Corporate Assurance Risks

We consider four corporate assurance risks; directed; compliance; operational and reputational, and tailor the type of audit accordingly. For all types of audit we also taken into account value for money considerations and any linkages to the organisational Assurance Framework. The outcomes of our work on these corporate assurance risks informs both the individual assignment assurance assessment and also the annual assurance opinion statement. Detailed explanations of these assurance assessments are set out in full in each audit report.

## Assurance Assessment Gradings

We use four levels of assurance assessment: substantial; reasonable, limited and no. Detailed explanations of these assurance assessments are set out in full in each audit report.

### LEVELS OF ASSURANCE PROVIDED

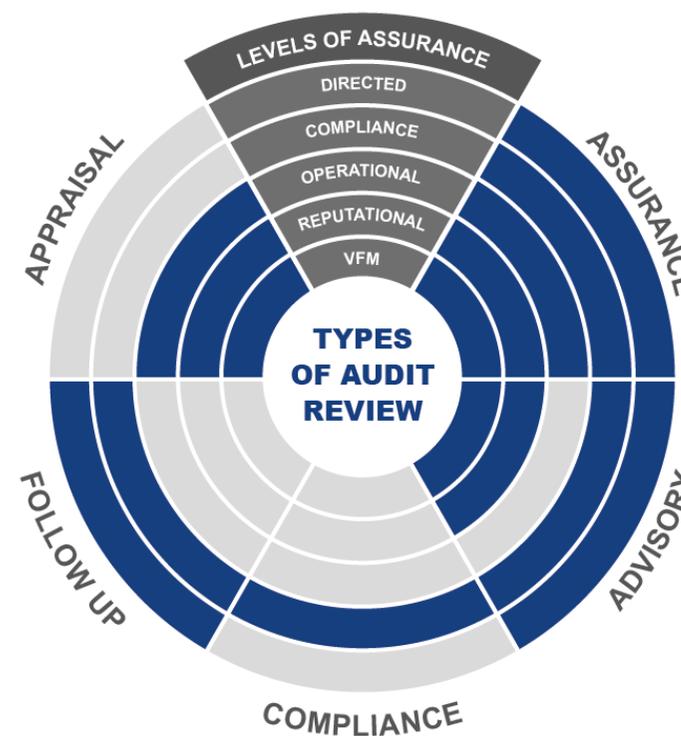


## Benchmarking

Where a similar review is carried out at a number of our clients we will subsequent to the completion of the review at each of the clients we will where relevant provide a benchmarking and lessons learned digest. This digest will include Operational Effectiveness Matters for the South Wales Fire and Rescue Service to consider.

## Types of Audit Review

The Annual Plan includes a range of types of audit review. The different types of review focus on one or more of the corporate assurance risks. This approach enables more in-depth work to be carried out in the individual assignments than would be possible if all four assurance risks were considered in every review. The suite of audit reviews and how they individually and collectively enable us to inform our overall opinion on the adequacy and effectiveness of the governance, risk and control arrangements is set out in the assurance mapping diagram.





**REPORT ON PROGRESS OF AUDIT, SCHEME AND CIRCULAR ACTION  
UPDATES AS AT 31 DECEMBER 2018**

**SUMMARY**

This report shows the latest progress recorded against actions arising from Internal Audits, Wales Audit Office Thematic Reviews, Operational Assurance Peer Reviews, Corporate Schemes and Government Circulars at Appendix 1. The scorecard shows the performance of each action through a RAG status.

**RECOMMENDATION**

That Members note the contents of the progress report and graphical summaries.

**1. BACKGROUND**

- 1.1 All actions as defined above are assigned to Officers and recorded on the BMIS system. Each quarter Officers are requested to provide progress updates on these actions with a RAG status and commentary.

**2. ISSUE**

- 2.1 There are currently:
- 24 actions arising from internal audits recorded as progressing on the database, with three of these shown as overdue against the target date.
  - 99 have been completed
  - 1 action arising from a Corporate Scheme audit is recorded as progressing on the database
  - 12 actions arising from an Operational Peer Assurance audit are recorded as progressing on the database
  - 4 actions arising from External Audits are recorded as progressing on the database
  - 6 actions arising from the WAO audit of financial statements are recorded as progressing on the database

**3. EQUALITY RISK ASSESSMENT**

- 3.1 It is the responsibility of the action owner to ensure that Equality Risk Assessments are carried out for their actions

#### 4. RECOMMENDATION

- 4.1 That Members note the contents of the progress report and graphical summaries.

<b>Contact Officer:</b>	<b>Background Papers:</b>
Jon Carter Planning, Performance and Risk Manager	<b>Appendix 1</b> - Report showing progress recorded against actions arising from Internal Audits, Wales Audit Office Thematic Reviews, Operational Assurance Peer Reviews, Corporate Schemes and Government Circulars.



# AUDIT ACTIONS REPORT

Health Check

2018-19 Quarter 3

Updated 11 March 2019



Gwasanaeth Tân ac Achub  
De Cymru  
South Wales  
Fire and Rescue Service

Produced in

**BMIS**  
Business Management  
Information System

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# Introduction

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This report details the progress made on Audit Actions arising from:

1. Internal Audits
2. Wales Audit Office Thematic Reviews
3. Operational Peer Reviews
4. Corporate Schemes and Government Circulars

**Loaded on BMIS as of Quarter 3 (Oct-Dec) 2018-19**

Once audits/reviews are completed then actions arising from them are assigned to an Officer and loaded onto the Business Management Information System (BMIS) for monitoring.

Each quarter officers provide an update with a Red, Amber, Green (RAG) status and commentary.

The report below details the actions that have been agreed and loaded onto BMIS. Actions identified from the 2018-19 audit strategies will be included once agreed with each audit owner.

# Internal Audit Strategy 2018-19

The below table summarises the progress of all planned internal audits for 2018-19:

Correct as of December 2018

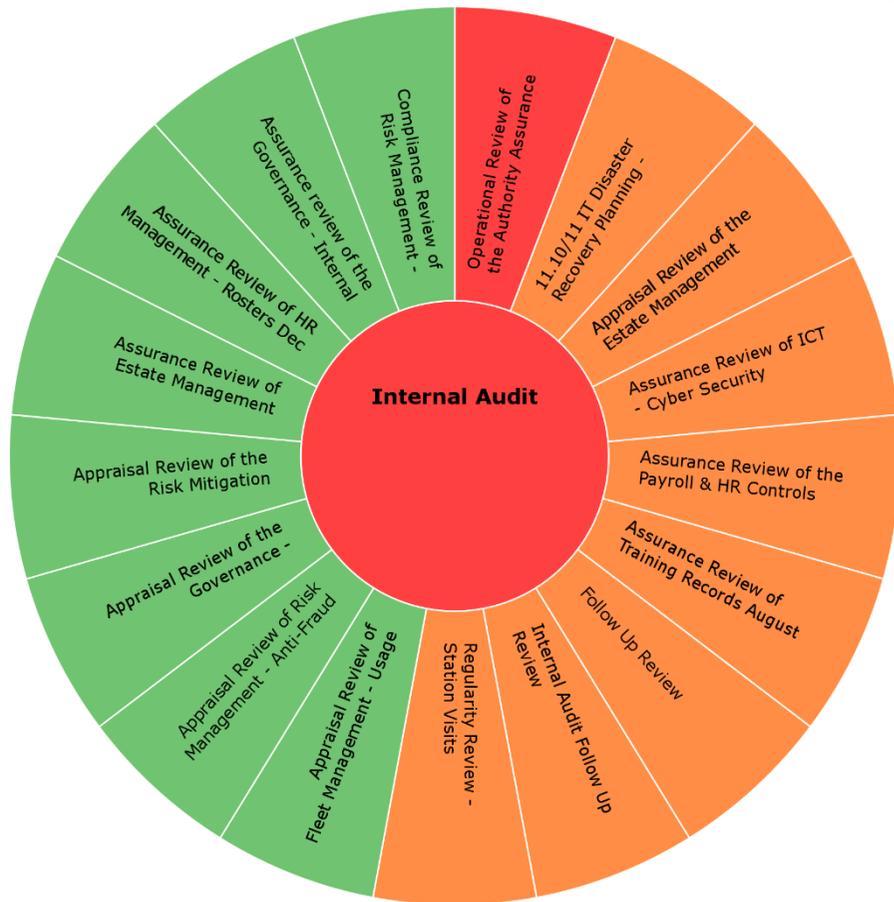
Audit Name	Progress	Report Summary	
Assurance Review of Training Records	Final Report Received	Reasonable Assurance	
Appraisal Review of Fleet Management – Usage	Final Report Received	Limited Assurance	
Assurance Review of HR Management – Rosters	Final Report Received	Reasonable Assurance	
Compliance Review of Data Analytics – Deep Dive Duplicate Payments Compliance	Final Report Received	Substantial Assurance	
Regularity Review – Station Visits	Final Report Received	Petty Cash	Substantial Assurance
		Other Income	Substantial Assurance
		Purchasing	Substantial Assurance
		Fuel and Fuel Cards	Substantial Assurance
		Health and Safety	Reasonable Assurance
		Overtime, Roster, Sickness and Training	Substantial Assurance
		Redkite – Equipment Management System	Reasonable Assurance
		Home Fire Safety Checks	Substantial Assurance
Assurance Review of Estate Management - Delivery	Final Report Received	Reasonable Assurance	
Assurance Review of Governance – Partnerships	Final Report Received	Substantial Assurance	
Compliance Review of Risk Management – Mitigating Controls - Board Assurance	Final Report Received	Substantial Assurance	
ICT Review of General Data Protection Regulations (GDPR) Compliance	Awaiting Final Report	Reasonable Assurance	
Key Financial Controls	7 <sup>th</sup> - 10 <sup>th</sup> January 2019		
Follow Up 3	4 <sup>th</sup> – 5 <sup>th</sup> February 2019		

# Internal Audit Summary

The chart below is a “sunburst” and highlights the progress of each internal audit by displaying the RAG status of the worst performing action.

The table below summaries the same information with an explanation of the progress of actions arising from internal audits

- ★ All Actions are expected to be completed on time
- ▲ 1 or more action(s) are not expected to be completed on time
- 1 or more action(s) has an issue that needs attention



Audit Name	Progress
11.10/11 IT Disaster Recovery Planning - Follow Up	●
Appraisal Review of Fleet Management - Usage November 2018	★
Appraisal Review of Risk Management - Anti-Fraud Arrangements	★
Appraisal Review of the Estate Management Strategy Arrangements	●
Appraisal Review of the Governance - Partnerships Arrangements	★
Appraisal Review of the Risk Mitigation Arrangements	★
Assurance Review of Estate Management Delivery October 2018	★
Assurance Review of HR Management - Rosters Dec 18	★
Assurance Review of ICT - Cyber Security	●
Assurance review of the Governance - Internal Communication Arrangements	★
Assurance Review of the Payroll & HR Controls Arrangements	●
Assurance Review of Training Records August 2018	●
Compliance Review of Risk Management - Mitigating Controls-Board Assurance October 2018	★
Follow Up Review	●
Internal Audit Follow Up Review	●
Operational Review of the Authority Assurance Framework	▲
Regularity Review - Station Visits	●

# Internal Audit Action Progress

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The below “scorecards” show the number of actions Ongoing or Overdue. It shows actions by their RAG status as well as those that the action owner (Unknowns) did not provide update.

## Audit Actions Ongoing

Internal Audit			
			Total
1	8	12	21
			

## Audit Actions Overdue

Internal Audit				
			Unknowns	Total
0	3	0	0	3
				

There are 99 actions marked as Completed

# Internal Audit Actions – Commentary (In Progress)

Name	31/12/18					
	Action Description in Full	Owner	Department	Performance	Target Date	Comments
<input checked="" type="checkbox"/> 11.10/11 IT Disaster Recovery Planning - Follow Up 1.2	Management should ensure that the priority of recovery for key IT systems and data following a disaster event is determined, approved by senior management and included within the IT DR element of the organisation's ICT BCP.	Williams, Chris	ICT	●	31/03/2019	Slow progress on this action due to lack of resources.
<input checked="" type="checkbox"/> Appraisal Review of Fleet Management - Usage November 2018.2	Recommendation Local KPI reporting be introduced to highlight the performance and productivity of the Fleet Department.	Temby, Chris	Fleet & Engineering	★	31/03/2019	Reporting is now taking place via the BMIS system although we are still at a test stage.
<input checked="" type="checkbox"/> Appraisal Review of Fleet Management - Usage November 2018.3	Recommendation The data used to report performance indicators on the Business Management Information system be reviewed to ensure more accurate data is published.	Temby, Chris	Fleet & Engineering	★	31/01/2019	Work is continuing and we are testing on daily intervals
<input checked="" type="checkbox"/> Appraisal Review of Risk Management - Anti-Fraud Arrangements 6	The Code of Corporate Governance be reviewed and updated to reflect current arrangements or if it is now obsolete this be removed from the Documents within the Fire Authority.	Watkins, Sarah	Corporate Services	★	31/03/2019	The Corporate Governance Statement and any proposed changes will be reviewed at the end of this FY in readiness for the next publication.
<input checked="" type="checkbox"/> Appraisal Review of Risk Management - Anti-Fraud Arrangements 7	All gifts and hospitality be recorded in the Gifts and Hospitality Register whether accepted or declined in accordance with the General Standing orders and this be noted in the next review of the OP-05.006 Hospitality and Gifts Policy.	Watkins, Sarah	Corporate Services	★	31/03/2019	Ammendments to M10 form, purpose sheet and procedure drafted an sent to policy owner for consideration.
<input checked="" type="checkbox"/> Appraisal Review of Risk Management - Anti-Fraud Arrangements 8	The Gifts and Hospitality Register be presented regularly to the Finance, Audit and performance Committee meeting for inspection in accordance with good governance and this be recorded in the minutes.	Watkins, Sarah	Corporate Services	★	31/03/2019	Report to FAPM planned for the end of the FY.

<p>Appraisal Review of the Governance - Partnerships Arrangements 2</p> <p>✔</p>	<p>Quality Assurance procedures be reinstated for the existing Home Fire Safety Checks service as soon as resource allows and fully implemented following implementation of the new training package.</p>	<p>Davies, Garry</p>	<p>Risk Reduction</p>	<p>★</p>	<p>30/03/2019</p>	<p>Audit process now in place and will continue with current partners. With a view to complete by end of March 2019 and will become normal business during 2019 / 2020.</p>
<p>Appraisal Review of the Risk Mitigation Arrangements 3</p> <p>✔</p>	<p>At the next review of the Corporate Risk Register consideration be given to the information captured within the SharePoint fields of 'prevention controls in place', 'further prevention actions planned', and the 'comments - record of all updates and reviews' to ensure that a consistent message is relayed within the risk control</p>	<p>Thomas, Wayne</p>	<p>Corporate Services</p>	<p>★</p>	<p>31/03/2019</p>	<p>The annual review of the organization's risk register was conducted with the SMT on 15th November 2018. The main emphasis was on strategic risks and the associated control tasks, while also looking at Departmental Risks and tasks. The officers highlighted the importance of completing all of the fields available for risk tasks within BMIS in the correct way, and will also be quality assuring the data input within BMIS going forward to ensure consistency and robustness.</p>
<p>Assurance Review of Estate Management - Deliver Oct 18.1</p> <p>✔</p>	<p>Recommendation A clear structure be implemented for documenting approval at each stage of developing and approving schemes within the Estates Strategy.</p>	<p>Corrigan, Nick</p>	<p>Corporate Services</p>	<p>★</p>	<p>31/03/2019</p>	<p>The audit action is in the process of being considered by the Property Steering Group. It is intended that sign off will occur at each critical phase of a building project.</p>
<p>Assurance Review of ICT - Cyber Security 1</p> <p>✔</p>	<p>The relevant areas of the Information Security Management System be updated to ensure compliance with the requirements of EU GDPR and the equivalent UK legislation by the 25 May 2018 compliance deadline.</p>	<p>Thomas, Wayne</p>	<p>Corporate Services</p>	<p>●</p>	<p>31/03/2019</p>	<p>This links to P110.09. 15/10/18 - In progress. Relevant procedures within the ISMS have been identified and have been amended, they are at various stages of consultation/publication. ISMS12- Security Breaches – Published ISMS16 - CCTV - Published ISMS 17 - Data Protection - Published ISMS 25 - Information Sharing - in progress pending information from WASPI team</p>
<p>Assurance Review of ICT - Cyber Security 3</p> <p>✔</p>	<p>A comprehensive log management strategy be implemented that includes the use of a central log server and the use of log management tools.</p>	<p>Smith, Darren</p>	<p>ICT</p>	<p>★</p>	<p>31/03/2019</p>	<p>Went to NPS for purchase of Splunk log management software, tender response was won by Insight.  PO has been raised for purchase of 2 year license for Splunk and up to 3 days support for install and configuration.  Processing of this PO will be done by Splunk on 7/12/18, following which date (s) for Splunk to come in will be arranged.  Currently logging requirements will be limited to switches and firewalls, but can be expanded to all infrastructure requirements if required.</p>

<p>Assurance Review of the Governance - Internal Communication Arrangements 3</p> <p>✓</p>	<p>The intended restructure of the Media and Communications Team is to give consideration to the following factors; the Welsh language Standards; additional Data Protection requirements to co-ordinate, maintain and manage consent forms for all moving imagery, photographs and audio recordings; the introduction of new bilingual intranet and internet sites; the synergies between the communication and engagement functions within the Service; 24/7 support for media and communication activity; and the resilience of the senior roles within the media and communications team over forthcoming months.</p>	<p>Thomas, Wayne</p>	<p>Corporate Services</p>	<p>★</p>	<p>31/03/2019</p>	<p>The interim structure of the department remains in place. The proposed new structure has been approved by the Fire Authority and, when finalised on 31st March 2019, will provide the organization with a greater capacity to engage and communicate with our diverse communities more effectively. The organisation's Welsh language translators, who are now incorporated to the team on a permanent basis, have been equipped with mobile telephones in order to ensure that our media content can be translated promptly. This ensures that our media messages can therefore be published sooner and in full compliance with the Welsh Language Standards. There is also work ongoing regarding the organization's website URLs, to ensure that every URL present in the address bar of the Welsh side of the site is fully bilingual. While this is not a direct requirement under the Welsh Language standards, it is indicative of our commitment to spirit of the standards.</p>
<p>Assurance Review of Training Records Aug 18.2</p> <p>✓</p>	<p>Recommendation The levels of non-attendance at training courses be recorded and quantified by Training and Development</p>	<p>Greenman</p>	<p>Training &amp; Development</p>	<p>●</p>	<p>01/09/2019</p>	<p>This issue will be addressed and rectified once the Core training module is developed and functional.</p>
<p>Assurance Review of Training Records Aug 18.4</p> <p>✓</p>	<p>Recommendation The out of compliance reporting processes in use need to be reviewed to ensure that the reported out of compliance data is accurate and can be easily obtained on demand.</p>	<p>Greenman</p>	<p>Training &amp; Development</p>	<p>●</p>	<p>01/09/2019</p>	<p>The training dept are currently developing the Core Training module which will ensure that this is negated in the future. It is envisaged that the Training module will be fully functional in the latter part of 2019.</p>
<p>Assurance Review of Training Records Aug 18.5</p> <p>✓</p>	<p>Recommendation The information held within the PSE database be reviewed and cleansed prior to importing into the Core HR training module.</p>	<p>Greenman</p>	<p>Training &amp; Development</p>	<p>●</p>	<p>01/09/2019</p>	<p>This issue will be addressed through the development and implementation of the Core Training</p>

Compliance Review of Risk Management - ✔ Mitigating Controls - Board Assurance Oct 18.1	Recommendation The Framework for Managing Corporate Risks document be revised and updated as planned to reflect the changes arising from the transition to the Business Management Information System.	Thomas, Wayne	Corporate Services	★	31/03/2019	The framework for managing corporate risks document will be revised and updated as planned, to reflect the changes arising from the transition to the Business Management Information System.
Compliance Review of Risk Management - ✔ Mitigating Controls - Board Assurance Oct 18.2	Recommendation Planned actions be documented in a SMART (specific, measurable, achievable, realistic and timely) manner to enable those with oversight of the risk to identify and challenge slippage.	Thomas, Wayne	Corporate Services	★	31/03/2019	The Engagement, Transformation and Performance team will start the process for devising the organisation's business plan for 2019/20 in January 2019. The team will encourage the Senior Management Team to devise planned actions in a SMART manner, to ensure that the completion of tasks can be measured and monitored.
Follow Up Review - A ✔ Forensic Readiness Procedure	Anti fraud Cyber Crime 2013/14 - A Forensic Readiness Procedure be documented detailing the processes to be followed in the event of a suspected or actual network security incident. Original Due Date 7/31/2018	Smith, Darren	ICT	●	31/03/2019	Delayed subject to appointment of Info and Governance and Compliance Officer following current post holder leaving the organisation
Operational Review of the ✔ Authority Assurance Framework 3	Within the project Management governance arrangements all projects be linked to the relevant strategic objectives and define how the project outcomes contribute to the achievement of the objective.	Thomas, Wayne	Corporate Services	▲	30/03/2019	The team contacted stakeholders to identify any ongoing projects that could be used to assist with the development of the project management element of the new Business Management Information System. The development of the module itself was scheduled to be explored during Q3 of 2018/19, but this has not been the case due to other workload commitments during the quarter. I will discuss the progress further with the Planning, Performance and Risk Manager in January 2019 to identify whether the completion of this module is feasible for 2018/19.
Regularity Review - Station ✔ Visits - Routine fire alarm tests	Routine fire alarm tests and firefighting equipment inspections be carried out on a weekly basis and emergency lighting tests on a monthly basis be undertaken at all stations in accordance with the procedures set out in the Raising Awareness Reducing Risk Log book.	Smith, Keith	ORM	●	01/01/2019	Due to end of Audit year this will be reviewed and amended as required after end of year review
WAO - Annual ✔ Improvement Report 2017-18	Agreeing common measures with other Welsh Fire and Rescue Authorities to assess key indicators around land and buildings to enable comparison of performance and the identification of developing trends.	Corrigan, Nick	Corporate Services	●	31/03/2019	Audit attached

# Internal Audit Actions – Commentary (Overdue)

Name	31/12/18					
	Action Description in Full	Owner	Department	Performance	Target Date	Comments
<input checked="" type="checkbox"/> Appraisal Review of the Estate Management Strategy Arrangements 16.1	A detailed report and annual action plan be developed in support of the property asset management strategy as planned.	Corrigan, Nick	Corporate Services	●	10/10/2018	Need to review with PSG what is required, and what is reasonably achievable with existing resources.
<input checked="" type="checkbox"/> Assurance Review of the Payroll & HR Controls Arrangements 1	All procedures relating to HR and Payroll processes be reviewed and amended as planned.	Jeal, Kimbely	Human Resources	●	31/10/2018	Process reviews underway, work continues. The majority of processes are being reviewed by the Employee Relations Manager as the majority of work starts in ER and is then processed across to Payroll. SP&C have been asked if they can assist with these process reviews both internal to the department and those that feed in from other areas of the Service.
<input checked="" type="checkbox"/> Follow Up Review - Anti-Fraud Cyber Crime	Anti-Fraud Cyber Crime 2013/2014 - Any document identified during the data analysis review that needs to be held securely that is not already electronically marked be electronically marked to ensure that it can be identified by the e-mail sweeping software to prevent unauthorised distribution.	Lloyd, Chris	ICT	●	31/12/2018	Awaiting new DPO to be appointed to provide a decision

# Other Audits Summary

## Corporate Scheme Audit

## Progress

Strategic Equality Plan	★
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Name	31/12/18					
	Action Description in Full	Owner	Department	Performance	Target Date	Comments
<input checked="" type="checkbox"/> Audit - Strategic Equality Plan - good practice	Promote in-house equality and diversity good practice.	Wood, Carey	Human Resources	★	30/03/2020	Launched the Equality Allies Network. Developed the #YouMatter campaign to showcase external partners (MIND, Stonewall, etc) we work with, delivered both AER and SEP Review to FRA ahead of legal deadline of March.

Operational Assurance Audit Name

Progress

Ops Assurance 2013	▲
Ops Assurance 2017-2018	●

Name	31/12/18					Comments
	Action Description in Full	Owner	Department	Performance	Target Date	
Ops Assurance - Community Risk Management 1	Whilst the significant levels of diversity within SWFRS communities are understood, the emphasis of the Equalities and Diversity Officer's role appears to have an inward focus and predominantly relates to recruitment and selection of a more diverse workforce. SWFRS could better utilise this post to assist staff members in engaging with diverse communities, often with complex needs, in order to provide a more inclusive service delivery outcome for all.	Malson, Mark	People Services	●	31/03/2020	<p><i>In line with the NJC Inclusive Fire Service Improvement Strategies an Implementation Plan has been drafted for the period 2018-2021, agreed with the Fire Authority to address four key areas of promoting an inclusive culture, recruitment and engagement, progression and retention.</i></p> <p><i>To support this ambitious implementation plan the SMT have established an Equality Diversity &amp; Inclusion Working Group, chaired by the ACO People Services and consisting of uniformed and corporate staff and Trade Union representatives to ensure that all aspects of the diversity agenda are considered and focused across all protected characteristics and communities.</i></p>

31/12/18						
Name	Action Description in Full	Owner	Department	Performance	Target Date	Comments
Ops Assurance - <input checked="" type="checkbox"/> Community Risk Management 2	The PAT experienced an inconsistent level of focus between protected characteristics during the interview with the Equalities and Diversity Officer. Considering the diverse nature of the communities that SWFRS serves the focus was more heavily weighted towards Sexual Orientation and Gender Reassignment issues, potentially at the detriment of Race and other communities.	Wood, Carey	Human Resources	●	31/03/2020	<p><b>LGBT Focused:</b>            The statement regarding '<i>focus weighted towards LGBT</i>' is not understood.</p> <p>As a modern and inclusive employer of choice (and along with other campaigns such as Time to Change Wales and White Ribbon), SWFRS is a supporter of Stonewall; with the role of main contact being delegated to the Diversity Officer.</p> <p>The Diversity Officer's only specific 'focus' is facilitating an 'as needed' email based LGB&amp;T staff group, and ensuring legal compliance- eg; recently updating the Trans Guide.</p> <p>As far as any 'detriment', the Diversity Officer's time involves actively leading or working on initiatives for other Protected Characteristics, examples being:</p> <ul style="list-style-type: none"> <li>• Time to Change Wales (<i>Disability</i>),</li> <li>• Recruitment and positive action (<i>Sex-Women</i>),</li> <li>• Brokering contact between BFS and Race Equality First (<i>Race, Belief</i>),</li> <li>• Facilitating a new staff led Fellowship (<i>Belief</i>),</li> <li>• Managing the Together project (<i>Sex-Women, Sexual Orientation, Race</i>) and creation of staff stories (<i>Sex- Women, Sexual Orientation, Welsh Speakers, Sex-Men, Race</i>),</li> <li>• Policy and legal compliance (<i>all PCs</i>),</li> <li>• Media and new website (<i>all PCs</i>).</li> </ul> <p><b>Improvement: ensure other work done in partnership is clearly promoted.</b></p>

Name	31/12/18					
	Action Description in Full	Owner	Department	Performance	Target Date	Comments
<p>Ops Assurance - Community Risk Management 3</p> <p>✓</p>	<p>Station based staff members conveyed that they were delivering home safety checks from the 0800 waiting list. They felt that this list did not target those who were most at risk from fire. There was suggestion that they felt that their knowledge of the local community could be better utilised in targeting the most 'at risk'. Consideration could be given to review the strategy for the delivery of home safety checks or safe and well checks taking into account 0800 referrals, the risk matrix data and local knowledge.</p>	Davies, Garry	Risk Reduction	★	31/03/2020	<p>Targeted assessments are now being delivered following analysis of several data sets.</p> <p>This is formulated via SPAC team.</p> <p>Station based personal can deliver home safety checks if they identify risks. This includes that following an ADF identified properties are targeted in the vicinity which is recorded under the hot strike M20 process.</p>
<p>Ops Assurance - Community Risk Management 4</p> <p>✓</p>	<p>During the visit the PAT spoke to a number of staff members from a wide range of roles, all of whom clearly understood the risk profile of the community in which they worked. They were very keen to be involved in contributing to the risk analysis process but some stated that it can be difficult to make your views known or influence decision making regarding the targeting of those most at risk. SWFRS could consider how to capture and capitalise on the wealth of knowledge that the committed teams possess.</p>	Davies, Garry	Risk Reduction	★	31/03/2020	<p>The new process of CRMP design and delivery will aid station based personnel to develop this in line with risk. Scrutiny of the delivery of CRMP is via a panel which consists of - Head of Risk Reduction – Head of Operations – ACFO – GMB from UA and Station Commanders from UA.</p>

Name	31/12/18					
	Action Description in Full	Owner	Department	Performance	Target Date	Comments
Ops Assurance - Community Risk Management 5	There was evidence that some staff members are not aware of the purpose of collecting data at incidents and following safe and well or home safety checks. Improved communication regarding this matter may assist in improving their understanding and subsequently improve their buy in.	Pritchard, Colin	Operations	●	31/03/2020	SM seminars will give clear direction on the need to cascade information to teams to establish clear understanding of the reason for correct data collation.
Ops Assurance - Community Risk Management 6	Whilst the PAT acknowledge that the commercial risk MIS system currently being developed in partnership with West Midlands FRS will greatly assist the targeting of business fire safety activities, the time required for development and testing prior to implementation has been greater than envisaged. An opportunity exists to utilise an alternative and cost effective model as an interim solution whilst development of the bespoke system continues. The Experian tool is currently being utilised in both Mid and West and North Wales FRS	Davies, Garry	Risk Reduction	●	31/03/2020	West Midlands product is being designed. The interim solution is support via in house system.

Name	31/12/18					Comments
	Action Description in Full	Owner	Department	Performance	Target Date	
Ops Assurance - Community Risk Management 7	The address based risk register, as referred to under the 'progress' section would benefit all stations when creating their Community Risk Management Plans. Consider providing this information across the board, as opposed to on request. This will enable stations to utilise information gathered to better target those who are at increased risk from fire.	Thomas Wayne	Corporate Services	●	31/03/2020	<b>The Statistics and Risk team are currently exploring ways of making this risk more readily available to stations. One of the options currently being explored is the possibility of incorporating the address based register in to the current referrals list, which is accessed regularly by stations. The team will need to work with ICT to ensure that the list is produced in a format which can be uploaded to the current referrals list.</b> <b>The other option being explored is to make the address based risk register available in within the station pages of the organisation's Business Management Information system. The system is currently in development and the feasibility of this work is being explored and planned. The only additional consideration with this option is that only Station Commanders or above can access these pages at present. If further access to the lists were required then additional licensing costs would need to be negotiated.</b>
Ops Assurance - Legislative Fire Safety	Review the allocation of Legislative Fire Safety resources following the introduction of the new MIS in line with the revised picture of risk.	Davies, Garry	Risk Reduction	▲	30/03/2019	New system will not be ready this fiscal year.
Ops Assurance - Training and Development 1	The PAT was unable to locate, or be provided with, the Service's corporate policy for the delivery of training during the assessment. The policy was located and forwarded to the PAT following the assessment. Raising awareness amongst staff members of the Corporate Policy – 02 Our People' would be beneficial	Greenm lan	Training & Development	★	31/03/2020	<b><i>Awareness is being addressed through Monthly Training Managers meetings as well as Team Updates</i></b>

Name	31/12/18					Comments
	Action Description in Full	Owner	Department	Performance	Target Date	
Ops Assurance - Training and Development 2	Policies relating to people development were not made available to the Peer Assessment Team. These policies may be written or under review but were not provided to the team.	Greenmlan	Training & Development	★	31/03/2020	<b>People Development Policies are in the process of being developed</b>
Ops Assurance - Training and Development 3	Very few line managers appear to hold an assessor qualification, yet are assessing crew members through their development to competent (D to C) process. There did not appear to be a system in place for observation of candidates at crew manager level by qualified assessors from station or central training. Whilst it is acknowledged that under SFJ there is no requirement for A1 / L20 assessors it would appear that there is a potential risk due to inexperience of some of those who are currently assessing D to C, without any legacy qualification or current assessor training.	Greenmlan	Training & Development	★	31/03/2020	<b>SWFRS made a conscious decision when it implemented the Skills for Justice FF Development Award some two years ago that this was not an issue. A Supervisory Manager's Role Map equips a line manager with the requisite skill sets to complete this task. Along with the support afforded to each FF trainee (WDS or On Call) from the Training and Development department through its Initial Training Support Instructors and SFJ Vocational Assessors.</b>
Ops Assurance - Training and Development 4	Non-qualified assessors are signing work which they have not observed. Whilst this conforms to the needs of the awarding body (Skills for Justice) the assessment team felt it presented a risk to the Service in terms of the robustness of the assessment process. An example of this was provided whereby those in temporary roles who do not begin a D to C process were able to refer back to evidence from this period when achieving a substantive position. The assessor who approves this evidence may not have been in a position to observe the activities and therefore is only assessing the written accounts provided.	Greenmlan	Training & Development	★	31/03/2020	<b>The principles of work force progression stipulate that an individual cannot be deemed competent following substantive promotion into a new role until 6 months from this date and it must be completed within 18 months. This will allow the new line manager adequate time to observe the whole role map to assess competence. Any evidence submitted prior to this period should be verified with the previous line manager and if there is any doubt to its validity then additional evidence should be requested to satisfy the performance criteria.</b>

Thematic Review 2017	
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Name	31/12/18					Comments
	Action Description in Full	Owner	Department	Performance	Target Date	
 Thematic Review 2017 1	Learning following incidents, accidents and near misses from the fire community be communicated to operational personnel as soon as practicably possible	Hole, Martin	ORM	★	31/03/2020	Update Form WG 31/05/18  1. Learning from incidents is taking too long to get to crews who need it.  2. More information required around learning. Eg 13.5m ladder incident, there needs to be more information around the Why!  3. More background information to be made available around incidents including information to take back to stations following level 1 IC training.
 Thematic Review 2017 2	Debrief process requires redefining to explore more options of capturing and sharing learning.	Baird-Murray, Knill	Training & Development	★	31/03/2020	Update Form WG 31/05/18  1 Strength to be observed in the way North Wales Professional Standards audit team are operating.  2. Evidence required by WG of syllabus and frequency of Seminars provided for information sharing at supervisory and tactical levels.  3. Frequency of events and plans for future. Suggestion shared that these should be considered as CPD events.
 Thematic Review 2017 3	Feedback opportunities to those who have identified areas of improvement requires implementation	Baird-Murray, Knill	Training & Development	●	31/03/2020	Update Form WG 31/05/18  1. Need to properly record if decision is made as not to follow route.  2. Evidence was provided that there was good information being discussed at 'Hot Debriefs' yet this wasn't being utilised across organisations and was lost.  3. Suggestion of utilising M&WWFRS incident information sharing database.
 Thematic Review 2017 5	Information sharing between the Welsh FRSs and national FRS needs to be formulated and aligned to the National Operational Learning Project.	Davies, Gareth	ORM	★	31/03/2020	Update Form WG 31/05/18  1. Confirmation required of how information is being fed into organisations and how it is captured - if this is Via WIF minutes are required by WG.  2. Evidence was provided that at PO level there was an understanding of learning from incidents yet where it mattered at watch level this wasn't the case

# WAO Audit of Financial Statements

Recommendation	Implementation Date	Update commentary	RAG status
R1 The Authority should put robust arrangements in place for high quality signed accounts and an accompanying audit trail to be available by 31 May 2019.	2018/19 closure	On schedule for completion on closure of 2018/19 accounts. Shown as amber as not yet complete	
R2 The Authority should ensure that all agreements with other bodies clearly show the nature of the transactions and are fully finalised. This will enable the Authority to fully support its accounting treatment of the related transactions and balances.	Immediately	Completed and therefore showing RAG as green.	
R3 The Authority should ensure that all transactions and balances are accounted for correctly, and that all disclosure requirements are complied with. Completion of the disclosure checklist would ensure disclosures comply with the Code. R4 The Authority should assess whether an updated valuation of Barry Fire station is required on completion of the refurbishment.	Immediately	Completed and therefore showing RAG as green.	
R5 The Authority should improve their processes to ensure sufficient audit trails are available to support transactions and balances.	Immediately	Completed and therefore showing RAG as green.	
R6 The Authority should ensure that all disclosures are in line with the Code and declarations are fully checked and included on the working papers.	Immediately	Completed and therefore showing RAG as green.	

Recommendation	Implementation Date	Update commentary	RAG status
<p>R7 The Authority should continue to strengthen its IT infrastructure and network controls by:</p> <ul style="list-style-type: none"> <li>• replacing the remaining Windows Server 2003 and Windows XP machines;</li> <li>• implementing the updated IT change control procedure;</li> <li>• updating the IT Disaster Recovery plans and testing these plans fully annually;</li> <li>• using Intrusion Detection Software to help identify potential suspicious network activity, and;</li> <li>• reviewing the numbers of IT department staff with IT domain admin access to ensure these are all required</li> </ul>	Financial year 2019-2020	For completion in next financial year. Shown as amber to reflect this.	

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WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# 2019 Audit Plan – South Wales Fire and Rescue Authority

Audit year: 2018-19

Date issued: March 2019

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This document has been prepared as part of work performed in accordance with statutory functions.  
Further information on this is provided in [Appendix 1](#).

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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.

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# 2019 Audit Plan

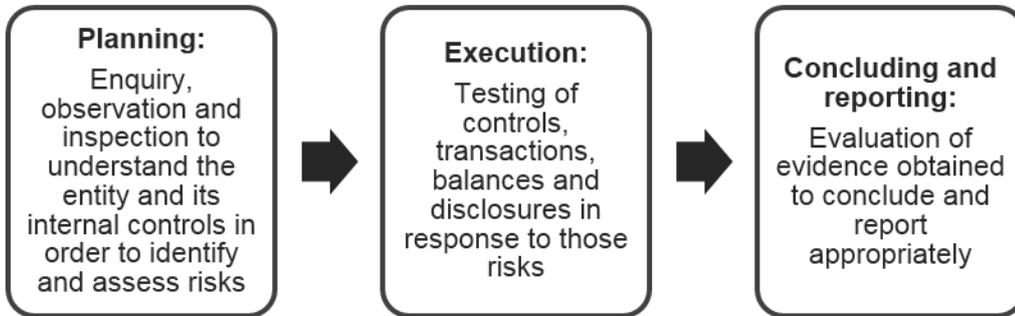
## Summary

- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), Wellbeing of Future Generations (Wales) Act 2015, the Local Government Act 1999, and the Code of Audit Practice, namely to:
  - examine and certify whether your financial statements are 'true and fair';
  - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
  - audit and assess whether you have discharged the duties and met requirements of the Measure; and
  - undertake studies to enable me to make recommendations for improving economy, efficiency and effectiveness or for improving financial or other management arrangements.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

## Audit of accounts

- 5 It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
  - are free from material misstatement, whether caused by fraud or error;
  - comply with statutory and other applicable requirements; and
  - comply with all relevant requirements for accounting presentation and disclosure.
- 6 I also consider whether or not South Wales Fire and Rescue Authority (the Authority) has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and report by exception if the Annual Governance Statement does not comply with requirements. I am also responsible for the audit of the Authority's Fire Fighters' Pension Fund account.
- 7 [Appendix 1](#) sets out my responsibilities in full.
- 8 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach



9 The risks of material misstatement which I consider to be significant and which therefore require special audit consideration, are set out in [Exhibit 2](#) along with the work I intend to undertake to address them. Also, included are other key areas of audit attention my team will be focusing on.

Exhibit 2: financial audit risks

Financial audit risk	Proposed audit response
<b>Significant risks</b>	
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 240.31-33].	My audit team will: <ul style="list-style-type: none"> <li>• test the appropriateness of journal entries and other adjustments made in preparing the financial statements;</li> <li>• review accounting estimates for biases; and</li> <li>• evaluate the rationale for any significant transactions outside the normal course of business.</li> </ul>
<b>Other areas of audit attention</b>	
Last year the Authority identified that some pensions paid to retired fire fighters were overstated. The pension regulations are complex, and are updated regularly, increasing the risk of error or omission in the financial statements.	My audit team will review the Authority's arrangements for identifying and recording any pension overpayments or outstanding liabilities, to ensure they are materially accurate and complete.
Last year I reported that some agreements between the Authority and third parties did not clearly specify the nature of the transactions, and some agreements remained in draft. This made it difficult for the Authority to fully support its accounting treatment of the related transactions and balances.	My audit team will review joint arrangements, to ensure any related transactions, balances and disclosures are materially accurate.

Financial audit risk	Proposed audit response
IFRS9 financial instruments and IFRS15 revenue from contracts with customers apply from 1 April 2018. The Authority will need to consider the impact of these new accounting standards to ensure its accounting policies, balances, transactions and disclosures are materially accurate and complete.	My audit team will assess the likely impacts of the new IFRSs and undertake work to respond to any identified risks of material misstatement.

- 10 The Authority will have to present its draft 2018-19 financial statements to me by 31 May 2019 (one month earlier), with my audit certification required by 31 July 2019 (two months earlier). The Authority therefore needs to develop a comprehensive project plan for its earlier preparation of the 2018-19 financial statements. The plan will also need to cover key areas such as the timing of the relevant committees to consider and approve the financial statements, and the availability of key officers and their engagement with auditors during June and July.
- 11 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Authority prior to completion of the audit.
- 12 For reporting purposes, I will treat any misstatements below a 'trivial' level (the lower of 5% of materiality or £100,000) as not requiring consideration by those charged with governance and therefore I will not report them.
- 13 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with the agreed timescales, to the quality expected and have been subject to a robust quality assurance review;
  - information provided to support the financial statements is in accordance with the agreed audit deliverables document<sup>1</sup>;
  - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
  - all appropriate officials will be available during the audit;
  - you have all the necessary controls and checks in place to enable the Responsible Financial Officer to provide all the assurances that I require in the Letter of Representation addressed to me; and

<sup>1</sup> The agreed audit deliverables document sets out the expected working paper requirements to support the financial statements and include timescales and responsibilities.

- Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 14 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
  - Section 31 Right to make objections at audit.
- 15 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 16 If I do receive questions or objections, I will discuss potential audit fees at the time.

## Performance audit

- 17 I need to balance my existing, new and proposed statutory duties with the need to continue to undertake meaningful, risk-based and proportionate audits and assessments. In discharging my responsibilities, I will continue to seek to strike the most appropriate balance and add value by:
- providing assurance on the governance and stewardship of public money and assets;
  - offering insight on the extent to which resources are used wisely in meeting people's needs; and
  - identifying and promoting ways by which the provision of public services may be improved.
- 18 As it is likely that the anticipated Local Government Wales Bill will propose that the Local Government (Wales) Measure 2009 no longer applies to fire and rescue authorities, I will continue to minimise work that focuses on the process of improvement planning.
- 19 In my audit plan for 2018 I explained that in previous years I had placed reliance on my work under the Measure to help discharge my duty under the Public Audit (Wales) Act 2004 to satisfy myself that fire and rescue authorities have made proper arrangements to secure economy, efficiency and effectiveness (value for money) in the use of resources. Given that in the future it is likely that I will be unable to rely on my work under the Measure, in 2019-20, and subsequent years, the focus of my local performance audit programmes will continue to be more clearly aligned to discharging my Public Audit (Wales) Act 2004 duty.
- 20 In 2018-19 I undertook an examination of the extent to which you are acting in accordance with the sustainable development principle in taking steps to meet your well-being objectives. During 2019-20 I will undertake a further examination to assess the extent to which you are applying the sustainable development principle when taking steps towards meeting your well-being objectives. This will be the final piece of work I will undertake to discharge my duties under the Wellbeing of Future

Generations Act at the Authority prior to laying my first cyclical report with the National Assembly in 2020. During 2019-20 I will also be considering how to discharge my duties under the Act over the period 2020 to 2024 and I will seek to engage with fire and rescue authorities as well as other stakeholders in developing my approach.

- 21 The Wales Audit Office also undertakes a programme of local government studies. This work is included within the Wales Audit Office estimates for funding from the Welsh Consolidated Fund and not local fees. These studies primarily lead to a national report augmented by good practice and shared learning outputs rather than by local reports. Local findings, where relevant, will be captured in improvement assessment work and reported in annual improvement reports depending on the timing and the focus of conclusions.
- 22 Taking all these factors into consideration, my 2019-20 programme of work will comprise:

**Exhibit 3: performance audit programme**

<b>Performance audit programme</b>	<b>Brief description</b>
Improvement audit and assessment work including improvement planning and reporting audit	Audit of discharge of duty to publish an improvement plan, and to publish an assessment of performance.
Well-being of Future Generations Act (Wales) 2015 (WFG Act) examinations	Examination of the extent to which the Authority has acted in accordance with the sustainable development principle when taking steps to meet its wellbeing objectives.
Local work	TBC
<b>2019-20 Local Government Studies</b>	(Funded by the Welsh Consolidated Fund) The Auditor General has recently completed his consultation on his forward work programme and new local government studies to commence in 2019-20 will be confirmed shortly.

- 23 The performance audit projects included in last year's Audit Plan, which are either still underway or which have been substituted for alternative projects in agreement with you, are set out in [Appendix 2](#).

## Fee, audit team and timetable

### Fee

- 24 Your estimated fee for 2019 is set out in [Exhibit 4](#). There have been some small changes to my fees rates for 2019 however my audit teams will continue to drive efficiency in their audits to ensure any resulting increases will not be passed to you. This represents a 7.8% decrease compared to your actual 2018 fee. The 2018 fee was higher than my original estimate because of additional costs relating to the audit of the Fire Fighters' Pension Fund.

#### Exhibit 4: audit fee

Audit area	Proposed fee (£) <sup>2</sup>	Actual fee last year (£)
Audit of accounts <sup>3</sup>	57,022	63,201
Performance audit work <sup>4</sup>	15,295	15,274
Total fee	72,317	78,475

- 25 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Authority.
- 26 Further information on my [fee scales and fee setting](#) can be found on our website.

### Audit team

- 27 The main members of my team, together with their contact details, are summarised in [Exhibit 5](#).

#### Exhibit 5: my audit team

Name	Role	Contact number	E-mail address
Jane Holownia	Engagement Director	02920 320565	<a href="mailto:Jane.holownia@audit.wales">Jane.holownia@audit.wales</a>
Derwyn Owen	Engagement Lead – Financial Audit	02920 320651	<a href="mailto:Derwyn.owen@audit.wales">Derwyn.owen@audit.wales</a>
Alison Butler	Financial Audit Manager	02920 320665	<a href="mailto:Alison.butler@audit.wales">Alison.butler@audit.wales</a>
Alexis Smith	Financial Audit Team Leader	02920 320643	<a href="mailto:Alexis.smith@audit.wales">Alexis.smith@audit.wales</a>

<sup>2</sup> Notes: The fees shown in this document are exclusive of VAT, which is not charged to you

<sup>3</sup> Payable November 2018 to October 2019.

<sup>4</sup> Payable April 2019 to March 2020.

Name	Role	Contact number	E-mail address
Nick Selwyn	Performance Audit Manager	02920 320612	<a href="mailto:Nick.Selwyn@audit.wales">Nick.Selwyn@audit.wales</a>

28 I can confirm that my team members are all independent of the Authority and your officers. In addition, I am not aware of any potential conflicts of interest that I need to bring to your attention.

## Timetable

29 I will provide reports, or other outputs as agreed, to the Authority covering the areas of work identified in this document. My key milestones are set out in [Exhibit 6](#).

### Exhibit 6: timetable

Planned output	Work undertaken	Report finalised
<b>2019 Audit Plan</b>	January – March 2019	March 2019
<b>Financial accounts work:</b> <ul style="list-style-type: none"> <li>Audit of Financial Statements Report</li> <li>Opinion on Financial Statements</li> </ul>	February – July 2019	July 2019 July 2019
<b>Performance work:</b> <ul style="list-style-type: none"> <li>Improvement Plan Audit</li> <li>Assessment of Performance Audit</li> <li>WFG Act Examinations</li> </ul>	June – July 2019 October - November 2019 April 2019 – January 2020	July 2019 November 2019 January 2020

\* Subject to timely clearance of draft findings with the Authority.

## Future developments to my audit work

30 Details of other future developments including forthcoming changes to key International Financial Reporting Standards, the Wales Audit Office's Good Practice Exchange (GPX) seminars and my planned work on the readiness of the Welsh public sector for Brexit, are set out in [Appendix 3](#).

# Appendix 1

## Respective responsibilities

### Audit of accounts

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- their 'truth and fairness', providing assurance that they:
  - are free from material misstatement, whether caused by fraud or error;
  - comply with the statutory and other applicable requirements; and
  - comply with all relevant requirements for accounting presentation and disclosure.
- the consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- the Authority's system of internal control, as reported in the Annual Governance Statement and my report thereon;
- the results of other work carried out including work carried out under the Local Government (Wales) Measure 2009 (the Measure), certification of claims and returns, and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the Authority's financial statements and related documents, to ask me, as the Appointed Auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;

- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the Authority from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

## Performance audit

The Public Audit (Wales) Act 2004 requires me, by examination of the accounts or otherwise, to satisfy myself that the body has made proper arrangements for:

- securing economy, efficiency and effectiveness in its use of resources; and
- that the body, if required to publish information in pursuance of a direction under section 47 (performance information) has made such arrangements for collecting and recording the information and for publishing it as are required for the performance of its duties under that section.

The Measure places a general duty on improvement authorities to 'make arrangements to secure continuous improvement in the exercise of [their] functions'. It also places specific requirements on authorities to set improvement objectives, and to publish annual improvement plans and assessments of performance. Improvement authorities are defined as county and county borough councils, national park authorities, and fire and rescue authorities.

The Measure also requires me to carry out an improvement assessment for each improvement authority every year, to determine whether the authority is likely to comply with its general duty and requirements of the Measure. I must also carry out an audit of whether the authority has discharged its improvement planning and reporting duties.

The Auditor General may also in some circumstances carry out special inspections (under section 21), in respect of which he will provide a report to the relevant authorities

and Ministers, and which he may publish (under section 22). The Auditor General will summarise audit and assessment reports in his published Annual Improvement Report (under section 24). This will also summarise any reports of special inspections.

Section 15 of the Well-being of Future Generations Act (Wales) 2015 requires me to carry out examinations of public bodies for the purposes of assessing the extent to which it has acted in accordance with the sustainable development principle when:

- (a) setting well-being objectives; and
- (b) taking steps to meet those objectives.

I must carry out such an examination of each public body at least once during a five-year period. Before the end of the period I must report on the results of those examinations to the National Assembly.

# Appendix 2

## Performance work in last year's audit outline still in progress

Exhibit 7: performance work in last year's audit outline still in progress

Performance audit project	Status	Comment
WFG Examination	Reporting	
Partnership review	Reporting	

# Appendix 3

## Other future developments

### A. Forthcoming key IFRS changes

Exhibit 8: changes to IFRS standards

Standard	Effective date	Further details
IFRS 16 leases	Expected in 2020-21	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on balance sheet as an asset based on a right of use principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.

### B. Good Practice Exchange

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared online. The main areas of work are regarding financial management, public-sector staff and governance.

[Further information, including details of forthcoming GPX events and outputs from past seminars.](#)

### C. Brexit: preparations for the United Kingdom's departure from membership of the European Union

In accordance with Article 50 of the Treaty of Rome, on 29 March 2019 the United Kingdom will cease to be a member of the European Union. Negotiations are continuing, and it currently remains unclear whether agreement will be reached on a transition period to 31 December 2020, or whether a 'no deal' immediate exit will take place next March.

The Auditor General has commenced a programme of work looking at the arrangements that the devolved public sector in Wales, including all NHS bodies, is putting in place to prepare for, and respond to, Britain's exit from the European Union. This will take the form of a high-level overview to establish what is being put in place across the Welsh public sector, and what the key issues are from the perspectives of different parts of the Welsh public service.

The Auditor General intends to carry out this initial work in two tranches. In autumn 2018, he issued a call for evidence to compile a baseline summary of arrangements being put in place. On 19 February, the Auditor General issued a report<sup>5</sup> on preparations in Wales for a 'no-deal' Brexit. This will be followed up by further audit fieldwork during the rest of 2019.

<sup>5</sup> <http://www.audit.wales/publication/preparations-wales-no-deal-brexite>

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**SOUTH WALES FIRE & RESCUE AUTHORITY**  
**FINANCE AUDIT AND PERFORMANCE**  
**MANAGEMENT COMMITTEE**  
**REPORT OF THE TREASURER**

AGENDA ITEM NO 13  
 08 APRIL 2019

**WALES AUDIT OFFICE ENQUIRIES TO ‘THOSE CHARGED WITH GOVERNANCE’ – DRAFT RESPONSE**

**SUMMARY**

This report details a draft response to the Wales Audit Office paper on ‘Those Charged with Governance’ when approving financial statements.

**RECOMMENDATIONS**

That the Fire & Rescue Authority confirms its response to the Wales Audit Office questions, as detailed in Appendix 1 attached.

**1. BACKGROUND**

1.1 The Wales Audit Office (WAO) has requested a response from the Fire & Rescue Authority to a series of questions based on the draft paper ‘Audit Enquiries to those Charged with Governance’. Paragraphs 2.1 to 2.8 detail the rationale provided by the WAO behind their enquiry.

**2. ISSUE**

2.1 Those charged with governance are accountable for the quality of the Authority’s financial reporting. The respective responsibilities towards the financial statements are set out in the Statement of Responsibilities of Auditors and of Audit Bodies, which states that:

2.1.1 *“The financial statements, which comprise the published accounts of the audited body, are an essential means by which it accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources. It is the responsibility of the audited body to:*

- *put in place systems of internal control to ensure the regularity and lawfulness of transactions;*
- *maintain proper accounting records; and*
- *prepare financial statements that give a true and fair view of the financial position of the body and its expenditure and income and that are in accordance with applicable laws, regulations and accounting policies.”*

2.2 The responsibilities of the Authority in respect of the financial statements are also summarised as part of those statements in the Statement of

Responsibilities for the Statement of Accounts. This is signed on the Authority's behalf by the Treasurer.

2.3 The Statement of Responsibilities of Auditors and of Audited Bodies goes on to say that:

2.3.1 *“Auditors audit the financial statements and give their opinion, including:*

- *whether they give a true and fair view of the financial position of the audited body and its expenditure and income for the year in question; and*
- *whether they have been prepared properly in accordance with relevant legislation and applicable accounting standards.*

*In carrying out their audit of the financial statements, auditors will have regard to the concept of materiality.”*

2.4 The WAO approach to enable them to give their opinion on the Authority's financial statements is guided by the International Standards of Auditing (ISAs). A number of these ISAs require the WAO to make specific enquiries of those charged with governance.

2.5 This paper focuses on the requirement of four key ISAs:

- ISA 240 – auditor's responsibility to consider fraud in an audit
- ISA 250 – consideration of laws and regulations in an audit of financial statements
- ISA 570 – going concern
- ISA 580 – management representations

2.6 The WAO approach also takes into account the Auditing Practices Board Practice Note 10, Audit of Financial Statements of Public Sector Bodies in the UK (PN10).

2.7 The enquiry paper is structured by each of the above ISAs, briefly summarising the requirements, then setting out a series of questions to those charged with governance.

2.8 Towards the end of the audit, they will be asking that a Letter of Representation is provided. This letter will include reference to the consideration of a number of the issues contained in this paper, in addition to any specific assertions required as a result of the audit work carried out on the financial statements.

### 3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications arising directly from this report. However, the WAO is seeking an assurance that it can rely on the statements within the Letter of Representation in respect of all financial matters relating to fraud issue.

### 4. RECOMMENDATION

- 4.1 That the Fire & Rescue Authority confirms its response to the Wales Audit Office questions, as detailed in Appendix 1 attached.

<b>Contact Officer:</b>	<b>Background Papers:</b>
Geraint Thomas Head of Finance & Procurement	Audit Enquiries to those Charged with Governance

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## Appendix 1

### Matters in relation to fraud

International Standard for Auditing (UK and Ireland) 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 for the South Wales Fire and Rescue Authority is the Fire and Rescue Authority Committee. Management, with the oversight of the Fire and Rescue Authority Committee, 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 the Fire and Rescue Authority Committee exercises oversight of management's processes. We are also required to make enquiries of both management and the Fire and Rescue Authority Committee as to their knowledge of any actual, suspected or alleged fraud. for identifying and responding to the risks of fraud and the internal controls established to mitigate them.

## Enquiries of management - in relation to fraud

Question	2017-18 Response	2018-19 Response
1. What is management's assessment of the risk that the financial statements may be materially misstated due to fraud and what are the principal reasons?	We consider the risk to be minimal and are not aware of any fraud that would impact materially on our financial statements. Robust internal controls, internal audit annual reviews including key financial controls and counter fraud policies exist to reduce risks in this area.	We consider the risk to be minimal and are not aware of any fraud that would impact materially on our financial statements. Robust internal controls, internal audit annual reviews including key financial controls and counter fraud policies exist to reduce risks in this area.
2. What processes are employed to identify and respond to the risks of fraud more generally and specific risks of misstatement in the financial statements?	Robust systems of internal controls exist and are tested through a programme of planned internal audits each year. Financial regulations, Anti-Fraud Policy and procurement procedures provide an operating framework for all personnel. Personnel have previously completed a fraud awareness e-learning package. The controls in place have successfully identified previous cases of fraud and act as a deterrent.	Robust systems of internal controls exist and are tested through a programme of planned internal audits each year. Financial regulations, Anti-Fraud Policy and procurement procedures provide an operating framework for all personnel. Personnel have previously completed a fraud awareness e-learning package. The controls in place have successfully identified previous cases of fraud and act as a deterrent.
3. What arrangements are in place to report fraud issues and risks to the Audit Committee?	The Anti Fraud and Corruption policy, Whistle-blowing policy, fraud response plan and associated organisational procedures exist and provide the necessary reporting guidelines.	The Anti Fraud and Corruption policy, Whistle-blowing policy, fraud response plan and associated organisational procedures exist and provide the necessary reporting guidelines.
4. How has management communicated expectations of ethical governance and standards of conduct and behaviour to all relevant parties, and when?	The senior management team through consultation with its middle managers has adopted a comprehensive set of values which have been disseminated to all staff with guidance on how these values should be exhibited. These values are supported by a comprehensive suite of policies and procedures which are constantly being reviewed through working groups and when finalised communicated to staff in various ways. A standards and expectations policy has been drafted through engagement with middle leaders which sets out the standards that all employees are expected to meet in	The senior management team through consultation with its middle managers has adopted a comprehensive set of values which have been disseminated to all staff with guidance on how these values should be exhibited. These values are supported by a comprehensive suite of policies and procedures which are constantly being reviewed through working groups and when finalised communicated to staff in various ways. A standards and expectations policy has been drafted through engagement with middle leaders which sets out the standards that all employees

### Enquiries of management - in relation to fraud

Question	2017-18 Response	2018-19 Response
	a number of areas related to conduct and behaviour. This complements Appendix 5 of General Standing Orders which outlines Officers code of conduct, applicable to all staff.	are expected to meet in a number of areas related to conduct and behaviour. This complements Appendix 5 of General Standing Orders which outlines Officers code of conduct, applicable to all staff.
5. Are you aware of any instances of actual, suspected or alleged fraud within the audited body since 1 April 2018?	There have been no instances of actual or suspected fraud since 1st April 2017	There have been no instances of actual or suspected fraud since 1st April 2018.
6. Are you aware of any fraud within the RCT Pension Fund (service organisation) since 1 April 2018? [RCT are considered as a service organisation as they administer the FireFighters' Pension Scheme on behalf of the Fire Authority.]	We are not aware of any fraud within the RCT pension fund since 1 <sup>st</sup> April 2017.	We are not aware of any fraud within the RCT pension fund since 1 <sup>st</sup> April 2018.

### Enquiries of those charged with governance – in relation to fraud

Question	2017-18 Response	2018-19 Response
1. How does the Fire and Rescue Authority exercise oversight of management's processes for identifying and responding to the risks of fraud within the audited body and the internal control that management has established to mitigate those risks?	The FAPM committee undertakes this role on behalf of the Fire and Rescue Authority. The FAPM committee scrutinise the corporate risk register and internal audit reports to ensure risks are managed and controls are robust.	The FAPM committee undertakes this role on behalf of the Fire and Rescue Authority. The FAPM committee scrutinise the corporate risk register and internal audit reports to ensure risks are managed and controls are robust.

**Enquiries of those charged with governance – in relation to fraud**

<b>Question</b>	<b>2017-18 Response</b>	<b>2018-19 Response</b>
2. Are you aware of any instances of actual, suspected or alleged fraud with the audited body since 1 April 2018?	There have been no instances of actual or suspected fraud since April 2017.	There have been no instances of actual or suspected fraud since April 2018.

## 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 the Fire and Rescue Authority, is responsible for ensuring that the South Wales Fire and 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 inquiries of management and the Fire and Rescue Authority as to whether the South Wales Fire and 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.

### Enquiries of management – in relation to laws and regulations

Question	2017-18 Response	2018-19 Response
1. How have you gained assurance that all relevant laws and regulations have been complied with?	The Deputy Chief Officer in her role as Director of Corporate Services and Monitoring Officer has a general advisory role to the Fire and Rescue Authority. As a qualified Solicitor she and the Head of Business Support are supported by a legal services officer and specialist external legal advice. In his role	The Deputy Chief Officer in her role as Director of Corporate Services and Monitoring Officer has a general advisory role to the Fire and Rescue Authority. As a qualified Solicitor she and the Head of Business Support are supported by a legal services officer and specialist external legal advice. In his role

	as responsible financial officer (S112) the treasurer to the authority also ensures compliance with up to date regulations and guidance relating to the financial reporting. The treasurer is supported by three qualified accountants within the Finance Department.	as responsible financial officer (S112) the treasurer to the authority also ensures compliance with up to date regulations and guidance relating to the financial reporting. The treasurer is supported by three qualified accountants within the Finance Department.
2. Have there been any instances of non-compliance or suspected non-compliance with relevant laws and regulations since 1 April 2018, or earlier with an ongoing impact on the 2018-19 financial statements?	On 26th March 2018, the Fire Authority took a decision in relation to the delayed implementation of the Firefighters' Pension (Wales) Scheme (Amendment) Order 2014 in respect of Rule B5C – 'Additional Pension Benefit.' This decision brought the Fire Authority into compliance with the Order with effect from 1 April 2018.	Management are not aware of any non-compliance with relevant laws or regulations in 2018/19.
3. Are there any potential litigations or claims that would affect the financial statements?	All litigations or claims are explicitly disclosed or recorded as contingent liabilities in the financial statements.	All litigations or claims are explicitly disclosed or recorded as contingent liabilities in the financial statements.
4. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	Management are not aware of any such non-compliance.	Management are not aware of any such non-compliance.
5. Are you aware of any non-compliance with laws and regulations within RCT Pension Fund (service organisation) since 1 April 2019? [RCT are considered as a service organisation as they administer the FireFighters' Pension Scheme on behalf of the Fire Authority.]	Management are not aware of any such non-compliance.	Management are not aware of any such non-compliance.

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

Question	2017-18 Response	2018-19 Response
<p>1. How does the Fire and Rescue Authority, in its role as those charged with governance, obtain assurance that all relevant laws and regulations have been complied with?</p>	<p>The Fire and Rescue Authority adopts a system of sub committees and working groups together with designated lead members for specific areas of work, through this framework members are able to effectively scrutinize the processes and actions taken to ensure compliance has taken place.</p>	<p>The Fire and Rescue Authority adopts a system of sub committees and working groups together with designated lead members for specific areas of work, through this framework members are able to effectively scrutinize the processes and actions taken to ensure compliance has taken place.</p>
<p>2. Are you aware of any instances of non-compliance with relevant laws and regulations?</p>	<p>On 26th March 2018, the Fire Authority took a decision in relation to the delayed implementation of the Firefighters' Pension (Wales) Scheme (Amendment) Order 2014 in respect of Rule B5C – 'Additional Pension Benefit.' This decision brought the Fire Authority into compliance with the Order with effect from 1 April 2018.</p>	<p>The Fire and Rescue Authority are not aware of any instances of non-compliance with laws or regulation in 2018.19.</p>

### Appendix 3

#### Matters in relation to related parties

International Standard for Auditing (UK and Ireland) 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	2017-18 Response	2018-19 Response
<p>1. Confirm that you have disclosed to the auditor:</p> <ul style="list-style-type: none"> <li>• the identity of any related parties, including changes from the prior period;</li> <li>• the nature of the relationships with these related parties;</li> <li>• details of any transactions with these related parties entered into during the period, including the type and purpose of the transactions.</li> </ul>	<p>All appropriate accounting and disclosures in respect of related parties will be disclosed to the auditor and recorded within the relevant section of the annual statement of accounts.</p>	<p>All appropriate accounting and disclosures in respect of related parties will be disclosed to the auditor and recorded within the relevant section of the annual statement of accounts.</p>
<p>2. What controls are in place to identify, authorise, approve, account for and disclose related party transactions and relationships?</p>	<p>An annual disclosure for the Statement of Accounts is required for all senior officers and any officer with budget responsibility to declare any related party transactions in accordance with IAS 24. Each year at the AGM members sign a declaration of interests which is also held on file.</p>	<p>An annual disclosure for the Statement of Accounts is required for all senior officers and any officer with budget responsibility to declare any related party transactions in accordance with IAS 24. Each year at the AGM members sign a declaration of interests which is also held on file.</p>

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

Question	2017-18 Response	2018-19 Response
<p>1. How does the Fire and 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>Through FAPM scrutiny, forward work programmes and Fire and Rescue Authority approval of the annual statement of accounts.</p>	<p>Through FAPM scrutiny, forward work programmes and Fire and Rescue Authority approval of the annual statement of accounts.</p>

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Please contact us in Welsh or English.  
Cysylltwch â ni'n Gymraeg neu'n Saesneg.

Councillor D T Davies  
Chair of the South Wales Fire and Rescue Authority  
Forest View Business Park  
Llantrisant CF72 8LX

**Reference:** 1059A2019-20

**Date issued:** 26 February 2019

Dear Councillor Davies

## Annual Audit Letter – South Wales Fire and Rescue Authority 2017-18

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 and my reporting responsibilities under the Code of Audit Practice.

### The Authority complied with its responsibilities relating to financial reporting and use of resources

It is South Wales Fire and Rescue Authority's (the Authority's) responsibility to:

- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
- maintain proper accounting records;
- prepare a statement of accounts in accordance with relevant requirements; and
- establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.

The Public Audit (Wales) Act 2004 requires me to:

- provide an audit opinion on the accounting statements;
- review the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- issue a certificate confirming that I have completed the audit of the accounts.

Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This Code is based on International Financial Reporting Standards.

On 25 September 2018 I issued:

- an unqualified audit opinion on the 2017-18 accounting statements of the Fire Fighters' Pension Fund; and
- an unqualified audit opinion on the 2017-18 accounting statements of the Authority.

My audit report is set out at pages 26 to 28 of the audited Statement of Accounts<sup>1</sup>. Prior to my certification of the 2017-18 accounting statements, on 24 September 2018 the key matters arising from my audit were reported to the members of the Authority through my Audit of Financial Statements Report<sup>2</sup>. In addition to reporting my intention to issue an unqualified opinion and noting the corrections made to the financial statements, I also reported one significant matter relating to the potential unlawfulness of payments made under the Firefighters' pension scheme prevented me from closing the audit.

On 11 February 2019 the Authority's Members approved the recommendations to resolve the Firefighter pension scheme issue and I have now received outstanding documentation. I am content with the approach taken by the Authority and on 26 February I reissued my audit opinion, additionally including a certificate confirming that the audit of the 2017-18 accounting statements was complete.

### **I am satisfied that the Authority had appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources**

My consideration of the Authority's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounting statements, as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. Since my issue of the 2016-17 Annual Audit Letter in November 2017, under the Measure I have issued my Annual Improvement Report 2017-18.<sup>3</sup>

Based on the results of my work I am satisfied that for 2017-18 the Authority had appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources.

<sup>1</sup> <https://www.southwales-fire.gov.uk/app/uploads/2018/04/Statement-of-Accounts-2017-18-FINAL.pdf>

<sup>2</sup> <https://www.southwales-fire.gov.uk/app/uploads/2018/04/SWFRA-Audit-of-Financial-Statements-Report-Final.pdf>

<sup>3</sup> <http://audit.wales/system/files/publications/swfra-air-eng.pdf>

The final financial audit fee for 2017-18 is £63,201, which is £6,179 more than the estimate that I communicated to you in the 2018 Audit Plan. The final fee includes legal fees of £3,050<sup>4</sup>, which is the Authority's third share (the other shares will be billed to North and Mid and West Wales Fire Authorities) of the external legal costs that we incurred in obtaining legal advice on the matters relating to the Fire Fighters' Pension Fund.

Yours sincerely

A handwritten signature in blue ink, consisting of the initials 'MJ' followed by a horizontal line.

Mark Jones

**For and on behalf of the Auditor General for Wales**

cc. Huw Jakeway, Chief Fire Officer  
Sally Chapman, Deputy Chief Officer  
Chris Barton, Treasurer and Section 151 Officer

<sup>4</sup> The legal fees attract VAT, which is included in the £3,050.

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## **REPORT ON THE PROGRESS OF RECOMMENDATIONS MADE IN THE FIRE COVER REVIEW OF 2014**

### **SUMMARY**

This report shows the latest progress recorded against recommendations made during the last Fire Cover Review of 2014 and will enable officers to align Service strategy for the next 5-10 years.

### **RECOMMENDATION**

That Members note the contents of the progress report and agree to the following recommendations being made to the Fire & Rescue Authority at their 29 April 2019 meeting:

### **BRIDGEND**

- That Members note the current situation detailed in the report in respect of Porthcawl and Kenfig Hill Fire and Rescue Stations;
- That Members agree that the merger of Porthcawl and Kenfig Hill stations is no longer a current priority for the Service, due to the lack of availability of a suitable site;
- That Members give approval to Officers exploring the possibility of a combined emergency service station if there is a desire from the Police and Welsh Ambulance Service NHS Trust.

### **CARDIFF**

- That Members note the anticipated population growth within Cardiff over the next 10 years and agree to the monitoring of future developments within the area over the next 5-10 years to determine if there is a need to make any changes to fire cover.

### **NEWPORT**

- That Members note the current situation detailed within the report in respect of Malpas station and the efforts that have been made to source a suitable alternative site;
- That Members agree for Officers to suspend an active search for a site but to progress the recommendation if and when a suitable alternative site becomes known and available to the Service;
- That Members authorise the continued maintenance of the existing station in line with the Service's property strategy.

**MONMOUTHSHIRE**

- That Members support the maintenance of the second appliances at Monmouth, Chepstow and Abergavenny Stations in support of fire cover in the Monmouthshire Unitary Authority and wider area.

**CAERPHILLY**

- That Members note the changes to fire cover that have already been made within Caerphilly and agree to the monitoring call profiles within the area over the next 5-10 years to determine if there is a need to make any further changes to fire cover.

**MERTHYR TYDFIL**

- That Members note the current situation detailed within the report in respect of Abercynon and Treharris stations;
- That Members agree that the merger of Abercynon and Treharris stations is no longer a current priority for the Service, due to the lack of availability of a suitable site.

**RHONDDA CYNON TAF**

- That Members note the current situation detailed within the report in respect of Pontypridd station and the efforts that have been made to source a suitable alternative site;
- That Members agree for Officers to suspend an active search for a site but to progress the recommendation if and when a suitable alternative site becomes known and available to the Service
- That due to the poor condition of Pontypridd station, Members authorise the refurbishment of the existing station in line with the Service's property strategy.

**1. BACKGROUND**

- 1.1 This Fire Cover Review (FCR) was conducted by South Wales Fire & Rescue Service between January 2013 and November 2014.
- 1.2 The aim of the FCR was to ensure appropriate levels of resources were provided across the whole of the Service's geographical area. Consideration was given to levels of risk in each of the ten unitary authority (UA) areas and respective local communities. It was recognised that many communities viewed their fire & rescue stations and staff as being a local provision. However, the reality is that each of the Service's stations provides a much wider provision, and therefore in terms of delivering the FCR a more holistic view was taken.
- 1.3 The Service consulted fully on the recommendations to ensure a broad range of staff and public views were expressed on the proposals. The consultation was undertaken through a variety of mediums to ensure we

captured a diverse range of views and opinions. The Fire Brigades Union were also fully involved in the consultation process.

- 1.4 All recommendations made during the FCR were agreed by the Fire & Rescue Authority.

## **2. FCR FINDINGS, CURRENT POSITION AND RECOMMENDATIONS**

- 2.1 Each of the three stages of the FCR produced a number of recommendations, with each set of approved recommendations establishing the risk baseline for the next stage of the FCR.

- 2.2 The UA's reviewed in each of the stages were:

- Stage 1 – Bridgend, Vale of Glamorgan, Cardiff
- Stage 2 – Newport, Monmouthshire, Blaenau Gwent, Torfaen
- Stage 3 – Caerphilly, Merthyr Tydfil, Rhondda Cynon Taf

- 2.3 Below is a summary of the key points and the up to date position in respect of each UA area where changes were proposed. Revised recommendations are also included to reflect the position that the Authority is at now with respect to progress.

## **3. BRIDGEND**

- 3.1 Analysis of the Bridgend UA data and information indicated that no efficiency improvements would be realised by optimising the crewing arrangements or implementing closure of Bridgend, Maesteg, Ogmere Vale, Pontycymmer or Pencoed stations.

- 3.2 However, analysis of the individual data sets for Porthcawl and Kenfig Hill indicated there was potential for resource optimisation. Members therefore resolved to seek to build a new station in the South Cornelly area with crews from Porthcawl and Kenfig Hill relocating to the new station. Efficiency savings would be realised through the amalgamation of the two stations.

- 3.3 It was anticipated the Service could also recoup capital receipts to offset the capital expenditure required for a new site through the sale of the prime waterfront land occupied by the current Porthcawl station along with the sale of Kenfig Hill station.

### **3.4 Current position**

- 3.4.1 Since 2015, the Service has conducted extensive investigation into the availability of suitable land in and around South Cornelly to

proceed with this recommendation. Although one site was identified, there was considerable competition from the residential sector for the site. To date, no suitable site has been identified and there are limited opportunities in the area, however the Service will investigate the possibility of any suitable sites they are made aware of in the future.

3.4.2 In relation to Porthcawl station it should be noted that the Welsh Ambulance Service Trust (WAST) are currently on an immediately adjacent site and South Wales Police (SWP) are in the process of moving from their town centre location. It is anticipated that in the near future, all three Services will consider the possibility of a co-location in the Porthcawl area, possibly on our existing site.

### **3.5 Updated Recommendations**

3.5.1 That Members note the current situation detailed in the report in respect of Porthcawl and Kenfig Hill Fire and Rescue Stations;

3.5.2 That Members agree that the merger of Porthcawl and Kenfig Hill stations is no longer a current priority for the Service, due to the lack of availability of a suitable site;

3.5.3 That Members give approval to Officers exploring the possibility of a combined emergency service station if there is a desire from the Police and Welsh Ambulance Service NHS Trust.

## **4. VALE OF GLAMORGAN**

4.1 Analysis of the Vale of Glamorgan data indicated no efficiency improvements were achievable by relocating or changing the crewing structures of Penarth or Llantwit Major stations. However, the FCR did validate and endorse earlier work carried out by the 2007 Risk Reduction Plan (RRP) for Cowbridge and the more recent Second Appliance Review for Barry.

4.2 The 2007 RRP recommended changing the duty system for Cowbridge from day crewing to on-call. This recommendation was in the process of being implemented prior to the completion of the FCR.

4.3 As a result of the Authority endorsing the earlier RRP recommendation and as part of the FCR, the implementation of the change of crewing system was expedited. The day crewing personnel were relocated and Cowbridge became a fully on-call crewed station in March 2014.

4.4 The previously published 'Review of Second Pumping Appliances' undertaken by Swansea University recommended that Barry's second

appliance crewing be changed from wholetime to on-call. The FCR endorsed these recommendations.

- 4.5 As a result of the Authority approving these recommendations, crewing of Barry Fire & Rescue Station's second appliance by on-call personnel was achieved in January 2016.

## **5. CARDIFF**

- 5.1 Analysis of the Cardiff data did not indicate that efficiencies could be gained by a change to crewing arrangement or a reduction in the numbers of pumping appliances or stations in the Cardiff UA area. However, the Local Development Plan for Cardiff anticipates that the area will experience significant demographic growth in the next 13 years. As a result the Authority resolved that the Service would monitor any future developments to determine the need for changes to fire cover within Cardiff or surrounding areas.

### **5.2 Current Position**

5.2.1 The most current review of incident data (2013/14 to 2018/19) demonstrates there is no significant change in location of calls based on residential development that would prompt the Service to change fire cover at this point in time.

### **5.3 Updated Recommendations**

5.3.1 That Members note the anticipated population growth within Cardiff over the next 10 years and agree to the monitoring of future developments within the area over the next 5-10 years to determine if there is a need to make any changes to fire cover.

## **6. NEWPORT**

- 6.1 Analysis of the Newport data did not indicate that efficiencies could be gained by a change to crewing arrangement or a reduction in the numbers of pumping appliances or stations in the Newport UA area. Analysis of the Newport UA data suggested that moving Malpas closer to the city centre was a viable option that may positively impact on risk should the Service have to relocate due to proposed M4 expansion plans or other developments. This would also have the advantage of reducing the size of the station site and the maintenance requirements that the current extensive buildings create.

## 6.2 Current Position

6.2.1 Since 2015 the Service has conducted extensive investigation into the availability of suitable land in the Newport City Centre area to proceed with this recommendation. We have progressed some sites with landowners but have found that we are competing with high value users, including student housing providers and retail. To date no suitable site has been identified, however the Service will investigate the possibility of any suitable sites they are made aware of in the future.

## 6.3 Recommendations

6.3.1 That Members note the current situation detailed within the report in respect of Malpas station and the efforts that have been made to source a suitable alternative site;

6.3.2 That Members agree for Officers to suspend an active search for a site but to progress the recommendation if and when a suitable alternative site becomes known and available to the Service;

6.3.3 That Members authorise the continued maintenance of the existing station in line with the Service's property strategy.

## 7. MONMOUTHSHIRE

7.1 Analysis of the data for Monmouthshire UA indicated that efficiency improvements may be realised by reviewing the second pumping appliance arrangements in three of the stations due to poor availability at that point in time. As a consequence, Members resolved to review crewing levels at a future point in time. As Members will be aware, the Service set up a 2 year project between Operations and Human Resources in an attempt to maximise the availability of the second pumping appliances in Monmouthshire, Chepstow and Abergavenny (along with other stations in other UA areas).

## 7.2 Current Position

7.2.1 Since 2017 the Service has increased attraction and recruitment activity of on-call duty personnel in all areas and this has resulted in an increase in availability of second appliances from 39.4% in Quarter 2 of 2017/18 to 84.6% in Quarter 3 of 2018/19. The 2<sup>nd</sup> pump in Abergavenny has increased from 40.99% in Quarter 2 of 2017/18 to 94.2% in Quarter 3 of 2018/19. The 2<sup>nd</sup> pump in Monmouth has increased from 30.12% in Quarter 2 of 2017/18 to 82.02% in Quarter 3 of 2018/19. The 2<sup>nd</sup> pump in Chepstow has increased from 47.01% in Quarter 2 of 2017/18 to 77.54% in Quarter 3 of 2018/19. The

Service continues to support attraction and recruitment activities to raise the levels of availability at the stations.

7.2.2 Data shows these appliances have attended 335 incidents since 1 April 2017. During the Fire Medical Response (FMR) trial from December 2015 to September 2017, these appliances attended 12 medical response calls - 4.8% of incidents attended.

### **7.3 Recommendations**

7.3.1 That Members support the maintenance of the second appliances at Monmouth, Chepstow and Abergavenny Stations in support of fire cover in the Monmouthshire Unitary Authority and wider area.

## **8. BLAENAU GWENT**

8.1 Analysis of the data for Blaenau Gwent UA did not indicate that efficiency improvements would be realised by optimising the crewing or closure of Abertillery or Ebbw Vale stations. However, it did indicate that closing Blaina, Tredegar or Brynmawr were options to be considered by the project team. The final recommendation of the FCR to the Fire & Rescue Authority was to close Blaina station. Closure of the station was achieved in March 2015 following significant engagement with the on-call crew, the public and members of the local council.

## **9. TORFAEN**

9.1 Analysis of the data for Torfaen UA identified the efficiencies that would be gained by optimising the crewing or closure of Blaenavon, Abersychan, New Inn and Cwmbran stations. This resulted in the FCR identifying that Cwmbran's second pumping appliance was the least utilised asset in Torfaen UA, whose workload could have been absorbed by the first pumping appliance and those in surrounding stations (New Inn and Malpas). The recommendation of the FCR was therefore to remove the second pumping appliance from Cwmbran station. Following engagement with the on-call crew, the public and members of the local council the second appliance from Cwmbran was removed in October 2015.

## **10. CAERPHILLY**

10.1 Analysis of the data for Caerphilly UA identified possible efficiencies that could be gained by relocating pumping appliance in the Caerphilly UA area. However, Caerphilly UA had very recently combined two stations (Cefn Fforest and Bargoed) into a new location at Aberbargoed, and currently the Service had limited data on how the amalgamation would impact upon the incident profiles of the surrounding stations. Therefore it was recommended

that the Service did not make any further changes in Caerphilly UA until it could be formally identified how the new station in Aberbargoed affected the profiles of its neighbouring stations.

## 10.2 **Current Position**

10.2.1 The most current review of incident data (2013/14 to 2018/19) demonstrates there is no significant change in the location of calls that would prompt the Service to change fire cover at this time.

## 10.3 **Recommendations**

10.3.1 That Members note the changes to fire cover that have already been made within Caerphilly and agree to the monitoring call profiles within the area over the next 5-10 years to determine if there is a need to make any further changes to fire cover.

## 11. **MERTHYR TYDFIL**

11.1 Analysis of the data for Merthyr UA indicated efficiencies could be gained by a reduction in the numbers of pumping appliances or stations in the Merthyr UA. The efficiencies could be realised by combining Treharris with Abercynon (RCT UA) at a new location around the Fiddlers Elbow roundabout. At the time of completing the FCR there was no suitable land available in the required location. Therefore, the FCR recommendation to the Authority was to make no changes to fire cover in the Merthyr Tydfil UA area. However, the FCR also recommended, should suitable land become available, an amalgamation between Treharris and Abercynon could be considered.

### 11.2 **Current position**

11.2.1 Since 2015 the Service has conducted extensive investigation into the availability of suitable land in and around Treharris and Abercynon to proceed with this recommendation. Although, one site was identified this was deemed unsuitable. Cwm Taf Hub have conducted a pilot study and identified some land that may have been of use to us but this was not suitable to the Service.

11.2.2 To date no suitable site has been identified, however the Service will investigate the possibility of any suitable sites they are made aware of in the future.

### **11.3 Recommendations**

- 11.3.1 That Members note the current situation detailed within the report in respect of Abercynon and Treharris stations;
- 11.3.2 That Members agree that the merger of Abercynon and Treharris stations is no longer a current priority for the Service, due to the lack of availability of a suitable site.

## **12. RHONDDA CYNON TAF**

12.1 Analysis of the data for Rhondda Cynon Taf (RCT) UA did support the view that efficiencies would be gained by a reduction in the numbers of pumping appliances or stations in the RCT UA. Removing them second pumping appliance from Pontypridd or closing Porth Station were options considered. Prior to a final recommendation being made to the Fire & Rescue Authority, the Authority approved a public consultation on the two options identified. This allowed individuals, communities and partners the opportunity to provide the Authority with views and opinions from which a final decision was based.

12.2 Following extensive engagement and consultation in the RCT area, the final recommendation of the FCR to the Authority was to close Porth station. Closure of the station was achieved in July 2015 following significant engagement with the on-call crew and the public. An earlier Authority decision to seek potential alternative sites to locate Pontypridd station were also endorsed.

### **12.3 Current position**

12.3.1 Since 2015 the Service has conducted extensive investigation into the availability of suitable land in and around the Upper Boat area to proceed with the Pontypridd station recommendation. To date no suitable site has been identified. Pontypridd station is in need of a major refurbishment and has a back log of outstanding building works which are required to maintain suitable health and safety requirements. In light of the lack of a suitable alternative site, these works will need to be progressed to ensure the station remains operational over the next 5-10 years if required.

### **12.4 Recommendations**

12.4.1 That Members note the current situation detailed within the report in respect of Pontypridd station and the efforts that have been made to source a suitable alternative site;

12.4.2 That Members agree for Officers to suspend an active search for a site but to progress the recommendation if and when a suitable alternative site becomes known and available to the Service

12.4.3 That due to the poor condition of Pontypridd station, Members authorise the refurbishment of the existing station in line with the Service's property strategy

### **13. FINANCIAL IMPLICATIONS**

13.1 There are no direct financial implications as a consequence of this update report, although individual Fire Cover Review recommendations did have financial implications which were detailed within the relevant reports at that time.

### **14. EQUALITY RISK ASSESSMENT**

14.1 This update report has no direct ERA impacts. Full ERA impacts were considered during the initial FCR reports

### **15. RECOMMENDATION**

That Members note the contents of the progress report and agree to the following recommendations being made to the Fire & Rescue Authority at their 29 April 2019 meeting:

#### **BRIDGEND**

- That Members note the current situation detailed in the report in respect of Porthcawl and Kenfig Hill Fire and Rescue Stations;
- That Members agree that the merger of Porthcawl and Kenfig Hill stations is no longer a current priority for the Service, due to the lack of availability of a suitable site;
- That Members give approval to Officers exploring the possibility of a combined emergency service station if there is a desire from the Police and Welsh Ambulance Service NHS Trust.

#### **CARDIFF**

- That Members note the anticipated population growth within Cardiff over the next 10 years and agree to the monitoring of future developments within the area over the next 5-10 years to determine if there is a need to make any changes to fire cover.

#### **NEWPORT**

- That Members note the current situation detailed within the report in respect of Malpas station and the efforts that have been made to source a suitable alternative site;

- That Members agree for Officers to suspend an active search for a site but to progress the recommendation if and when a suitable alternative site becomes known and available to the Service;
- That Members authorise the continued maintenance of the existing station in line with the Service's property strategy.

### **MONMOUTHSHIRE**

- That Members support the maintenance of the second appliances at Monmouth, Chepstow and Abergavenny Stations in support of fire cover in the Monmouthshire Unitary Authority and wider area.

### **CAERPHILLY**

- That Members note the changes to fire cover that have already been made within Caerphilly and agree to the monitoring call profiles within the area over the next 5-10 years to determine if there is a need to make any further changes to fire cover.

### **MERTHYR TYDFIL**

- That Members note the current situation detailed within the report in respect of Abercynon and Treharris stations;
- That Members agree that the merger of Abercynon and Treharris stations is no longer a current priority for the Service, due to the lack of availability of a suitable site.

### **RHONDDA CYNON TAF**

- That Members note the current situation detailed within the report in respect of Pontypridd station and the efforts that have been made to source a suitable alternative site;
- That Members agree for Officers to suspend an active search for a site but to progress the recommendation if and when a suitable alternative site becomes known and available to the Service

That due to the poor condition of Pontypridd station, Members authorise the refurbishment of the existing station in line with the Service's property strategy.

<b>Contact Officer:</b>	<b>Background Papers:</b>
Dewi Rose Assistant Chief Fire Officer Director of Service Delivery	

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# BUSINESS PLAN ACTIONS REPORT

Health Check

2018-19 Quarter 3



Gwasanaeth Tân ac Achub  
De Cymru

South Wales  
Fire and Rescue Service

Produced in

**BMIS**  
Business Management  
Information System

# Contents

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# Introduction

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This report shows the Business Plan actions as of Quarter 3 2018/2019. It shows the RAG status of each action that sits under our Priority Actions for the year.

Each Priority action has an overall update that is included in this report.

This year's Priority Actions are:

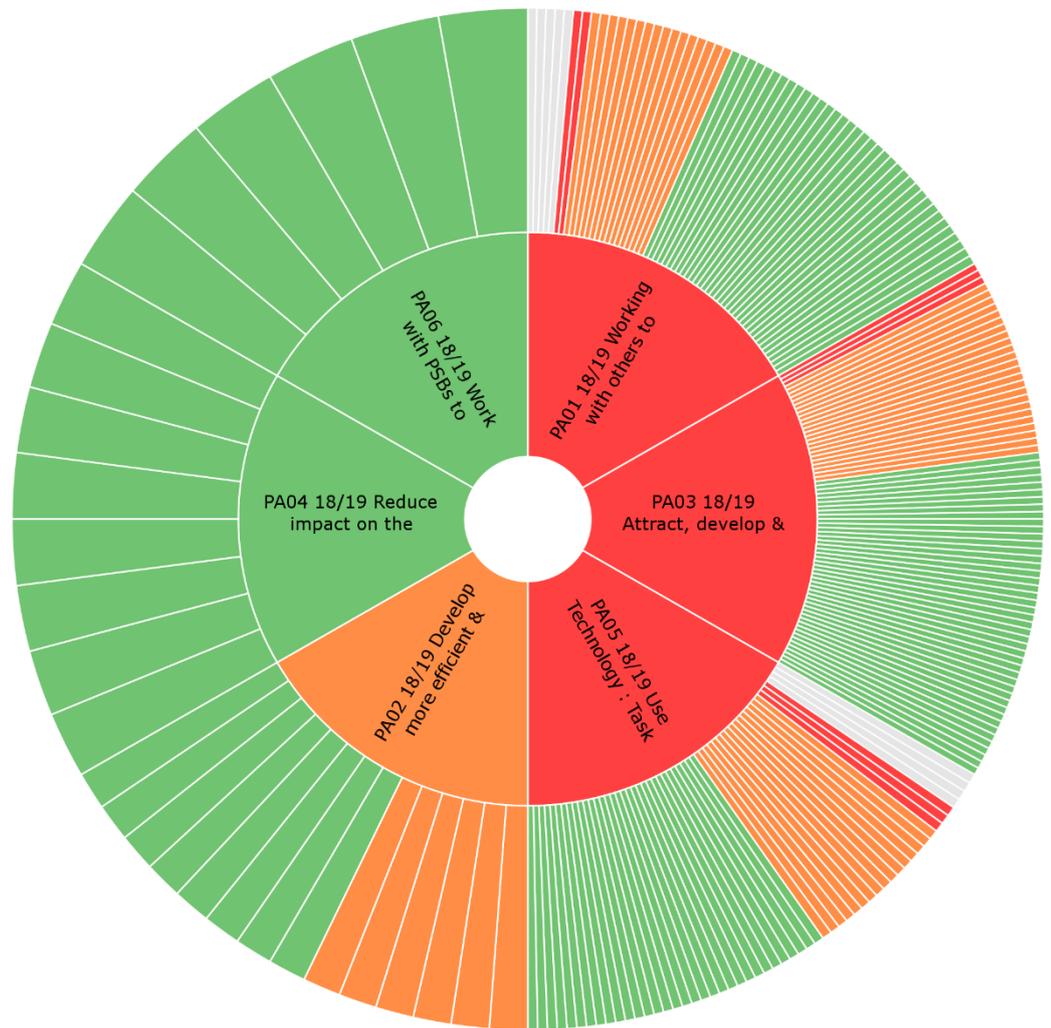
1. PA01 - working with others to protect our communities from harm or the risk of harm
2. PA02 - developing more efficient and effective ways of engaging and communicating with our communities about our services
3. PA03 - ensuring we attract, develop and retain a workforce that reflects our communities and is capable of delivering effective services today and in the future
4. PA04 - reduce our services impact on the environment to ensure future sustainability
5. PA05 - ensuring we use technology to enable efficient and improved service delivery
6. PA06 - working with our public service boards to support local communities

# Sunburst

The sunburst opposite displays the progress of each Priority Action based on the current performance of their supporting tasks.

The inner segments display the RAG status of the worst performing task contributing to that Priority Action.

The outer segments display the RAG of the supporting tasks.



Grey segments indicate an action that:

1. Has started subsequent to the completion of the previous quarter (8);  
or
2. Has not been updated (1) by the action owner.

Further information on the number of actions for each priority action is detailed on the next page.

# Scorecard

The scorecard opposite lists the number of tasks in progress relating to each Priority Action along with a breakdown by RAG status.

The “Unknowns” are equivalent to grey segments on the sunburst on the previous page and indicate the number of tasks that have either:

1. Started subsequent to the completion of the previous quarter (8); or
2. Not been updated by the action owner (1).

PA1: WORK WITH OTHERS TO PROTECT OUR COMMUNITIES					
▲	●	★	Unknowns	Total	
2	16	36	5	59	
PA2: DEVELOP MORE EFFICIENT AND EFFECTIVE WAYS OF ENGAGING WITH OUR COMMUNITIES					
▲	●	★	Unknowns	Total	
0	6	8	0	14	
PA3: ATTRACT, DEVELOP & RETAIN A WORKFORCE THAT REFLECTS OUR COMMUNITIES AND DELIVERS EFFECTIVE SERV					
▲	●	★	Unknowns	Total	
3	24	45	0	72	
PA4: REDUCE OUR IMPACT ON THE ENVIRONMENT					
▲	●	★	Unknowns	Total	
0	0	8	0	8	
PA5: USE TECHNOLOGY TO ENABLE EFFICIENT & IMPROVED SERVICE DELIVERY					
▲	●	★	Unknowns	Total	
3	16	32	4	55	
PA6: WORK WITH PSBs TO SUPPORT LOCAL COMMUNITIES					
▲	●	★	Unknowns	Total	
0	0	6	0	6	

# Priority Action Commentary

PA1: WORKING WITH OTHERS TO REDUCE RISK						COMMENTS
			Unknowns	Total		<p>Rollout of replacement water rescue equipment is now complete. A decision has been taken to remain with Draeger as supplier of Breathing Apparatus sets due to contractual issues and end user feedback. The order of individual components is being compiled with a view to place order in late January. The Compartment Fire Behaviour Training facility build is progressing well. Contractor meetings are being held fortnightly and risks are being identified and dealt with locally.</p> <p>The average availability of "On Call" appliances during Q3 was 90%; this is 5% above the 2017 average percentage and, on some stations, an increase in availability between 30 - 40% has been achieved. The Strategic Reserve continues to be utilised in support of key stations where crewing levels are impacting on daily availability.</p> <p>Both a tabletop and practical exercises of Op Ategol involving auxiliary crews and Securitas staff are programmed to take place in January. Options are also under consideration for utilising the Auxiliary Reserve into wider Service functions. Collaboration between the Control watch officers and Force Incident Managers happen on a daily basis on all types of incidents and any issues that arise in the room. Regular meetings are now being held between the management teams of Police and Fire and there have been notable incidents where it is apparent Fire and Police control staff have worked together on the same incident to save lives. Roll out safe and well visits is currently on hold due to industrial relationships. Training of station commanders to carry out face to face Lifebid interviews is scheduled for Quarter 4.</p> <p>A UKRO report will be presented to the project board consisting of the main objectives achieved, budgetary expense and communication strategy. Press and media will provide feedback along with safety and engagement. A 100 point lessons learned document has been completed and this has been forwarded to Derbyshire FRS who will undertake UKRO challenge 2019.</p>
2	16	36	5	59		

PA2: ENGAGING AND COMMUNICATING						COMMENTS
			Unknowns	Total		<p>A Service-wide survey of staff to identify successful means of internal communication will be conducted by the newly developed Staff Engagement Network with Media and Communications team supporting in relation to content. Digital communication streams, including the establishment of an external facing SWFRS blog with regular content to drive engagement, are being progressed by the Lead Communications Officer and the Engagement and Attraction Officer, and will be implemented in Q4. The Media and Communications Manager has identified an external training provider and team members have had the opportunity to attend to further develop their social media and engagement skills in order to support our revised social media and engagement plans for 2019.</p>
0	6	8	0	14		

PA3: ATTRACT DEVELOP AND RETAIN A WORKFORCE

▲	●	★	Unknowns	Total
3	24	45	0	72

COMMENTS

Three "On Call" recruitment events were conducted during Quarter 3 with mixed success. Each of these events received support from Media and Communications with the "Be More" campaign being targeted across social media platforms. A specific plan was developed and implemented for Usk with radio, newspaper and various advertisement streams being utilised. The "On Call" Management Team, working alongside Human Resources and Media & Communications, has finalised the planner for 2019. Ten events are scheduled, and will be fully supported, aligned to priority of recruitment in key station areas where applications are historically low

The firefighter development to competent programme is maintaining the needs of the Service and discussions are ongoing regarding the firefighter apprenticeship scheme. A strategic leadership programme has been procured through the University of South Wales on behalf of the three Services in Wales. The first cohort commenced earlier in the year. The inaugural Pioneer programme is due to complete in January 2019.

Compartment Fire Behaviour Training continues to be delivered at Cardiff Wales Airport. We are currently in the process of developing a new in house Compartment Fire Behaviour Training instructors course in readiness for the new facility currently under construction at Cardiff Gate Training and Development Centre.

Course profiles and lesson plans for Water Rescue are being reviewed and assessed to ensure accuracy in capturing the correct content according to DEFRA guidance.

Retention of "On Call" personnel has remained a key activity during Quarter 3; the introduction of the 8 additional contracts will be reviewed during Q4 for analysis.

PA4: REDUCE IMPACT ON THE ENVIRONMENT

▲	●	★	Unknowns	Total
0	0	8	0	8

COMMENTS

The installation of LED lighting at all our sites is 60% complete and costs have been received for phase 3 of the installation. Work has commenced on the installation of building management systems at the 12 remaining sites. We are awaiting delivery of two euro six appliances to improve our existing fleet. Alternative fuel demonstration vehicles are being tested and this will continue for the near future.

PA5:USE TECHNOLOGY					COMMENTS
			Unknowns	Total	An initial meeting has been held with Centreprise and 5i representatives with regards to Telephony / Video Conferencing / Switchboard / Voicemail. A Statement of Works has been received from Centreprise & 5i along with confirmation that hardware has been ordered. A report is being prepared to secure funding for Mobile Data Terminal software upgrade. Technical discussions, between the three Welsh FRS' have begun regarding hardware imaging with Windows 10. It has been confirmed by Airbus that migrating to the scResponse platform will have to include upgrading the back end systems: Gateway, CMS and Hydra. There will also be a requirement to discuss training on the new devices with the Operations Department. Consultation with the All Wales comms group, to develop an all Wales app for reporting incidents / concerns, is continuing to ascertain the best product. This system will not be completed this during this planning year. The use of the FSEC tool continues to support reviews of assets and potential scenarios. A paper detailing the current position of the FSEC tool including data sets, update frequency and current use will be put together in Q4. The paper will include options for the use of QGIS as a potential replacement as well as 3rd party potential solutions.
3	16	32	4	55	
					

PA6: WORK WITH PSBs TO SUPPORT LOCAL COMMUNITIES					COMMENTS
			Unknowns	Total	All Operations Department Group Managers are engaging effectively with PSB Partners to allocate suitable resources to enable a sufficient and suitable collaborative approach, in an attempt to problem solve various issues within the communities. In recent months various work streams and action areas have been identified and planning and implementation groups formed to progress identified issues, e.g. 1. The collaborative approach between SWFRS, NRW, LA's, and Countryside Council for Wales, and various land management organisations, with a view to reduce the amount of wildfires that occur throughout the Service area. 2. The formation of a community safety hub, within Caerphilly UA, whereby staff from SWFRS, Gwent Police and Local Authority, are Working closely together to resolve issues surrounding Anti-Social Behavior (ASB). With regards to sharing data with partners, a Community Safety Memorandum of Understanding has been updated in line with General Data Protection Regulations. The Information Sharing Procedure (ISMS 25) has not yet been updated - awaiting clarification from the WASPI team. A new Information Governance and Compliance Officer is scheduled to commence employment in January. This will be raised at the earliest opportunity.
0	0	6	0	6	
					

## **STRATEGIC RISK REGISTER 2018-19 – QUARTER 3 REVIEW**

### **SUMMARY**

To consider the strategic risks held within the Risk Register and the management of these risks.

### **RECOMMENDATIONS**

That Members view the strategic risks contained within the Risk Register held on our Business Management Information System (BMIS) and agree their validity.

## **1. BACKGROUND**

- 1.1 The Fire and Rescue Service National Framework for Wales and the Wales Programme for Improvement Framework requires Fire & Rescue Services to consider risk management whilst discharging its statutory duties, and take into account the risks facing the organisation when making strategic decisions.
- 1.2 A Strategic risk is an event that has the potential to help or hinder the achievement of a strategic objective or the delivery of core business. All risks are rated as manageable (low), material (medium) or significant (high).
- 1.3 Directors, department heads and team leaders are responsible for identifying risks during the business planning process and taking the appropriate actions to manage or mitigate risk within their areas. Currently only risks that impact upon the achievement of a strategic objective or delivery of core business are recorded as strategic risks on the Risk Register.
- 1.4 The Senior Management Team formally reviews the Risk Register on a regular basis and endorses the inclusion of any new or emerging strategic risks identified.

## **2. ISSUE**

- 2.1 While this report relates to Strategic risks Members are asked to note that work is currently ongoing with Heads of Department to identify Departmental risks which are considered particularly significant risks to their Department. These Departmental risks will in future also be recorded and managed using the BMIS system.

- 2.2 There are currently ten strategic risks on the risk register; of these four are rated significant (high), five are material (medium) and one is manageable (low).
- 2.3 Appendix A shows all information relating to our strategic risks and their associated control tasks for quarter 2 with information extracted directly from the BMIS system.

### 3. EQUALITY RISK ASSESSMENT

- 3.1 It is the responsibility of each risk owner to ensure that appropriate assessment of risk in relation to equality and diversity has been carried out across all relevant supporting activity levels.

### 4. RECOMMENDATIONS

- 4.1 That Members view the strategic risks contained within the Risk Register held on our Business Management Information System (BMIS) and agree their validity.

<b>Contact Officer:</b>	<b>Background Papers:</b>
Howard Thomas Engagement, Transformation & Performance Officer	Appendix A – Strategic Risk information extracted directly from BMIS.



# STRATEGIC RISK REGISTER REPORT

Health Check

2018-19 Quarter 3

Updated 11 March 2019



Gwasanaeth Tân ac Achub  
De Cymru

South Wales  
Fire and Rescue Service

Produced in

**BMIS**  
Business Management  
Information System

# Introduction

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This report details progress made on the management of risks identified on the Strategic Risk Register as at Quarter 3 (Oct-Dec) 2018.

Once risks are identified, they along with any tasks to mitigate their risk are assigned to an Officer and loaded onto the Business Management Information System (BMIS) for monitoring.

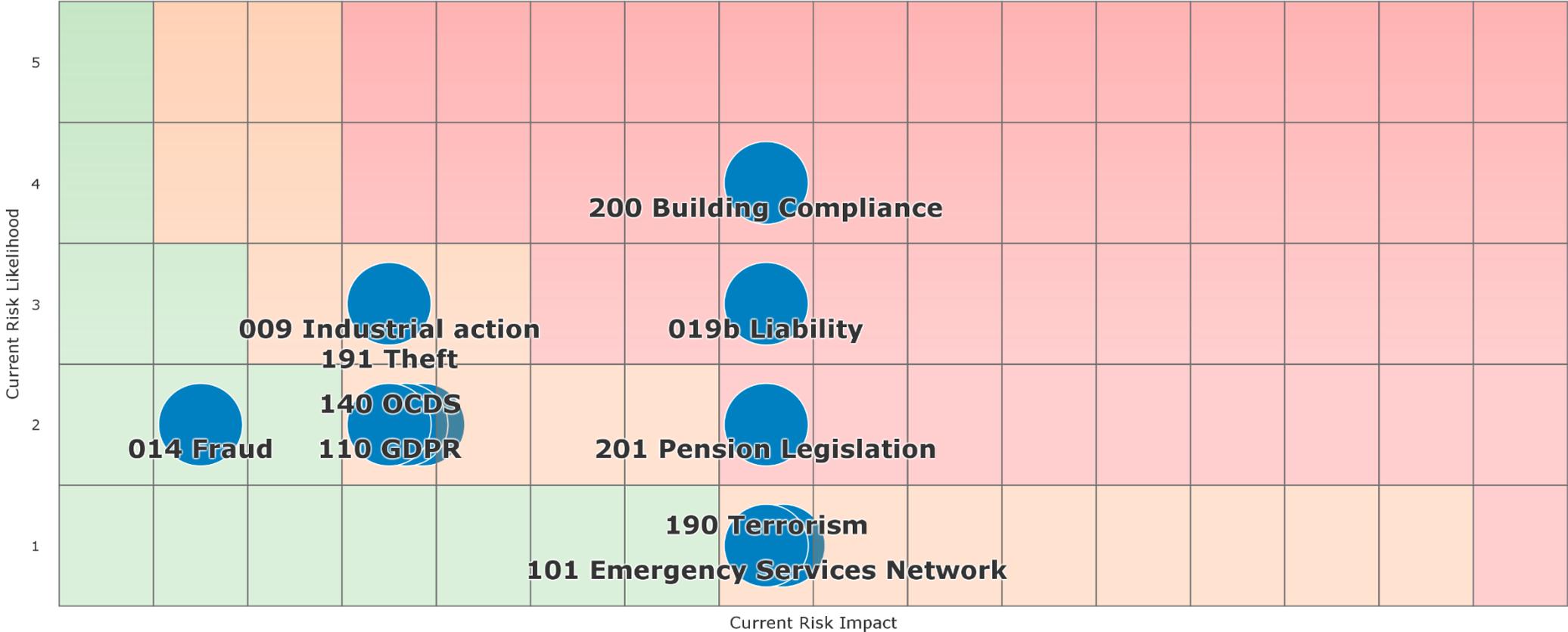
Each quarter officers provide an update with a Red, Amber, Green (RAG) status and commentary.

Risk scores are based on the current likelihood and impact of each risk.

# Risk Matrix

The Risk Matrix shows the risk score based on the current risk likelihood and the current risk impact

▲ Red = high risk      ● Amber = medium risk      ★ Green = low risk



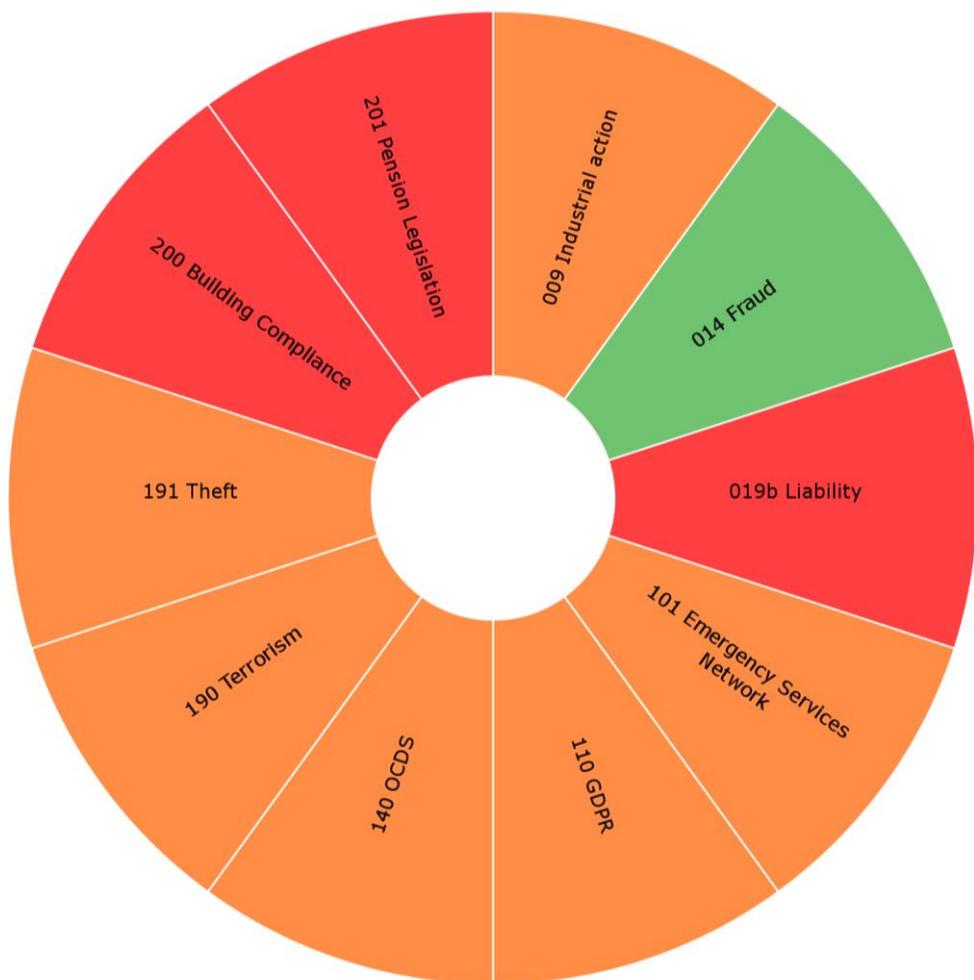
- 009 Industrial action
- 101 Emergency Services Network
- 110 GDPR
- 190 Terrorism
- 191 Theft
- 019b Liability
- 014 Fraud
- 140 OCDS
- 200 Building Compliance
- 201 Pension Legislation

The impact is on a scale of 1-16 however the actual scores used are 1, 2, 4, 8 and 16

# Risk Score

The sunburst and table below shows the risk score and RAG status based on the current likelihood and impact of each Strategic Risk.

▲ Red = high risk      ● Amber = medium risk      ★ Green = low



	Current Risk Score to 31/12/2018	
	Actual	Performance
200 Building Compliance	32	▲
019b Liability	24	▲
201 Pension Legislation	16	▲
009 Industrial action	12	●
101 Emergency Services Network	8	●
110 GDPR	8	●
140 OCDS	8	●
190 Terrorism	8	●
191 Theft	8	●
014 Fraud	4	★

# Associated Tasks

The below “scorecards” show the number of tasks in progress relating to each risk. It shows their RAG status as well as those that the task owner (Unknowns) did not provide update. ESN and Theft currently have no control tasks.

009 INDUSTRIAL ACTION					014 FRAUD					019b LIABILITY					101 ESN					110 GDPR				
▲	●	★	Unknowns	Total	▲	●	★	Unknowns	Total	▲	●	★	Unknowns	Total				Unknowns	Total	▲	●	★	Unknowns	Total
0	0	6	0	6	0	2	0	0	2	0	2	6	0	8				0	7	0	4	3	0	7
140 OCDS					190 TERRORISM					191 THEFT					200 BUILDING COMPLIANCE					201 PENSION LEGISLATION				
▲	●	★	Unknowns	Total	▲	●	★	Unknowns	Total				Unknowns	Total	▲	●	★	Unknowns	Total	▲	●	★	Unknowns	Total
0	0	6	0	6	0	1	1	0	2				0	5	0	1	4	0	5	0	1	4	0	5

# Risk Commentary

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Low Scoring Risks							
Risk ID	Owner	If...	Then...	Original Risk Score	Current Risk Score	Last update	Risk Update
014 Fraud	Chapman, Sally	we fail to maintain measures which prevent or detect acts of fraud and corruption	the organisation is open to costly fraudulent actions by employees, members, suppliers and contractors, with consequential financial losses and reputational damage.	6 	4 	31/12/2018	Risk reviewed at end of quarter 2. Current controls remain in place. Risk remains static

Medium Scoring Risks

Risk ID	Owner	If...	Then...	Original Risk Score		Current Risk Score		Last Update	Risk Update
009 Industrial action	Jakeway, Huw	national and pay pension negotiations are seen as adverse	there is a risk of industrial action by staff	80	▲	12	●	31/12/2018	The Service maintains business continuity plans for the loss of staff and exercise these on a regular basis.
101 Emergency Services Network	Prendergast, Richie	The Emergency Services Network does not deliver a replacement for Airwave in a suitable timeframe	the service may be compromised in its ability to deliver a secure, efficient, resilient and cost effective communications network	16	▲	8	●	31/12/2018	The Service have successfully gained funding from WG towards replacement of essential Mobile Data Terminals (MDTS) for front line appliances. These MDTs will enable risk critical information to be conveyed to front line crews. A rationalization exercise has taken place to ensure efficiency of service delivery together with cost. The service continues to engage with the JESG delivery group.
110 GDPR	Chapman, Sally	Provision is not put in place to address the new EU Data regulations	we will be in breach of the regulations	40	▲	8	●	31/12/2018	Considerable work has been undertaken in securing greater compliance with GDPR requirements. Internal audit carried out and secured reasonable assurance. Risk will be monitored as current information management lead is leaving the organization at Christmas. new postholder to take up position early January. Will be a need to review compliance and procedures during the last quarter of 2018/19 to establish future priorities.
140 OCDS	Rose, Dewi	We do not maintain high levels of competent Retained Duty Firefighters in our Service.	We will have lower levels of RDS appliance availability, which will make it difficult to fulfill our statutory obligation.	32	▲	8	●	31/12/2018	The October report to ELT/SMT has been postponed and a presentation of the current situation will now be presented to SMT in February. This will show improvements in OCDS establishment numbers and a general rise in availability across the Service. The consequence of the rise in the number of OCDS initial courses is an increased demand for BA initial, driving and other essential courses. The OCDS delivery team will continue to manage the risk and the demand for risk critical initial training to support the wider OCDS recruitment programme.

Medium Scoring Risks

Risk ID	Owner	If...	Then...	Original Risk Score		Current Risk Score		Last Update	Risk Update
190 Terrorism	Prendergast, Richie	the Service is not adequately prepared to respond to a Terrorist-related incident	risks are presented in terms of the Services ability to ensure effective Firefighter safety, public confidence, public protection and consequential loss of life.	32	▲	8	●	31/12/2018	Service continue to engage with the WECTU multi agency prepare and delivery group. Through national resilience MTFA lead we continue to deliver a range of multi agency exercises including errant guardian (over the bonnet MTFA Op Plato command exercise), shire horse (boots on the ground MTFA exercise), celtic connections (3 way comms), valiant heart (control) and leopod (WAST and FRS exercise for casualty evacuation). HDIM capability remains available and ready through ongoing training days. Principles of Initial Operational Response (IOR) continue to be embedded along with the remove, remove, remove campaign. Resilience of CBRN officer cohort have been increased.
191 Theft	Rose, Dewi	our assets are not secure	there is a risk of theft with the potential for the equipment to fall into the wrong hands	80	▲	8	●	31/12/2018	The operational Audit Team continues to assess station security on all Station Audits and reports findings to all levels of the Operations Management Team. As part of a revised forward work plan for SMT a review of Station audits conducted in 2018-19 will be presented to SMT in April. This will enable there to be a common picture of the level of assurance in respect of station security and security of our assets.

### High Scoring Risks

Risk ID	Owner	If...	Then...	Original Risk Score	Current Risk Score	Last Update	Risk Update
019b Liability	Jakeway, Huw	we suffered the loss of life/life changing injuries of a member of staff or a member of the public through the commission of our duties	potential corporate or criminal liability could ensue. Other consequences that could arise are negative media attention, negative public perception, a loss of trust and confidence of the Management team by staff.	80 ▲	24 ▲	31/12/2018	The Service maintains an external focus on national and international events to ensure learning.
120 Pension legislation	Malson, Mark	Legislation relating to pension contributions, employment law and taxation have a negative effect on the composition of our workforce	we will face service delivery and financial consequences	32 ▲	32 ▲	30/09/2018	There are areas of challenge in the implementation of the Rule B5C. Officers are working with WAO, SAB and WG to address the issues raised in a recent audit report.
200 Building Compliance	Corrigan, Nick	we do not have adequate measures in place for the strategic monitoring of building compliance areas	we will be in breach of our statutory requirements in these priority risk areas: fire, gas safe, legionella, electrical, asbestos with potential for fines and in the worst case, corporate manslaughter charges.	32 ▲	32 ▲	31/12/2018	A simple spreadsheet for recording data has been produced and is in the process of being populated which will inform the monitoring.
201 Pension Legislation	Malson, Mark	There is a failure to identify changes in the Pensions Act or Pension Regulations that affect the Fire Authority's recognised Pension Schemes i.e. The Firefighters' Pension Scheme (FPS's) and the Local Government Pension Scheme (LGPS)	There could be a significant impact on current members and pensions in payment to retired members. There is also the risk of having to correct retrospectively the changes in regulations, additional financial burden, legal costs and reputational risk for the Fire Authority	? ?	16 ▲	31/12/2018	Provisions are now in place that support the maintenance of knowledge and support to inform Officers of changes to pensions legislation and pension scheme regulation changes. These are via the Scheme Advisory Board (Wales), the Local Pension Board and the All Wales Pensions Group. Additionally support is provided by The Pensions Regulator, NFCC and the LGA and NJC. Since the original failure to identify changes in pension legislation and scheme specific regulations a number of bodies have been established to ensure that compliance is maintain, namely, the Scheme Advisory Board (Wales), Local pension Board and the All Wales FRS pension Group.

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## **REGISTER OF GIFTS AND HOSPITALITY**

### **SUMMARY**

This report provides Members with an overview of the Gifts and Hospitality recorded on the Hospitality and Gifts Register for 2018.

### **RECOMMENDATION**

That Members note the contents of the Hospitality and Gifts Register in line with Internal Audit recommendations.

That Members agree to receive the Hospitality and Gifts Register Report on an annual basis.

## **1. BACKGROUND**

- 1.1 South Wales Fire and Rescue Service (SWFRS) is committed to carrying out our business fairly, openly and honestly, preserving the integrity and reputation of the Service, our Members and staff.
- 1.2 The SWFRS Hospitality and Gifts Policy ( OP-05.006 Hospitality and Gifts) is intended to establish and maintain a consistent approach in relation to the offer, refusal and acceptance of hospitality and gifts to ensure that conflicts of interest are avoided.

## **2. ISSUE**

- 2.1 All gifts and hospitality are to be recorded in the Gifts and Hospitality Register whether accepted or declined in accordance with the General Standing Orders. Members are required to disclose their personal interests and gifts and hospitality they receive in accordance with the Members Code of Conduct. Similarly Officers are required to disclose their personal interests and gifts and hospitality they are offered or receive in accordance with the Officers Code of Conduct.
- 2.2 Following an observation by the Internal Auditors during the Risk Management – Anti-fraud Audit 2017/18 it was recommended that the Gifts and Hospitality Register be presented regularly to the Finance, Audit and Performance Committee meeting for inspection in accordance with good governance and this be recorded in the minutes.
- 2.3 The frequency of reporting was not specified but it is suggested that this be done on an annual basis in future.

- 2.4 The current register details thirteen entries for 2018 with 6 gifts and/or hospitality entries declined and 6 accepted. The remaining entry on the register relates to a declaration of interest. Further information can be found within the register attached as Appendix A to this report.

### **3. EQUALITY RISK ASSESSMENT**

- 3.1 There are no specific equality issues identified.

### **4. RECOMMENDATIONS**

- 4.1 That Members note the contents of the Hospitality and Gifts Register in line with Internal Audit recommendations.
- 4.2 That Members agree to receive the Hospitality and Gifts Register Report on an annual basis.

<b>Contact Officer:</b>	<b>Background Papers:</b>
Sally Chapman Deputy Chief Officer	<ul style="list-style-type: none"> <li>Appendix 1 – Register of Gifts and Hospitality 2018</li> </ul>

## APPENDIX 1 - REGISTER OF GIFTS AND HOSPITALITY 2018

Date	Receiving Role	Gift Received From	Nature of Gift/ Declaration of Interest	Approx Value	MO consulted	Accepted or Declined	What happened to gift	MO Prior Approval Sought?
18.01.18	Receptionist	Capita	140g box of biscuits	£2	yes	Accepted	Shared with HQ staff.	Y
23.05.18	Media & Comms Manager	Mikey Rowe, Capitol FM	2 tickets to attend the Celtic Manor Celebrity Golfing Tournament		yes	Declined		Y
24.05.18	SWFRS	David Pugh, Dafydd Rogers, Production Company	26 tickets to 'Art – The Play' at Wales Millennium Centre.	£0	yes	Accepted	Issued to staff.	Y
19.03.18	SWFRS	Welfare Section, London FB	4 tickets for each night of the Michael McIntyre tour at Motorpoint Arena, Cardiff - 11-16 April, inclusive.	£0	yes	Accepted	Staff asked to declare an interest in attending by emailing name, staff no. and phone no., and names to be drawn out of a hat	Y
08.03.18	SWFRS via Media and Comms Department	Richmond Sausages	Sausages – requested the opportunity to visit Fire Stations and feed staff for free.	£40	yes	Accepted	Visited Ely, Penarth, Cardiff Central and Roath Fire Stations.	Y

Date	Receiving Role	Gift Received From	Nature of Gift/ Declaration of Interest	Approx Value	MO consulted	Accepted or Declined	What happened to gift	MO Prior Approval Sought?
09.07.18	Head of Training	Reserve Forces & Cadets Assoc. for Wales	Entry to Royal Welsh Show and Invite to Brunch	£25	yes	Accepted	Attended	N
23.07.18	SWFRS via Business Support email	Newport AFC	A number of tickets to first game of the season 11 <sup>th</sup> August 2018.	£15	Yes	Accepted	Relevant members of staff at stations requested to forward names and contact details	Y
27.07.18	Performance and Planning Manager	Llantrisant & Pontyclun Golf Club	2 x vouchers for four-ball golf passes	£80	Yes	Accepted	The vouchers were donated as raffle prizes in support of The Fire Fighters' Charity during the SWFRS Presentation Evening being held on 8 November 2018.	Y
02.10.18	Occupation Health Team	Cohort Software	Canvas bag, pen, lanyard, water bottle	Nominal	Yes	Accepted	Promotional gifts were received as listed	Y

**FORWARD WORK PROGRAMME FOR  
FINANCE, AUDIT & PERFORMANCE MANAGEMENT COMMITTEE 2018/19**

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
As required	Internal Audit Progress Report & Audit Action Updates	To provide an updated position of work performed against the internal audit plan and to highlight any significant issues arising from the internal audit work performed	DCO  Contact Officer: Geraint Thomas	
As required	Performance Report	To scrutinise specific issues of performance identified and referred by Fire Authority	DCO  Contact Officer: Sally Chapman	
As required	Statistics Report	To scrutinise specific statistics or trends as identified and referred by Fire Authority	ACFO SD  Contact Officer: Sarah Watkins	
As required	WAO Reports	To advise Members of the conclusions of WAO Reports and to consider the implications for the Service	DCO  Contact Officer: Sally Chapman	
10 Sept 2018	Revenue Outturn	To advise on total revenue expenditure for the year against the set revenue budget following the year end and to explain variations	Treasurer/DCO  Contact Officer: Geraint Thomas	Completed
10 Sept 2018	Capital Outturn	To advise on total capital expenditure for the year against the set capital budget following the year end and to explain variations	Treasurer/DCO  Contact Officer: Geraint Thomas	Completed

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
10 Sept 2018	Statement of Accounts	To advise Members of the content of the Statement	Treasurer  Contact Officer: Chris Barton/ Geraint Thomas	Completed
10 Sept 2018	Health Check of Priority Actions and Q1 progress against the Statutory PI's	To scrutinise the issues in relation to each of the Priority Actions and to review what the Service has planned to do to address each issue in the current financial year, and review Q1 progress against each of the statutory PI's	DCO  Contact Officer: Sarah Watkins	Completed
10 Sept 2018	Update on Call Volumes & Grassfire Incidents over the Summer Period	To advise Members of increased operational activity over the summer period	ACFO SD/DCO  Contact Officer: Andy Thomas & Wayne Thomas	Reported to the FA on 24 September 2018
10 Sept 2018	Revenue Monitor	To provide an update on revenue expenditure against the revenue budget for the year	Treasurer/DCO  Contact Officer: Geraint Thomas	Completed
10 Sept 2018	Capital Monitor	To provide an update on capital expenditure against the capital budget for the year	Treasurer/DCO  Contact Officer: Geraint Thomas	Completed
10 Sept 2018	Treasury Management Outturn Report	To advise on performance against the treasury management policy and strategy following financial year end	Treasurer  Contact Officer: Chris Barton/	Completed

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
			Geraint Thomas	
10 Sept 2018	Medium Term Financial Strategy Update; Reserves Strategy & Revenue & Capital Budget Setting Report	To Update Members on the MTFs to inform and influence the 2019/20 budget setting process to meet the Service's requirements for the following financial year	Treasurer/DCO  Contact Officer: Chris Barton/ Geraint Thomas	Completed
12 Nov 2018	Revenue Monitor	To provide an update on revenue expenditure against the revenue budget for the year	Treasurer/DCO  Contact Officer: Geraint Thomas	Completed
12 Nov 2018	Capital Monitor	To provide an update on capital expenditure against the capital budget for the year	Treasurer/DCO  Contact Officer: Geraint Thomas	Completed
12 Nov 2018	Revenue & Capital Budget Setting Report	To assist in determining the appropriate revenue & capital budget required to meet the Service's requirements for the financial year	Treasurer/DCO  Contact Officer: Chris Barton/ Geraint Thomas	Completed
12 Nov 2018	Electrical Fires	To advise Members on the WG electrical fires report and SWFRS response to this	DCO/ACFO SD  Contact Officer: Wayne Thomas	Completed
3 Dec 2018	Treasury Management Interim Report	To update Members on treasury management activity during the year to date	Treasurer  Contact Officer: Chris Barton/ Geraint Thomas	Completed

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
3 Dec 2018	Corporate (Operational) Risk Register	To seek Members' views upon the Corporate (Operational) Risk Register	DCO  Contact Officer: Sarah Watkins	Completed
3 Dec 2018	Revenue & Capital Budget Setting Report	To assist in determining the appropriate revenue & capital budget required to meet the Service's requirements for the financial year	Treasurer/DCO  Contact Officer: Chris Barton/ Geraint Thomas	Completed
3 Dec 2018	Audit & Plan Scheme Updates	To seek Members' views upon the progress of Audit & Plan Scheme Actions	DCO  Contact Officer: Sarah Watkins	Completed
3 Dec 2018	Statement of Account Recommendations Update	To Update Members on progress against previous recommendations made by WAO in Statement of Accounts Reports	Treasurer  Contact Officer: Geraint Thomas	Completed
28 Jan 2019	Revenue & Capital Budget Setting (if required)	To assist in determining the appropriate revenue & capital budget required to meet the Service's requirements for the financial year	Treasurer/DCO  Contact Officer: Chris Barton/ Geraint Thomas	Completed
28 Jan 2019	Health Check of Priority Actions and Q3 progress against the Statutory PI's	To scrutinise the issues in relation to each of the Priority Actions and to review what the Service has planned to do to address each issue in the current financial year, and review Q3 progress against each of the statutory PI's	DCO  Contact Officer: Sarah Watkins	Completed

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
28 April 2019	Draft Annual Report of the Work of the FAPM Committee and the Discharge of the Terms of Reference of the Finance, Asset & Performance Management Scrutiny Group	To consider the draft report on the annual work of the Committee before its submission to the Fire Authority and to ensure the Authority has efficient use of resources and robust procedures in place to ensure and manage this	Chair of FAPM, Chair of Scrutiny Group & DCO  Contact Officer: Sally Chapman	On agenda
28 April 2019	Revenue Monitor	To provide an update on revenue expenditure against the revenue budget for the year	Treasurer/DCO  Contact Officer: Geraint Thomas	On agenda
28 April 2019	Capital Monitor	To provide an update on capital expenditure against the capital budget for the year	Treasurer/DCO  Contact Officer: Geraint Thomas	On agenda
28 April 2019	Internal Audit Programme	To outline the planned internal audit coverage for the financial year and to seek comment and approval	DCO  Contact Officer: Sally Chapman/ Geraint Thomas	On agenda
28 April 2019	Internal Audit Annual Report	To provide an opinion on the adequacy and effectiveness of risk management, control and governance processes based on the internal audit work undertaken during the financial year. This will support the statement of internal control.	DCO  Contact Officer: Sally Chapman/ Geraint Thomas	On agenda
28 April 2019	Audit & Plan Scheme Updates	To seek Members' views upon the progress of Audit & Plan Scheme	DCO	On agenda

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
		Actions	Contact Officer: Sarah Watkins	
28 April 2019	Scrutiny of Strategic Objectives	To scrutinise progress in relation to achieving the actions planned to address each issue	All Directors	On agenda
28 April 2019	Corporate (Operational) Risk Register	To seek Members' views upon the Corporate (Operational) Risk Register	DCO  Contact Officer: Sarah Watkins	On agenda
28 April 2019	Register of Gifts and Hospitality	To advise Members of gifts and hospitality accepted and declined by Members and Officers during the year	DCO  Contact Officer: Sally Chapman	On agenda

Sally Chapman - DCO  
Dewi Rose - ACFO Service Delivery  
Chris Barton - Treasurer

Geraint Thomas - Head of Finance & Procurement  
Andrew Jones - Head of Human Resources  
Sarah Watkins - Head of Corporate Support

## AGENDA ITEM NO 20

**To consider any items of business that the Chairperson deems urgent  
(Part 1 or 2)**

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1. Apologies for Absence
2. Declarations of Interest

Members of the Fire & Rescue Authority are reminded of their personal responsibility to both verbally and in writing declare any personal and/or prejudicial interests in respect of matters contained in this agenda in accordance with the provisions of the Local Government Act 2000, the Fire & Rescue Authority's Standing Orders and the Members Code of Conduct.

3. Chairperson's Announcements
4. To Receive the Minutes of:

• Finance Asset & Performance Management Scrutiny Group Meeting held on 14 January 2019	5
• Finance Audit & Performance Management Meeting held on 28 January 2019	9
5. Draft Annual Report of the Work of the FAPM Committee and the Discharge of the Terms of Reference of the Finance, Asset & Performance Management Scrutiny Group	15
6. Revenue Monitoring Report 2018/19	29
7. Capital Monitoring Report 2018/19	39
8. Internal Audit Report	45
9. Internal Auditors Annual Report Year Ending 31 March 2019	105
10. Internal Audit Annual Plan 2019/2020	113
11. Report on Progress of Audit, Scheme and Circular Action Updates as at 31 December 2018	129
12. Wales Audit Office Audit Plan 2019	153
13. Wales Audit Office Enquires to 'Those Charged with Governance' – Draft Response	171

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14.	Annual Audit Letter – South Wales Fire & Rescue Authority 2017-18	185
15.	Report on the Progress on Recommendations made in the Fire Cover Review of 2014	189
16.	Business Plan Actions Report – Health Check 2018-19 Quarter 3	201
17.	Strategic Risk Register 2018-19 – Quarter 3 Review	209
18.	Register of Gifts and Hospitality	221
19.	Forward Work Programme	225
20.	To consider any items of business that the Chairperson deems urgent (Part 1 or 2)	231

**At the close of the meeting Members will meet with the Wales Audit Office and Internal Auditors to discuss Service progress**