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SOUTH WALES FIRE & RESCUE AUTHORITY

COMMITTEE: Finance, Audit & Performance Management Committee

DATE: Monday, 23 April 2018 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. Chairman's Announcements
4. To Receive the Minutes of:
 - FAPM Meeting held on 29 January 2018 3
5. Revenue Monitoring Report 2017/18 7
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15.	To consider any items of business that the Chairman deems urgent (Part 1 or 2)	159

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:

G	Thomas	Blaenau Gwent
K	Critchley	Newport
D	White	Bridgend
A	Hussey	Caerphilly
H	Joyce	Cardiff
L	Brown	Monmouthshire
A	Roberts	Rhondda Cynon Taff
S	Evans	Torfaen
R	Crowley	Vale of Glamorgan
K	Gibbs	Merthyr Tydfil

SOUTH WALES FIRE & RESCUE AUTHORITY
MINUTES OF THE FINANCE, AUDIT & PERFORMANCE
MANAGEMENT COMMITTEE MEETING
HELD ON MONDAY, 29 JANUARY 2018 AT
SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS

30. PRESENT:

Councillor

G Thomas
 L Brown
 K Critchley
 K Gibbs

Left

Blaenau Gwent
 Monmouthshire
 Newport
 Merthyr Tydfil

APOLOGIES:

A Roberts (Deputy Chair)
 R Crowley
 S Evans
 A Hussey
 D White
 H Joyce
 V Smith
 L Brown

Rhondda Cynon Taff
 Vale of Glamorgan
 Torfaen
 Caerphilly
 Bridgend
 Cardiff
 Monmouthshire
 Monmouthshire

OFFICERS PRESENT: CFO Jakeway; Mr C Barton – Treasurer; Mr C Powell – Deputy Monitoring Officer; Mr G Thomas – Head of Finance & Procurement; AM A Kibblewhite – Head of Risk Reduction; Sarah Watkins – Head of Service Performance and Communications; GM V Jenkins; GM G Scrivens; GM N Williams; Mr Steen Gourlay – TIAA.

31. DECLARATIONS OF INTEREST

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

32. CHAIR'S ANNOUNCEMENTS

The Chair advised of a change to the order of the agenda, we will hear item 10 prior to item 4.

33. REPORT ON PROGRESS OF BRIDGEND, CWM TAFF, BLAENAU GWENT, MONMOUTHSHIRE, NEWPORT AND TORFAEN PUBLIC SERVICE BOARD WELL-BEING PLANS

The Chief Fire Officer informed Members that South Wales Fire and Rescue Service was a Statutory Partner on the nine Public Service Boards, and delivered an electronic presentation on the latest progress of five of the Public Service Boards Well-being Plans and the potential impact on the Service.

The Unitary Authority Group Managers for Newport, Monmouthshire, Bridgend and Cwm Taff each provided a brief overview of some of the schemes currently running within their Unitary Authority areas.

The Chair thanked the officers for the presentation and the work being done.

34. MINUTES OF PREVIOUS MEETINGS

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

- Finance, Audit & Performance Management Committee held on Monday, 4 December 2017
- Finance, Asset & Performance Management Working Group held on Monday, 9 October 2017

35. INTERNAL AUDIT REPORT

The TIAA Auditor provided Members with an update on the progress being made against the Internal Audit Plan 2017/18. The Head of Finance and Procurement responded to questions and gave a background to the report.

RESOLVED THAT

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

36. REVENUE MONITORING REPORT 2017/18

The Head of Finance and Procurement presented the Revenue Monitoring Report 2017/18 which provided details of the annual revenue budget and associated information for the year ending 31 March 2018.

RESOLVED THAT

Members resolved to agree the content of the report.

37. CAPITAL MONITORING REPORT 2017/18

The Head of Finance and Procurement presented the report which gave an overview of the capital budget for the year, capital transactions to date and a forecast position as at 31 March 2018.

RESOLVED THAT

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

38. REPORT ON HEALTH CHECK OF PERFORMANCE AND STRATEGIC OBJECTIVES FOR QUARTER 3 (1 APRIL TO 31 DECEMBER) 2017/18

The Head of Service Performance and Communications presented the Quarter 3 Review Report in relation to the health check of performance and strategic objectives 2017/18 and the management of these risks and answered questions from members.

RESOLVED THAT

Members reviewed the performance details and statistical data for the first three quarters of 2017/18.

39. DRAFT ANNUAL REPORT ON THE WORK OF THE FINANCE, AUDIT AND PERFORMANCE MANAGEMENT COMMITTEE AND ITS WORKING GROUP DURING 2017/18

The Deputy Monitoring Officer presented Members with the draft annual report on the work of the Finance, Audit and Performance Management Committee and its Working Group for the municipal year 2017/18.

RESOLVED THAT

Members considered the report and agreed that no amendments to the contents are required prior to reporting to the Fire and Rescue Authority as a summary of the workload carried out by the Committee and Working Group during the municipal year.

40. UPDATE ON ALL WALES OPERATIONAL ASSURANCE

The Head of Risk Reduction provided an overview of the All Wales Operational Assurance Process and a summary of South Wales Fire & Rescue Service' Self-Assessment.

RESOLVED THAT

Members resolved to note the contents of the report.

41. FORWARD WORK PROGRAMME

The Deputy Monitoring Officer presented the Forward Work Programme, the Head of Finance and Procurement requested that the Treasury Management Strategy report be removed and this report will be presented at the Fire Authority meeting scheduled for March 2018.

RESOLVED THAT

41.1 Members accepted the Forward Work Programme for 2017/18

41.2 Agreed to the removal of the Treasury Management Strategy report.

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

There were no items of business that the Chair deemed urgent.

The Chair formally closed the last meeting and thanked all for their attendance.

REVENUE MONITORING REPORT 2017/18

SUMMARY

The Revenue Monitoring Report provides an updated revenue budget position for the year ending 31 March 2018.

RECOMMENDATION

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

1. BACKGROUND

- 1.1 This report provides an update on significant changes affecting the revenue budget since the Finance, Audit & Performance Management (FAPM) Committee on 29 January 2018.
- 1.2 Appendix 1 details the annual budget, transactions to date, the forecast outturn position and variance analysis. Appendix 2 charts the budget variances reported at each FAPM Committee meeting and cumulatively up to 31 March 2018.
- 1.3 Projected salary information has been produced in consultation with the People Services Directorate and in conjunction with Heads of Service. Non salary forecasts are a result of budget meetings held with departmental budget holders.

2. ISSUES

- 2.1 Updated revenue projections indicate an over spend of £367k, an increase of £52k since previous reporting. This is a result of a £151k under spend on the employee budget, offset by additional costs £203k within non pay areas.
- 2.2 Since the previous report to FAPM the most significant changes are outlined below:

2.2.1 EMPLOYEE COSTS - £151k increase in underspend

A decrease in both salary and travel and subsistence costs of £166k and £13k respectively are offset by an increase of £28k for Firefighters Ill Health costs.

Reasons for the variations lie in the late confirmation of Welsh Government funding of £113k to fund the costs of the 'High Rise Living Team' which was formed by SWFRS as a result of the Grenfell tragedy. The cumulative impact of vacancies predominantly within on call firefighters, contribute to the remaining portion of salary the under spend and the latest establishment figures are attached below in support of this.

Establishment figures (FTE) as at 28 February 2018

	Strength*	Budgeted Estab
WDS	806	794
RDS (100%)	453.62	533
Control	38.44	47.50
Support Staff	262	255.54
YFF	60.72	67.00
Auxiliary Reserve 7	7.00	80.00

*Strength numbers include those on career breaks but not grant funded staff / secondments to external agencies.

Total Leavers & Joiners April 2017 to February 2018 (Headcount)

	Starters*	Leavers*
Control	0	2
Support Staff	30	21
RDS	96	58
WDS	34	35
YFF Staff	1	4
Auxiliary Reserve	0	2
Total	161	122

*Only details new starter or leavers to the Service, the figure do not include existing employees with additional contracts

These underspends are offset by a £28k increase in ill health, FF pension costs as there have been an additional 2 retirements since previous reporting.

Despite previous forecasts of an increase in travel and subsistence costs we have experienced a decrease in both accommodation and public transport claims in recent months which has impacted the forecast accordingly, i.e. £13k.

The above under spend are offset to a degree by additional costs of £28k within ill health pensions as a result of two further retirements since previous reporting.

2.2.2 PREMISES COSTS - £455k increase in overspend

The increase in this area is largely attributable to increased property works with the latest forecast estimating an additional £396k. The main increases relate to reactive works against internal and external fabric, boiler costs and minor repairs. Internal fabric costs include £72k of bilingual signage in addition to £11k for asbestos removal at both Maindee and Roath with further costs anticipated in respect of reinstatement. A £24k increase in external fabric includes repair works to Merthyr breathing apparatus complex along with £16k at Pontycymmer for urgent 'underpinning' works required to support the building foundation.

The £70k increase in boiler works includes £46k against RDS stations for the installation of interlocking appliance bay door heating, new boilers in Abercarn and workshops and repairs required to further stations following annual maintenance inspections.

The minor projects' forecast includes £77k for the relocation of USAR capability to Whitchurch station and £16k as part of the entrance widening project at Pontycymmer. A further £27k is earmarked for planned maintenance and station redecorations in addition to the refurbishment of BA rooms at a number of sites.

Installation of de-humidifiers at Abercarn and legionella works have increased the forecast by £24k for Plumbing Services.

Electrical works have increased by £21k and include external lighting replacements at Tonypany and the installation of access panels at Barry. Forecast costs have increased in regards to fire and Security systems by £18k and includes installation of a new alarm system at Pontyclun (old) Fire Control and workshop access at Headquarters.

The appliance bay door forecast has increased by £11k for additional repairs following maintenance checks and a further £13k is forecast against External Areas to accommodate fencing work to secure the site at Bridgend and works at Barry so as to provide access to the cadets muster room.

Increased utility costs of £120k are forecast with £60k relating to outstanding invoices from previous years which were previously in dispute.

These additional costs are offset by a saving within Telephone and Communications of £61k. This saving relates to Firelink and

budgeted charges for backdated Retail Price Index (RPI) that are no longer payable in addition to smaller savings in Wide Area Network (WAN) costs.

2.2.3 TRAINING - £87k increase in underspend

Forecast training costs in Special Rescue, Breathing Apparatus and NVQ courses, are less than budgeted as costs have been incurred across other areas of the budget i.e. equipment, travel and accommodation (as above). More work needs to be undertaken by the training department to identify areas of spend (detailed budget headings) to more appropriately analyse the budget requirement.

2.2.4 SUPPLIES AND SERVICES - £16k decrease in overspend

It was previously reported that a £250k overspend was anticipated in relation Home Fire Safety (HFS) equipment as the grant funding receivable from Welsh Government fell short by this amount. Since previous however the Cabinet Secretary confirmed additional funding is available which has decreased the anticipated overspend to £24k.

Uniform costs have increased by £128k since previous reporting. This increase is driven by new recruits and general replacements and this is offset by stock adjustments to reflect the value of returns from leavers. The budget is based on approx. 60 recruits which has increased in excess of 130. Not all returns have been reflected in the forecast at the time of reporting, consequently the forecast is expected to reduce towards the end of the year.

Forecast ICT costs have increased by £51k since previous, largely due to the number of virements made by departments in order to purchase IT equipment.

Equipment costs have increased by £65k which are partly offset by the under spend in training, as detailed above. This includes the Operations department purchasing replacement respirators at £24k and £14k for hose reel branches as part of a technical refresh both of which had not been budgeted.

£20k was previously included for Welsh translation costs due to staffing vacancy. As this position has now been filled £18k has been transferred to within the employee budget to cover salary costs incurred.

2.2.5 **TRANSPORT RELATED EXPENSES-£51k increase underspend**

Forecast costs have decreased by £26k in respect of fuel costs in addition to a saving of £25k against lease car costs for pool cars due to short term extensions as opposed to annual costs.

2.2.6 **CONTRACTED SERVICES - £24k increase in underspend**

This area has seen a decrease as budgeted costs for the faster closure of accounts project will not be incurred before the end of the financial year. The costs included licencing fees along with associated training and consultancy and this work will re-start in line with project timelines in 2018/19.

2.2.7 **CAPITAL COSTS - £678k increase in overspend**

The main factor in the over spend is an increase in the CERA contribution (Capital Expenditure from Revenue Account) to support capital investment in co-location projects with Welsh Ambulance Service Trust (WAST). This increase is completely offset by income provided by WAST. Consequently this increases the CERA contribution from the initial budget of £200k to £896k, however it is worth noting that the net impact on the revenue budget is £200k, as per initial budget setting.

There is a £110k reduction in the Minimum Revenue Provision (MRP) as a direct result of delays in the capital programme (more detailed in the capital monitoring report).

An additional £92k has been incurred in this area in relation to the buyout fees for the purchase of five appliances that were previously on lease.

2.2.8 **INCOME - £753k additional**

As above £696k of additional income is receivable from WAST as a capital funding contribution to co-location.

An additional £80k has been forecast for Joint Control project cost reimbursement. This figure will be confirmed when all incurred costs are known at the end of the financial year by both SWFRS and Mid and West Wales Fire and Rescue Service and are apportioned accordingly.

The above is offset by a £26k reduction in the standpipe rebate (income), the previous forecast was based on historic info.

In addition, bank interest has been lower than anticipated with a monthly average of £1.8k being received.

3. FINANCIAL IMPLICATIONS

3.1. A projected overspend on the revenue budget of £367k and the funding implications of this.

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. RECOMMENDATION

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

Contact Officer:	Background Papers:
Geraint Thomas Head of Finance and Procurement	- Revenue and Capital Determination Report - Revenue Budget Working Papers - Budget Holder Reports - Capital Monitoring Report

SOUTH WALES FIRE & RESCUE SERVICE

BUDGET MONITORING 2017/18

APPENDIX 1

	Original Budget 2017/18 £	Budget (vired budget) 2017/18 £	Actual at 13.03.18 £	Forecast 31.03.18 £	Over/Under Spend Against Revised Budget	Over/Under Spend %
Employee Costs						
Salaries, NI & superann.	53,384,169	53,236,247	48,523,474	52,687,768	548,479	0.8%
	53,384,169	53,236,247	48,523,474	52,687,768	548,479	
Pensions (ill health)	941,991	941,991	560,092	960,986	-18,995	0.0%
Travel and Subsistence	406,200	406,200	381,041	433,294	-27,094	0.0%
Total Employee Costs	54,732,359	54,584,437	49,464,608	54,082,048	502,390	0.7%
Premises Related Expenses	4,445,100	4,445,400	4,573,086	5,651,568	-1,206,168	-1.7%
Training Expenses	1,516,954	1,516,954	1,309,494	1,410,985	105,969	0.2%
Supplies & Services	3,445,152	3,446,152	3,632,131	4,033,306	-587,154	-0.8%
Transport Related Expenses	1,403,802	1,403,802	1,026,629	1,213,691	190,111	0.3%
Third Party Payments (Contracted Services)	844,656	991,278	793,812	942,859	48,419	0.1%
Capital costs / leasing	4,643,389	4,643,389	1,131,189	5,127,713	-484,324	-0.7%
Contingency	250,000	250,000	0	0	250,000	0.4%
Income	-1,075,226	-1,075,226	-1,433,720	-1,889,126	813,900	1.2%
CONTRIBUTION BUDGET 2017/2018	70,206,186	70,206,186	60,497,228	70,573,043	-366,857	-0.5%

Key

■ Overspend

■ Underpend

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APPENDIX 2												
	Original Budget 2017/18 £	Revised Budget (vired budget) 2017/18 £	FAPM Forecast 11.09.17 £	FAPM Forecast 04.12.17 £	FAPM Forecast 29.01.18 £	FAPM Forecast 23.04.18 £	Variance at FAPM 11.09.17 to Revised Budget	Variance at FAPM 04.12.17 to FAPM 11.09.17	Variance at FAPM 29.01.18 to FAPM 04.12.17	Variance at FAPM 23.04.18 to FAPM 29.01.18	Cumulative Variances against Revised Budget	Summary on variances previously reported*
Employee Costs												
Salaries, NI & superann.	53,384,169	53,236,247	52,378,886	52,585,011	52,853,343	52,687,768	857,361	-206,125	-268,332	165,575	548,479	* Vacancy underspends Reduction in number of Ill Health Charges than budgeted WG grant funding received in respect of Community Safety posts Increase in mileage claims
	53,384,169	53,236,247	52,378,886	52,585,011	52,853,343	52,687,768	857,361	-206,125	-268,332	165,575	548,479	** Growth in establishment figures Increase in LGPS members Increase to accommodation and transport claims against 16/17 expenditure trend
Pensions (ill health)	941,991	941,991	891,293	889,788	933,444	960,986	50,698	1,505	-43,656	-27,542	-18,995	*** Further increase in establishment figures Increase in LGPS members 3 additional ill health retirements
Travel and Subsistence	406,200	406,200	425,071	436,681	446,245	433,294	-18,871	-11,610	-9,564	12,951	-27,094	
Total Employee Costs	54,732,359	54,584,437	53,695,250	53,911,480	54,233,032	54,082,048	889,188	-216,230	-321,552	150,985	502,390	
Premises Related Expenses	4,445,100	4,445,400	4,961,468	4,903,370	5,196,115	5,651,568	-516,068	58,098	-292,745	-455,453	-1,206,168	* Increase in NNDR following revaluation Charges incurred for delayed works from 2016/17 Redecoration work (inc Cardiff, Bridgend and Pontyclun) Increase to appliance bay door repairs and work to external areas ** Energy efficiency savings NNDR credit received in relation to Lanelay Hall Reduction in re-active works than budgeted for grounds maintenance Savings offset by increased boiler works and repairs to drill towers *** Increase in repair and maintenance costs including redecoration works, external areas including drill towers, plumbing works and boiler repairs following annual maintenance Installation of Paxton Net2 swipe card system Costs offset by savings within cleaning, gas and telephone & communication costs in respect of WAN charges.
Training Expenses	1,516,954	1,516,954	1,501,113	1,500,363	1,497,559	1,410,985	15,841	750	2,804	86,574	105,969	* Reallocation of budget to Consultancy
Supplies & Services	3,445,152	3,446,152	3,957,947	4,112,872	4,049,124	4,033,306	-511,794	-154,926	63,748	15,818	-587,154	* Increase to Operational Equipment Inc. Cardiac Arrest Project and Packex Other Equipment to increase potentially by £209k for overspend against WG funding for HFS £72k previously submitted as part of capital bid Increase to annual insurance premiums ** New recruits have led to increase in uniform costs Other Equip to increase by further £41k in relation to HFS stock overspend £36k relate to non enhancing expenditure as part of Capital budget Further increases in translation costs, subscriptions and printer cartridges *** Saving due to Support and Maintenance requirements and review by broker of insurance policy held
Transport Related Expenses	1,403,802	1,403,802	1,365,781	1,335,196	1,264,208	1,213,691	38,021	30,585	70,988	50,517	190,111	* Reduction in forecast lease car costs Savings within fleet budget in re-active areas ** Forecast reduction in re-active areas of fleet budget and additional DERV savings *** Reduction in spend in re-active areas including vehicle parts and fuel
Third Party Payments (contracted services)	844,656	991,278	914,427	938,243	967,191	942,859	76,851	-23,816	-28,949	24,333	48,419	* Surplus identified at budget setting ** Increase in consultancy costs offset by income received Forecast for external audit fees to increase by £9k although this won't be confirmed until March 2018 *** Re-allocation of budget savings within other areas
Capital costs / leasing	4,643,389	4,643,389	4,579,984	4,444,670	4,449,818	5,127,713	63,405	135,313	-5,148	-677,895	-484,324	* Reduction in MRP due to capital programme being lower than anticipated ** Further reduction in MRP External borrowing costs set aside at beginning of year no longer required
Contingency	250,000	250,000	0	0	0	0	250,000	0	0	0	250,000	* Contingency approved by members during budget setting
Income	-1,075,226	-1,075,226	-1,121,696	-1,145,246	-1,136,446	-1,889,126	46,470	23,550	-8,800	752,680	813,900	* Additional income offsetting additional expenditure within non employee areas ** Income offset by increased expenditure within non employee areas such as training and consultancy
CONTRIBUTION BUDGET 2016/2017	70,206,186	70,206,186	69,854,273	70,000,949	70,520,602	70,573,043	351,913	-146,676	-519,653	-52,441	-366,857	

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

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

AGENDA ITEM NO 6
 23 APRIL 2018

CAPITAL MONITORING REPORT 2017/18

SUMMARY

The capital monitoring report provides detail of the capital budget position for the year ending 31st March 2018 and budget impacts on the financial year 2018/19.

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 explanation of changes since previous reporting presented at 29 January FAPM. Appendix 1 illustrates budget slippage from 2016/17, the 2017/18 budget, expenditure to date, forecast spend up to 31 March 2018 and budget slippage into 2018/19.

1.2 In summary, the total available budget, forecast outturn and slippage into 2018/19 equate to £8.3m £4m and £4.9m respectively. Since previous reporting the forecast outturn has reduced by £322k while slippage has increased by £454k. The report presents a £636k over spend which this is offset by £143k of WG grants;

Water Rescue Boats x 5	£79k
DIM detection system	£64k

In addition, Welsh Ambulance Service Trust (WAST) are contributing approximately £696k to a major refurbishment at Barry station to accommodate their co-location requirements.

The above funding streams have the effect of offsetting additional and in some cases unbudgeted spending which provides for a final position of £203k under spent as follows;

636k	Over spend = budgeted works & additional items
-143k	Grants
-696k	Contribution to capital
<u>-203k</u>	Under spend

1.3 Appendix 1 presents a detailed analysis of the above position in addition to the following narrative.

2. ISSUES

Property

2.1 Station Refurbishments

2.1.1 Monmouth

The previous forecast has been revised downwards to reflect actual spend to date i.e. £1k with the resultant impact on slippage. This is due to capacity constraints in the property team who currently have a number of large projects to progress.

2.1.2 New Inn

A similar outlook applies to New Inn and the forecast has been revised from £65k to £6k.

2.1.3 Barry

The outturn position for Barry has increased by £158k this is largely due to 'variations' in price and design which is normal in such projects. A reconciliation is being undertaken by the Quality Surveyor (QS) to confirm the £696k capital contribution from WAST (as outlined above) along with the cost split, i.e. SWFRS and WAST, on project variations.

2.1.4 BA Complex

Work is now complete and actual costs have come in at £222k for 2017/18 and retention fees of £11k i.e. 5%, are due in October and payment of these will bring the project to a close.

2.2 New Builds

2.2.1 Compartment Fire Behaviour Training Facility (CFBT)

The forecast has reduced from £300k to £167k for reasons identified above although the build phase is still anticipated to commence in May.

2.3 Planned and Preventative

2.3.1 The forecast has been reduced from £180k to £72k as updated costs and timings have been received for the two areas of work identified under this heading, i.e. Abercarn station drill yard and HQ fuel pump.

Work on Abercarn station drill yard has been completed although the expected costs of the fuel pump have been included in slippage for 2018/19 as these work could not be completed this financial year.

2.4 Energy Efficiency Schemes

2.4.1 Following a progress meeting with the Property Team, the previous forecast of £50k has been reduced to zero for 17/18 following a delay in Station LED works. The HQ Air Conditioning tender has been returned at £345k which is an increase of £45k. The estimated spend of £1.099m to be incurred in 2018/19, as follows;

	No sites	17/18	18/19	Completion
Station LED	40	£0k	£622k	Oct 18
WDS BMS	12		£132k	18/19
HQ Air Conditioning	1		£345k	Oct 18
		£0k	£1.099m	

2.5 Vehicle Replacement Programme (VRP)

2.5.1 Vans (Light Vehicles)

The forecast has decreased from £196k to £135k as delivery of 2 vehicles will now take place in April. Slippage has therefore increased to £61k to accommodate the costs next year.

2.5.2 Rescue Boats (x5)

The purchase of 5 rescue boats via the All Wales Water Rescue bid and resultant grant funding provided by WG, has been confirmed by our operational counterparts.

2.6 ICT

2.6.1 Business Management Information System (BMIS)

Implementation is complete and total project costs are anticipated at £122k. Further analysis of the contract identified £79k of 'upfront' costs for the next 5 years relating to annual licencing and maintenance have been incorrectly coded. These have therefore been removed from the capital forecast and re-allocated to the revenue budget. Budget slippage of £7k will accommodate training days which are scheduled to complete in 2018/19.

2.6.2 HQ Backup Equipment

Spending has been delayed although detailed information as to why is yet to be supplied by the Head of ICT.

2.6.3 Service Desk System

The forecast for this year has altered from £50k to £15k following further analysis of the contract. Much like the BMIS system, it was identified that £48k out of £63k of potential costs relate to the

upfront payment of 5 annual licenses. Consequently, £48k has been reallocated to revenue and will be prepaid over the remaining 4 years of the agreement.

2.6.4HQ Switch Replacement

This project has been delayed due to the supply company going into liquidation. All purchase orders have been cancelled and a new tender will be completed in 2018/19.

2.6.5Website Project

Since previous reporting an additional capital project to design and implement a new SWFRS website has been initiated. Whilst the project is unbudgeted, agreement has been reached to finance this from reserves.

The project is scheduled to complete in three distinct stages with phase one originally scheduled to complete by 31st March, although this has now slipped into April and will be reported in the 2018/19 financial year. Purchase orders for works have been placed although zero forecast costs anticipated for 2017/18.

2.7 **Equipment**

2.7.1National Resilience Chemical Identification System - DIM

New DIM equipment i.e. Resolve, has been purchased for £64k and has been fully funded by WG. Resolve seeks to limit risk and harm to Detection, Identification and Monitoring (DIM) officers from potentially hazardous materials and/or substances. The equipment scans packages without the requirement to expose officers to contents.

3 **FINANCIAL IMPLICATIONS**

3.1 Appendix 1 illustrates capital scheme details and is supported by paragraphs 2.1 to 2.8 above.

The funding analysis provides the explanation as to how capital investment is funded and identifies the need and level of borrowing required after maximising all other finance streams.

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 2017/18 Budget Holder Reports Grants Award correspondence

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	SLIPPAGE B/F 2016/17 £000	2017/18 BUDGET £000	ACTUAL AS AT 16.03.18 £000	COMMITTED AS AT 16.03.18 £000	OUTTURN POSITION 31.03.18 £000	BUDGET UNDER/(OVER) SPEND £000	SLIPPAGE C/F 2018/19 £000
PROPERTY							
LAND ACQUISITIONS							
PONTYPRIDD	425		0	0	0	0	425
SOUTH CORNELLY	325	-204	0	0	0	121	0
STATION REFURBISHMENTS							
MONMOUTH	598	0	1	0	1	0	597
NEW INN	0	500	3	3	6	0	494
BARRY (co-location cont's offset over spend)		204	896	61	1,058	-854	0
BA Complex (PPM Budget)		224	222	0	222	2	0
NEW BUILDS							
CFBT FACILITY CARDIFF GATE (reserve funding)	499	2,500	117	50	167	0	2,832
PLANNED & PREVENTATIVE MAINT	470	-224	72	0	72	74	100
ENERGY EFFICIENCY SCHEMES (reserve funding)	0	0	0	0	0	0	0
	2,317	3,000	1,311	113	1,525	-657	4,448
VEHICLES							
AERIAL APPLIANCES	275	0	273	0	273	2	0
NON-OPERATIONAL 4WD	23	26	45	0	45	4	0
VANS (LIGHT VEHICLES)	43	155	135	61	135	2	61
RESCUE BOAT	0	45	0	0	0	0	45
BOATS (x5) (grant funded)	0	0	79	0	79	-79	0
WATER LADDERS	671	1,150	1,780	0	1,780	41	0
	1,012	1,376	2,311	61	2,312	-30	106
EQUIPMENT							
CS EDUCATION VEHICLE	0	33	38	0	38	-5	0
DIM SYSTEM (grant funded)	0	0	64	0	64	-64	0
BIM SYSTEM	126	0	115	0	36	83	7
FINANCE/PROCUREMENT SYSTEM	21	0	0	0	0	0	21
HQ BACKUP EQUIPMENT	45	0	1	3	4	0	41
HR/PAYROLL SYSTEM	50	0	0	0	0	0	50
ICT REPLACEMENT PROGRAMME	0	55	42	0	42	-0	13
SERVICE DESK SYSTEM	50	0	48	15	15	33	2
HQ SWITCH REPLACMENT	0	200	0	0	0	0	200
WEBSITE PROJECT (reserve funding)	0	0	0	3	0	0	0
	292	288	308	21	200	46	334
TOTAL	3,621	4,664	3,930	195	4,037	-640	4,888
FUNDING ANALYSIS							
					BORROWING	2,831	
					CO-LOCATION CONTRIBUTIONS	696	
					REVENUE CONTRIBUTION	200	
					REVENUE RESERVES	167	
					CAPITAL GRANT	143	
						4,037	

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AGENDA ITEM NO 7

2018 Audit Plan – South Wales Fire and Rescue Authority

-

Author – Lisa Mullan

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

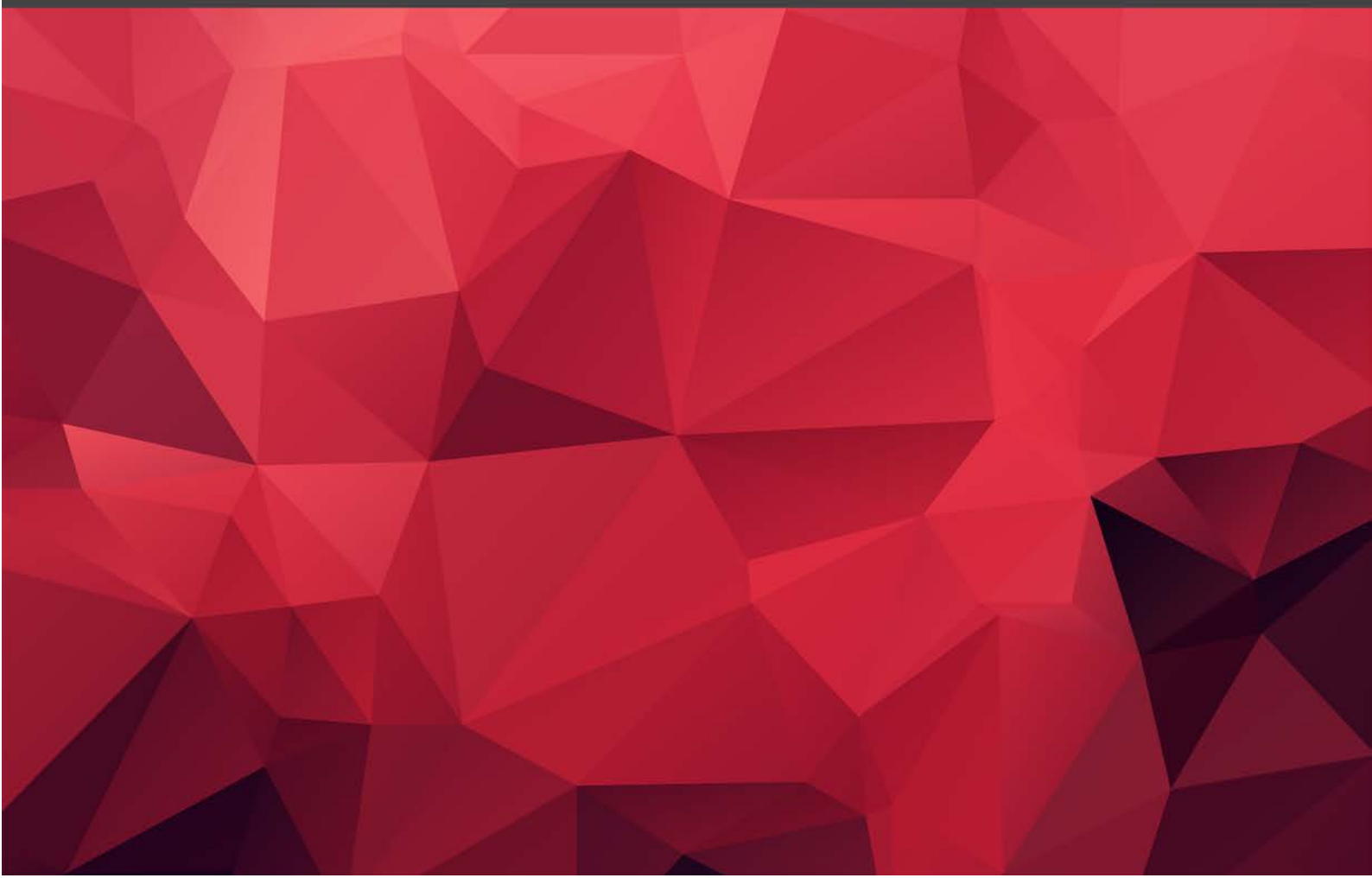
Archwilydd Cyffredinol Cymru
Auditor General for Wales

2018 Audit Plan – South Wales Fire and Rescue Authority

Audit year: 2017-18

Date issued: March 2018

Document reference: 467A2018-19



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This document was produced by the Wales Audit Office.

2018 Audit Plan

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Summary

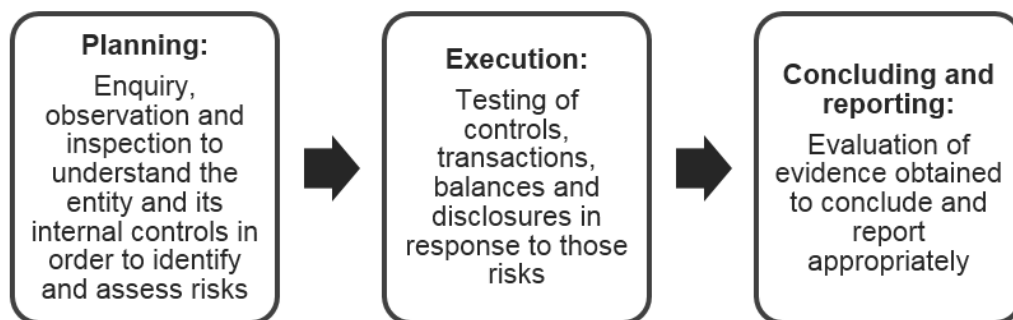
- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004, the Local Government (Wales) Measure 2009 (the Measure), Wellbeing of Future Generations (Wales) Act 2015, the 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. There have been no limitations imposed on me in planning the scope of this audit.
- 3 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of accounts

- 4 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 financial statements:
 - 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.
- 5 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.
- 6 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

My audit approach involves three key stages: planning, execution and finally concluding and reporting.



- 7 **Exhibit 2** sets out some of the main risks of material misstatement that my audit work to date has identified, together with a brief commentary on my proposed audit work.
- 8 It is important to note that I have not sought to repeat within **Exhibit 2** all of the areas of risk that I reported in October 2017 in my 'Audit of the Financial Statements Recommendations Report'. These reported risks are relevant to the 2017-18 financial statements and this year's financial audit will therefore consider them and management's actions against my reported recommendations.

Exhibit 2: financial audit risks

This table summarises the key financial audit risks identified at the planning stage of the audit.

Financial audit risk	Proposed audit response
<p>There is a risk that the financial statements do not agree to the underlying records or contain errors which could be resolved with a robust quality assurance review. Last year I raised concerns about:</p> <ul style="list-style-type: none"> difficulties in agreeing the Authority's financial statements to the trial balance due to the audit trail being, in our view, unnecessarily complex and unclear; and simple errors in the financial statements, including totals that did not cast, incorrect note references, inconsistencies, comparatives incorrectly headed up as restated and various typographical errors. 	<p>My audit team will:</p> <ul style="list-style-type: none"> review the financial statements to ensure they agree with the underlying financial records (the ledger's trial balance) and other relevant supporting information; and review the progress made by the Authority in completing a robust quality assurance review of the draft financial statements.

Financial audit risk	Proposed audit response
<p>The Authority is working with Mid and West Wales Fire and Rescue Authority and South Wales Police to deliver the Joint Public Service Centre Project. We understand that the collaboration agreement still remains a 'working draft' that is unsigned, making it difficult to determine the appropriate accounting treatment of transactions and balances in the financial statements. Given this, there is a risk that such balances and transactions may be incorrectly accounted for in the financial statements.</p>	<p>My audit team will review the Joint Public Service Centre transactions, balances and disclosures to ensure that they are materially accurate.</p>
<p>The Authority participates in defined benefit pension schemes for both uniformed and non-uniformed employees. The accounting treatment for these schemes is complex, increasing the risk of error or omission in the financial statements.</p> <p>Last year I reported that the top-up grant received from the Welsh Government in respect of the Fire Fighters' Pension Fund was not treated in line with the Code of Practice. This matter remains a risk for 2017-18. The Authority needs to consider its accounting treatment will need to be considered when preparing its 2017-18 financial statements.</p>	<p>My audit team will review the accounting and disclosure of the pension schemes to ensure they are in line with the relevant accounting standards and the Code of Practice.</p>
<p>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].</p>	<p>My audit team will:</p> <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.

- 9 Next year 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.

- 10 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 Fire Authority prior to completion of the audit.
- 11 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.
- 12 My fees are based on the following assumptions:
- management has implemented their agreed actions, by the agreed dates, in respect of last year's audit recommendations;
 - information provided to support the financial statements is timely, to the quality expected and has been subject to quality assurance review;
 - 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 and will reply promptly to requests for information and audit queries;
 - 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
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.

Statutory audit functions

- 13 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.
- 14 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.
- 15 If I do receive questions or objections, I will discuss potential audit fees at the time.

Performance audit

- 16 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.
- 17 As it is likely that the anticipated Local Government Wales Bill will propose that the Local Government (Wales) Measure 2009 no longer applies to councils, I will minimise work that focuses on the process of improvement planning.
- 18 In recent years I have placed reliance on my work under the Measure to help discharge my duty under the Public Audit (Wales) Act 2004 to satisfy myself that councils have made proper arrangements to secure economy, efficiency and effectiveness (value for money) in the use of resources. Given that in the future I will be unable to rely on my work under the Measure, in 2018-19, and subsequent years, the focus of my local performance audit programmes will be more clearly aligned to discharging my Public Audit (Wales) Act 2004 duty.
- 19 In 2017-18 I undertook my first work under the Wellbeing of Future Generations (Wales) Act 2015, the Year One Commentary. This work sought to identify how public bodies are beginning to respond to the Act and share emerging practice. My 2018-19 programme will include the first examinations to be carried out under the Act. These examinations will assess the extent to which you are applying the sustainable development principle when taking steps towards meeting your well-being objectives.
- 20 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. **Exhibit 3** summarises the present position on the current programme of studies. 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.
- 21 In the spring of 2018 I will also be consulting on my forward programme of studies across all sectors and I would welcome views on the areas I should focus my national reviews on when the consultation is launched.

Exhibit 3: local government studies

In Spring 2018 I published three national reports related to local government and will undertake fieldwork for a further three reports during the summer and autumn of 2018

Study	Status
2016-17 studies	
How local government manages demand	Published 9 January 2018
Strategic commissioning	Publish in April 2018
Improving wellbeing through housing adaptations	Published 22 February 2018
2017-18 studies	
Services to rural communities	Fieldwork – Publish Summer/Autumn 2018
Use of data	Fieldwork – Publish Summer/Autumn 2018
Integrated care fund	Fieldwork February – Publish Autumn 2018

- 22 Taking all these factors into consideration, my 2018-19 programme of work will comprise:

Exhibit 4: performance audit programme

My 2018 performance audit programme will include local projects and national studies

Performance audit programme	Brief description
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 one of the wellbeing objectives.
Assurance and Risk Assessment	Project to identify the level of audit assurance and/or where further audit work may be required in future years in relation to risks to the Authority putting in place proper arrangements to secure value for money in the use of resources.

Performance audit programme	Brief description
Finance, Audit and Performance Management Committee - Audit function review	The review will evaluate whether the Authority's Finance, Audit and Performance Management Committee is effectively discharging its audit function against the requirements laid down in relevant legislation, guidance and its own constitution.
2018-19 Local Government Studies	Funded by the Welsh Government
Implementation of the Social Services and Well-being Act	The Social Services and Well-being (Wales) Act 2014 focuses on reforming and simplifying the law relating to social services. The Act introduced new duties for local authorities, local health boards and other public bodies and covers adults, children and their carers, and came into force on 6 April 2016. The study will review progress by authorities in delivering their new duties under the Act and help to identify opportunities for improving current management and delivery arrangements. Further information can be found in our call for evidence report published in August 2017.
Implementation of Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015	The Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 aims to improve the Public Sector response to violence against women, domestic abuse and sexual violence; provide a strategic focus on these issues; and ensure consistent consideration of preventive, protective and supportive mechanisms in the delivery of services. Our review will focus on the effectiveness of arrangements to improve support for people affected by such abuse and violence. Further information can be found in our call for evidence report published in August 2017.

Performance audit programme	Brief description
Value for Money of Planning Services	<p>The Planning (Wales) Act 2015 (the Act) gained Royal Assent on 6 July 2015. The Act sets out a series of legislative changes to deliver reform of the planning system in Wales, to ensure that it is fair, resilient and enables development. An effective planning service will be at the front of shaping the character, development and prosperity of a local authority or national park. Given the requirements of the Act, it is important that planning authorities ensure that their services are fit for the future to ensure they meet both their statutory responsibilities but also support the delivery of corporate, regional and national priorities. Our review will consider the effectiveness and impact of planning services on local communities in Wales. Further information can be found in our call for evidence report published in August 2017.</p>

- 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 2018 is set out in [Exhibit 5](#). This figure is the same as last year's fee estimate and represents a 4.9% decrease compared to the fee charged for 2017.
- 25 As per our approved Fee Scheme for 2018-19, a small increase has been applied to my fee rates (less than 1%) which we have looked to offset where appropriate by a reduction in the estimated audit days and skill mix.

Exhibit 5: audit fee

The total audit fee is set out in the table below:

Audit area	Estimated fee (£) ¹	Actual fee last year (£)
Audit of accounts ²	57,022	60,733 ³
Performance audit work ⁴	15,274	15,274
Total fee	72,296	76,007

Notes:

¹ The fees shown in this document are exclusive of VAT, which is no longer charged to you.

² Payable November 2017 to October 2018. Last year'

³ Last year's fee estimate was £57,022. The actual fee was £60,733, as reported to the Authority on 30 November 2017.

⁴ Payable April 2018 to March 2019.

- 26 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 Fire Authority.
- 27 Further information on my fee scales and fee setting can be found on the Wales Audit Office website.

Audit team

- 28 The main members of my team, together with their contact details, are summarised in **Exhibit 6**.

Exhibit 6: my team

This table provides contact details for the audit team

Name	Role	Contact number	E-mail address
Jane Holownia	Engagement Director	02920 320565	jane.holownia@audit.wales
Mark Jones	Engagement Lead – Financial Audit	02920 320631	mark.jones@audit.wales
Alison Butler	Financial Audit Manager	02920 320665	alison.butler@audit.wales
Alexis Smith	Financial Audit Team Leader	02920 320643	alexis.smith@audit.wales
Jeremy Evans	Performance Audit Manager	07825 052861	jeremy.evans@audit.wales

- 29 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

- 30 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 7](#).

Exhibit 7: timetable

Planned output	Work undertaken	Report finalised*
2018 Audit Plan	January - March 2018	March 2018
Financial accounts work: <ul style="list-style-type: none"> Audit of Financial Statements Report Opinion on Financial Statements 	February to September 2018	September 2018 September 2018
Performance work: <ul style="list-style-type: none"> Improvement Plan Audit Assessment of Performance Audit Assurance and Risk Assessment WFG Act Examinations FAPM¹ review 	April 2018 November 2018 April 2018 – March 2019 November 2018 to February 2019 July 2018 – December 2018	May 2018 December 2018 March 2019 December 2018
Annual Improvement Report	April 2018 – May 2019	June 2019

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

Future developments to my audit work

- 31 Details of future developments including changes to key International Financial Reporting Standards (IFRS) and of the Wales Audit Office's Good Practice Exchange (GPX) seminars are set out in [Appendix 3](#).
- 32 The Wales Audit Office's GPX programme seeks to support the improvement of public services across Wales by identifying and sharing good practice. The GPX seminars bring a range of public sector bodies together to share their practical

¹ Finance, Audit and Performance Management Committee

experiences and learning in areas we consider would benefit from sharing good practice. The seminars are provided free of charge to delegates. Forthcoming events include:

- **Sustainable Procurement.** Focused upon how to create a mind-set that supports sustainable procurement in relation to the WFG Act
- **Measuring Outcomes.** Supporting the WFG Act, 44 bodies shift their focus from outputs to outcomes and impact
- **Adverse Childhood Experiences.** In partnership with ACE's Hub at Public Health Wales and the Future Generations Office
- **Digital Seminar.** Taking account of the Wales Audit Office 'Using Data Effectively' study. Working in partnership with The Information Commissioners Office and Y Lab.
- **Building Resilient Communities.** Focusing on renewable energy, community skills, Welsh Language, housing and economy and Public Health Wales.
- **Partnership working between Voluntary bodies and Public Sector Bodies.** Will also include the launch of the Good Practice Guide to Grants Management.
- **Financial Audit – Early Closure of Local Government Accounts.** Focusing on cultural and behaviour changes.
- **Alternative Service Delivery Models.** In partnership with WLGA, WCVA, Community Housing Cymru, Welsh NHS Confederation, and Good Practice Wales.
- **Cybersecurity.** Focusing on governance arrangements.
- **Preventing Hospital Admissions.** Jointly with NHS, Social Care, Housing and partners from the Third Sector.
- **Youth.** Following thematic reports from Estyn, CSSIW, HIW and the Wales Audit Office on the topic of youth. The GPX team will follow on with a seminar to share the learning.

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 Fire 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 Fire 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 Fire 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 Fire 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.

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

Exhibit 8: performance work in last year's audit outline still in progress

Performance audit work included in last year's audit plan that remains outstanding.

Performance audit project	Status	Comment
Annual Improvement Report (AIR)	Report from the Auditor General for Wales reviewing the Council's performance and arrangements.	To be published Summer 2018.

Other future developments

Forthcoming key IFRS changes

Exhibit 9: forthcoming key IFRS changes

There are three key changes to accounting rules that will impact on the authority over the next three years.

Standard	Effective date	Further details
IFRS 9 Financial instruments	2018-19	IFRS 9 financial instruments will replace IAS 39 and includes a new principles-based approach for the classification and measurement of financial assets. It also introduces a new impairment methodology for financial assets based on expected losses rather than incurred losses. This will result in earlier and more timely recognition of expected credit losses. The accounting requirements for financial liabilities are almost all carried forward unchanged from IAS 39.
IFRS 15 Revenue from contracts with customers	2018-19	IFRS 15 revenue from contracts with customers introduces a principles-based five-step model for recognising revenue arising from contracts with customers. It is based on a core principle requiring revenue recognition to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration the body expects to be entitled to, in exchange for those goods or services. It will also require more extensive disclosures than are currently required.
IFRS 16 Leases	2019-20	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 the 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.

General Data Protection Regulation (GDPR)

The GDPR is a new data protection law for the whole of the EU applicable from 25 May 2018, which has the intention of harmonising and updating data protection laws. The UK Government has introduced the Data Protection Bill which will incorporate the GDPR into UK law and replace the 1998 Data Protection Act, and which it intends will also come into force on 25 May 2018.

The GDPR introduces new requirements for personal data processing, including an accountability principle which will require more detailed records of the processing of personal data, evidence of compliance with the data protection principles and the technical and organisational security measures taken to protect the data. We are updating our own policies, processes and documentation with a view to meeting these requirements and expect that the bodies we audit will be taking similar steps. Key areas of additional work include the use of more detailed fair processing notices, more privacy impact assessments and more extensive record keeping in relation to processing activities.

Wales Pension Partnership

The administering authorities for the eight Local Government Pension Scheme (LGPS) funds in Wales have established a pension investment pool in line with government requirements. The Wales Pension Partnership Joint Governance Committee will, from April 2018 onwards, oversee the pooling of some £15 billion of investments from the eight LGPS funds in Wales.

The relevant authorities need to be fully engaged in this process to ensure that appropriate arrangements are put in place that meet their requirements and to achieve the benefits of pooling which include economies of scale and reduced costs.

Good Practice Exchange

The Wales Audit Office's Good Practice Exchange (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.

Exhibit 10: Planned forthcoming GPX webinars and Seminars.

My planned GPX programme includes 11 subject areas

Date	Format	Topic
April 2018	Webinar	Sustainable Procurement. Focused upon how to create a mind-set that supports sustainable procurement in relation to the WFG Act.
May 2018	Webinar	Measuring Outcomes. Supporting the WFG Act 44 bodies shift their focus from outputs to outcomes and impact.
June 2018	Seminar	Adverse Childhood Experiences. In partnership with ACE's Hub at Public Health Wales and the Future Generations Office.
June 2018	Seminar	Digital Seminar. Taking account of the Wales Audit Office 'Using Data Effectively' study. Working in partnership with The Information Commissioners Office and Y Lab.
July 2018	Seminar	Building Resilient Communities. Focusing on renewable energy, community skills, Welsh Language, housing and economy and Public Health Wales.
September 2018	Seminar	Partnership working between Voluntary bodies and Public Sector Bodies. Will also include the launch of the Good Practice Guide to Grants Management.
October 2018	Webinar	Financial Audit – Early Closure of Local Government Accounts. Focussing on cultural and behaviour changes.
December 2018	Seminar	Alternative Service Delivery Models. In partnership with WLGA, WCVA, Community Housing Cymru, Welsh NHS Confederation and Good Practice Wales.
January 2019	Webinar	Cybersecurity. Focusing on governance arrangements.
February 2019	Seminar	Preventing Hospital Admissions. Jointly with NHS, Social Care, Housing and partners from the Third Sector.
March 2019	Seminar	Youth. Following thematic reports from Estyn, CSSIW, HIW and the Wales Audit Office on the topic of youth. The GPX team will follow on with a seminar to share the learning.

National value-for-money studies

The Council may also be interested in the national value-for-money examinations that I undertake, some of which will be of particular relevance to, and may involve evidence gathering across, local government. These studies are supported by funds approved by the National Assembly. Reports are presented to the National Assembly's Public Accounts Committee to support its scrutiny of public expenditure and potentially support scrutiny by other National Assembly committees.

Exhibit 11 covers all of the value-for-money studies work currently programmed. The programme includes all-Wales summaries of audit work undertaken locally in the NHS and reactive examinations into specific issues of public concern that have been raised with me. In addition to the work outlined below, I may decide during the year to prepare other national reports summarising local audit work, follow-up work, or based on the findings of other reactive examinations.

Further updates on my programme of value-for-money studies will be provided to you within the regular progress reports prepared by my team.

Exhibit 11: national value-for-money studies

Topic	Anticipated publication (as at 11 January 2018)
Primary care services ²	February/March 2018
Access to public services with the support of specialist interpretation and translation	March/April 2018
Waste management (waste prevention) Waste management (municipal recycling) Waste management (procurement of infrastructure)	March/May 2018
Early intervention and public behaviour change ³	March/April 2018
GP out-of-hours services – national summary report	April/May 2018
Rural Development Programme 2014-2020	April/May 2018
Business finance	May 2018

² An initial data rich report presenting a 'picture of primary care' in advance of further local audit work.

³ Following on from some good practice work, we are planning to produce a short summary paper to highlight some of the issues raised and evidence gathered through that work, supported by a series of podcasts.

Topic	Anticipated publication (as at 11 January 2018)
NHS agency staffing costs ⁴	Summer 2018
EU Structural Funds programmes 2014-2020	Summer 2018
Improving the wellbeing of young people	Autumn 2018
Radiology services – national summary	To be confirmed
Integrated Care Fund	To be confirmed
Care experienced by children and young people ⁵	To be confirmed

⁴ Work has recently commenced on gathering data from across the health services of the UK to support a paper on the various approaches being taken to address the increasing costs of employing agency medical and nursing staff within the NHS. The precise format for this output is still to be determined.

⁵ The PAC has now set out its initial plans for some ongoing inquiry work on this topic. I will be supporting this work, although the precise nature of, and timescale for, any additional audit-related outputs is still to be determined.

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

AGENDA ITEM NO 8
23 APRIL 2018

INTERNAL AUDIT ANNUAL PLAN 2018/2019

SUMMARY

This report details the proposed Internal Audit Annual Plan 2018/2019 for Members approval.

RECOMMENDATION

That Members approve the Internal Audit Annual Plan for 2018/2019.

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 2018/2019 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 2018/2019 is allocated as a budget line within the total revenue budget for 2018/2019.

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 2018/2019.

Contact Officer: Geraint Thomas Head of Finance & Procurement	Background Papers: Appendix 1 – Internal Audit Annual Plan 2018/2019
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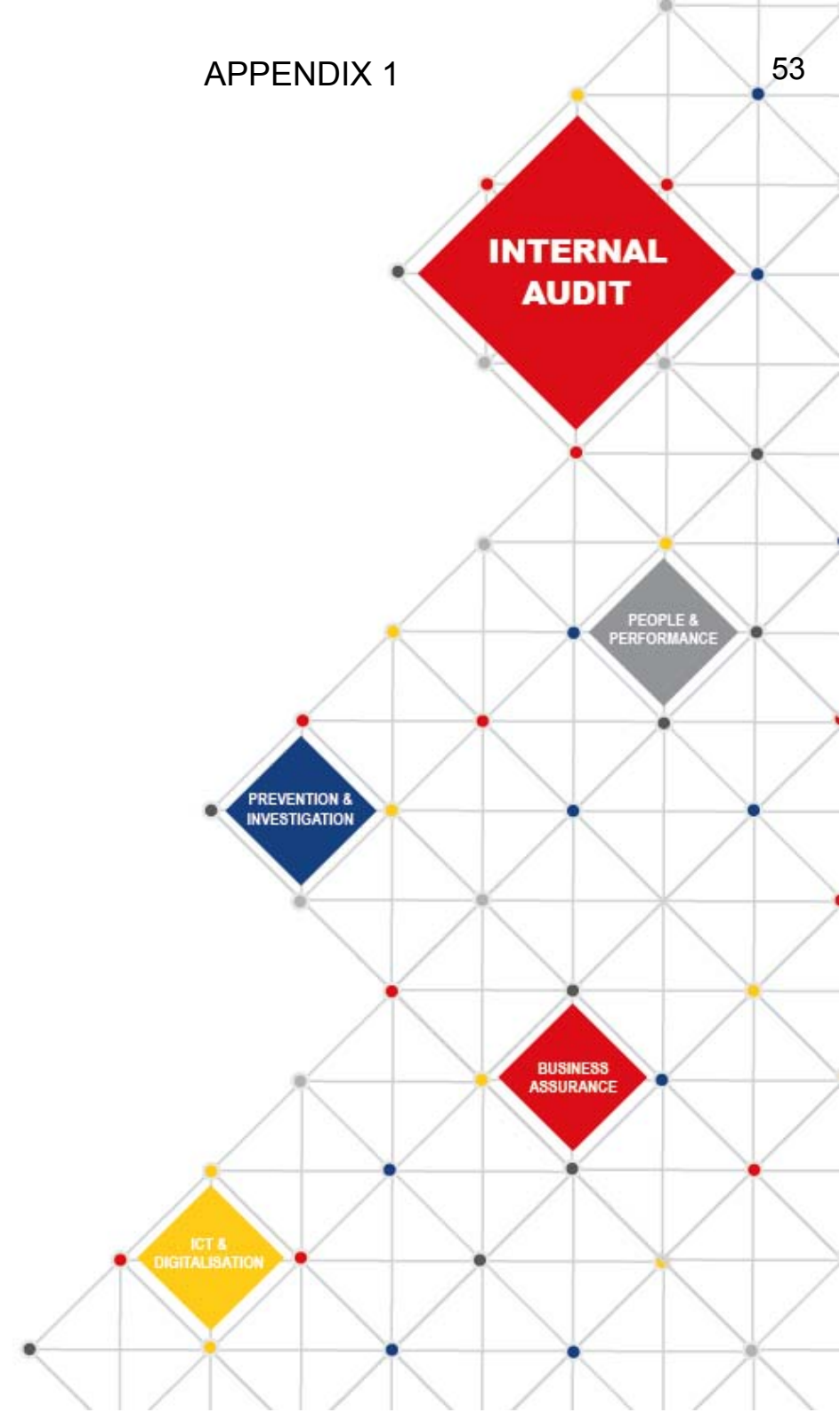


South Wales Fire and Rescue Service

Annual Internal Audit Plan

DRAFT

2018/19



Overview

Introduction

The Audit Plan for 2018/19 has been developed by carrying out an update audit risk assessment to ensure that the planned coverage for the year is focussed on the key audit risk areas and that the coverage will enable an annual Head of Audit Opinion to be provided in the Annual Report.

Key Emerging Themes

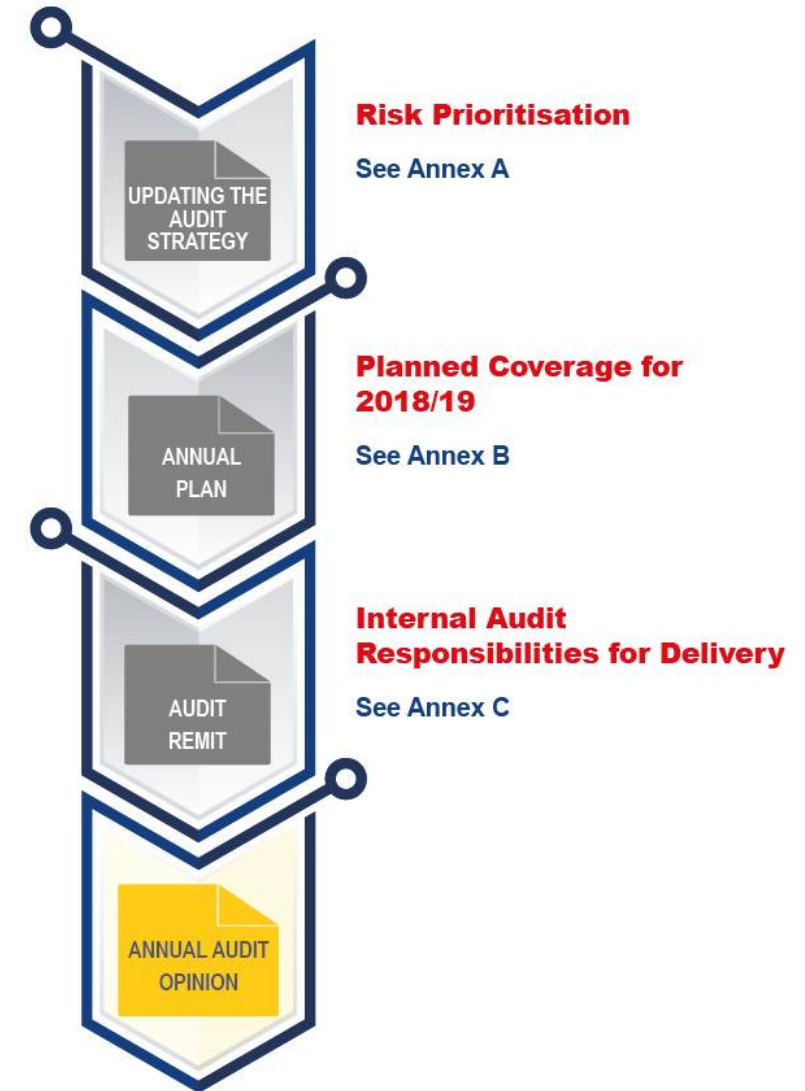
2018/19 will be a challenging year for the Welsh public sector both in terms of funding and also the pressures on service delivery. We have identified a number of key areas which require internal audit coverage during the year.

- Budget pressures – the continued severe financial pressures will not abate during the year and the quick opportunities for cost savings have largely been taken meaning additional efficiency savings in the year will have to be through innovative working initiatives.
- ICT - Enactment of GDPR – this will have a significant impact on how data is held and protected.
- Cybercrime – all the indications from 2017/18 is that there will be more sophisticated attempts to disrupt and deny services often for no clear motive.
- Finance – the ongoing funding pressures across the public sector.
- Collaboration – increasing collaboration throughout Wales and across the public sectors.

Adequacy of the planned audit coverage

The Audit Plan for 2018/19 provides the level of coverage to enable a head of audit annual opinion to be made on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control as required by the Public Sector Internal Audit Standards (PSIAS).

Figure 1 – 2018/19 Audit planning process



Internal Audit Plan

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 the Strategic Plan, Delivery Plan, Risk Register and financial regulations. The 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 and Committee.

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 2018/19 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.

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 and ensures compliance with the PSIAS.

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 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 the Public Sector Internal Audit Standards (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 PSIAS Standards.	100%

Conflict of Interest

We are not aware of any conflicts of interest and should any arise we will manage them in line with PSIAS requirements, 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:	28 th February 2018
Date revised plan issued:	29 th March 2018
Date revised draft plan issued:	9 th April 2018

Annex A: GUARD Risk Analysis

Changes for 2018/19

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.

Area	Commentary	GUARD Risk Grade	Internal Risk Grade	Included in 2018/19 Audit Plan
Budget Pressure				
Deep dive review of payments	In addition to data analytical identification of overpayments the review will also consider potential exposure arising from the changes to IR35 and the Criminal Finance Act which can have significant reputational implications as well as financial penalties for non-compliance. Cost comparisons for a basket of purchases will also be carried out as part of the review.	Yellow	Yellow	✓
ICT				
GDPR	This becomes effective in May 2018 and will have a significant impact on how data is held and protected. There are significant reputational implications as well as financial penalties for non-compliance	Red	Red	✓
Cybercrime	Cybercrime – all the indications from 2017/18 is that there will be more sophisticated attempts to disrupt and deny services often for no clear motive	Red	Red	2019/20
Regulatory/Legislative				
Modern Slavery Act	An important area to ensure compliance with the requirements of the act.	Yellow	Green	
Other				
Limited or no assurance in previous year	The review of fleet management usage will include the follow up of recommendations relating to the Limited Assurance review of Fleet Management – Fuel.	Red	Yellow	✓

Key to Grades

High	Medium	Low
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Annex B: Rolling Strategic Plan

Review Area	Type	2018/19	2019/20	2020/21
Governance and Risk Management				
Governance – Performance Management	Compliance	6	6	6
Governance – Strategic Planning	Assurance			6
Governance - Partnerships	Assurance	6		
Governance – Strategic Control	Assurance		6	
Governance - Communications	Appraisal			6
Risk Management – Mitigating Controls	Compliance	6	2	6
Finance				
Key Financial Controls	Compliance	6	6	6
Finance/HR System	Assurance		6	
Payment cards	Assurance		5	
Pensions	Assurance		6	
Procurement	Assurance			6
Anti-Fraud	Assurance	6		
Workforce				
HR Management – Rosters	Assurance	6		
HR Management – Training	Assurance		6	
HR Management – Wellbeing Strategy	Assurance			6
Operational Performance & Infrastructure				
Estate Management – Delivery	Assurance	6		
Estate Management - Strategy	Compliance		5	
Fleet Management – Usage	Appraisal	6		
Fleet Management – Fuel	Compliance			6

Review Area	Type	2018/19	2019/20	2020/21
Station Visits	Compliance	4	4	4
ICT				
EU General Data Protection Requirements	Compliance	5		
ICT Cyber Security	Assurance		5	
ICT Infrastructure	Appraisal			5
Management and Planning				
Follow-up	-	3	3	3
2018/19 Strategy and Plan	-	2	2	2
2018/19 Annual Report	-	1	1	1
Management	-	7	7	7
	Totals	70	70	70

Annex C: Annual Plan – 2018/19

Quarter	Audit	Type	Days	Rationale & Scope
1	Governance – Performance Management	Compliance	6	<p><u>Rationale</u> Wales Audit Office annual requirement.</p> <p><u>Scope</u> The review considers the arrangements for collection and reporting of “core” PI data in accordance with the Welsh Government’s requirements. The review will also consider any recommendations made in the 2016/17 report. The Wales Audit Office will provide a checklist in accordance with their requirements for testing.</p> <p>At the request of the FAPM will include testing on one non-mandated indicator.</p>
1	Fleet Management - Usage	Appraisal	6	<p><u>Rationale</u> Key risk area for the Service.</p> <p><u>Scope</u> The review will appraise the effectiveness of the usage planning arrangements for the fleet. The review will also follow up the implementation of the recommendations made in the 2017/18 Fleet Management Fuel review.</p>
1	HR Management – Rosters	Assurance	6	<p><u>Rationale</u> HR risk.</p> <p><u>Scope</u> The review will consider the effectiveness of the arrangements for scheduling and rostering across the service.</p>

Quarter	Audit	Type	Days	Rationale & Scope
2	Anti-Fraud Data Analytics – Deep dive review of payments	Compliance	6	<p><u>Rationale</u></p> <p>The review will provide assurance against reputational damage due to fraudulent activity, non-compliance with legislation (Finance Act), regulation (IR35) and duplicated payments utilising our Data Analytics team to focus the auditors testing regime. The work will be carried out in quarter 2 to provide sufficient time to resolve any issues identified during the review.</p> <p><u>Scope</u></p> <p>The review will cover legislative and regulatory requirements including a check on duplicate payments utilising TIAA's Data Analytics team. The Criminal Finances Act suggests that organisations should design or upgrade its procedures to include making clear to employees that the firm is committed to preventing the facilitation of tax evasion, including clauses in contracts with employees and external contractors requiring them not to engage in facilitating tax evasion, and to report their concerns straightaway, providing staff training, providing a safe whistle-blowing procedure, monitoring and enforcing prevention procedures and regular reviews of procedures and changing them where required.</p> <p>Other areas to be covered are:</p> <ul style="list-style-type: none"> • IR 35 • Duplicate payments
2	Station Visits	Compliance	4	<p><u>Rationale</u></p> <p>A small sample of stations visited each year to ensure local compliance with corporate procedures.</p> <p><u>Scope</u></p> <p>The review will consider the arrangements for complying with the organisation's financial procedures at two whole-time or two-part time crewed stations.</p> <p>A member of the Finance Team will attend the station visits</p>
2	Estate Management – Delivery	Assurance	6	<p><u>Rationale</u></p> <p>Area of significant spend.</p> <p><u>Scope</u></p> <p>The review will consider the contract management arrangements for a sample of the works delivered in accordance with the Estates Strategy.</p>

Quarter	Audit	Type	Days	Rationale & Scope
2	Governance – Partnerships	Assurance	6	<p><u>Rationale</u> Strategic risk. Governance review included in each year of the plan.</p> <p><u>Scope</u> The review will consider the effectiveness of the governance arrangements for partnerships.</p>
2	Risk Management – Mitigating Controls/Board Assurance	Compliance	6	<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>
2	GDPR Compliance Audit	Compliance	5	<p><u>Rationale</u> To help ensure compliance with the requirements of EU GDPR. The implementation of GDPR on 25th May requires significant changes to be made by organisations and breaches associated with non-compliance can be up to 4% of Global Turnover or €15M whichever is greater.</p> <p><u>Scope</u> The review will assess compliance with the key [EU] GDPR elements of:</p> <ul style="list-style-type: none"> • Privacy Impact Assessments • Data Subject rights (e.g. Right to be forgotten) • Data Classification and Asset management • Data Security & Breach Management • Governance & Consent • Data Controllers & Processors

Quarter	Audit	Type	Days	Rationale & Scope
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"> Budgetary control General ledger Cash, banking & treasury management Cash flow planning Income & debtors Payments Payroll Security of assets.
4	Follow-up	Follow up	3	The review ascertains whether management action has been taken to address the recommendations arising from selected internal audit work carried out in the previous financial year.
1	2018/19 Annual Plan and Strategy	Management	2	
4	2018/19 Annual Report	Management	1	
1-4	Management & Planning	Management	7	
		Total days	70	

Annex D: Audit Remit

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's framework of governance, risk management and control. TIAA is responsible for giving assurance to the Finance, Audit and Performance Management Committee on the adequacy and effectiveness of the risk management, control and governance processes.

Scope

All South Wales Fire and Rescue Service's 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 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 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.

Standards and Approach

TIAA's work will be performed with due professional care, in accordance with the requirements of the PSIAS.

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 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's 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.

Annex E: Assurance Mapping

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.

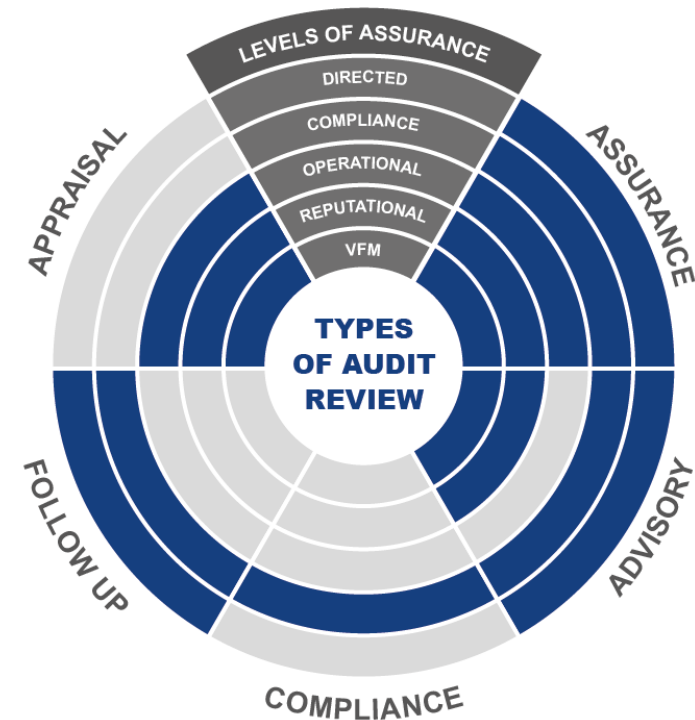


Benchmarking

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.



4. RECOMMENDATION

- 4.1 That Members note the work and overall opinion of the Internal Auditors for the financial year 2017/2018.

Contact Officer:	Background Papers:
Geraint Thomas Head of Finance & Procurement	Appendix 1 – Internal Auditors Annual Report Year ending 31 March 2018



South Wales Fire and Rescue Service

Internal Audit Annual Report

2017/18

Internal Audit Annual Report

INTRODUCTION

This is the 2017/18 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 Fire Authority in making its annual governance statement.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

TIAA is satisfied that for the areas reviewed during the year that 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 Authority's risk management, control and governance processes or the ongoing financial viability which must be obtained by the Authority from its various sources of assurance.

INTERNAL AUDIT PLANNED COVERAGE AND OUTPUT

The 2016/17 Annual Audit Plan approved by the Finance Audit and Performance Committee was for 70 days of internal audit coverage in the year. During the year there were xx/no changes

to the Audit Plan and these changes were approved by the Finance Audit and Performance Committee.

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

There was no work carried out which was in addition to the work set out in the Annual Audit Plan.

ASSURANCE

TIAA carried out eight 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	4	7
Limited Assurance	1	-
No Assurance	-	-

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 2017/18.

Urgent	Important	Routine
1	22	18

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	-	-	2
Compliance	-	10	2
Operational	1	12	14
Reputational	-	-	-

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
11

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 standards. An independent external review was carried out of our compliance of the Public Sector Internal Audit Standards (PSIAS) in 2016 and in particular to meet the requirement of an independent five 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.

Date Report issued:	9 th April 2018
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Annexes

Annex A

Actual against planned Internal Audit Work 2017/18

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Governance – Performance Management	Compliance	6	6	Substantial	Final Report Issued
ICT – Cyber Security	ICT	5	5	Reasonable	Final Report Issued
HR Management – Absence Management	Assurance	6	6	Substantial	Final Report Issued
Station Visits	Compliance	4	4	Purchasing – Substantial Fuel & Fuel Cards – Reasonable Overtime, Roster, Sickness and Training - Substantial	Final Report Issued
Governance – Strategic Planning	Governance	6	6	Substantial	Final Report Issued
Risk Management – Anti-Fraud	Risk	6	6	Reasonable	Final Report Issued
Joint Control Centre	Appraisal	6	-	-	Not completed: replaced with EU GDPR review
EU GDPR	Appraisal	-	-	-	Deferred to 2018/19
Fleet Management - Fuel	Appraisal	6	6	Limited	Final Report Issued
Key Financial Controls	Compliance	6	6	Reasonable	Final Report Issued

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Contract Management	Appraisal	6	6	Reasonable	Final Report Issued
Follow up		3	3		Final Report Issued
2017/18 Annual Plan		1	1		Final Report Issued
Strategic Plan		1	1		
2017/18 Annual Report		1	1		Final Report Issued
Management, Quality Assurance and Support		7	7		
	Total Days	70	64		

INTERNAL AUDIT REPORT

SUMMARY

This report updates Members upon progress being made against the Internal Audit Plan 2017/2018.

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 2017/2018 which was approved by this Committee on 3 April 2017.
- 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 **3** final reports being issued:-
 - **Key Financial Controls**
 - **Contract Management**
 - **Follow Up**

The Summary Internal Audit Progress Report written by TIAA Limited is attached as Appendix 4.

2.2 Key Financial Controls

- 2.2.1 An annual review of effectiveness is undertaken of the key financial controls which provide assurance that the following systems are operating in accordance with the Service's requirements:- Budgetary Control; General Ledger; Cash, Banking and Treasury

Management; Income & Debtors; Payments; Payroll; Security of Assets.

2.2.2 A reasonable level of assurance was given with four recommendations made: - two important, one routine, and one area of operational effectiveness was identified.

2.3 Contract Management

2.3.1 The review considered the ongoing contract management arrangements, including preparations for contract renewal, and the link to the Service's budgetary control arrangements.

2.3.2 The review was given a reasonable level of assurance with four recommendations: - two important, one routine, and one area of operational effectiveness.

2.4 Follow Up

2.4.1 The 'Follow Up' audit reviewed all actions and progress made in respect of previous audit reports which had identified priority 1 and 2 recommendations. This included recommendations made in the previous financial year which required actions in 2017/2018.

2.4.2 The auditors found that good progress had been made against the recommendations with 67% 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.

Contact Officer:	Background Papers:
Geraint Thomas Head of Finance & Procurement	Appendix 1 – Key Financial Controls Appendix 2 – Contract Management Appendix 3 – Follow Up Appendix 4 – Summary Internal Audit Progress Road

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South Wales Fire and Rescue Service

Compliance Review of Key Financial Controls

2017/18

Executive Summary

OVERALL ASSURANCE ASSESSMENT



OVERALL CONCLUSION

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

- The Financial Procedure Rules need to be reviewed.
- A meeting is required with Wales Audit Office to review and amend the content of the Audit of Financial Statement Addendum report.
- The bank reconciliation for the NatWest current account for December 2017 was not signed off as approved.

RATIONALE AND 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 Association's requirements: Budgetary control; General ledger; Cash, banking & treasury management; Income & debtors; Payments; Payroll, Security of assets.

ACTION POINTS

Urgent	Important	Routine	Operational
0	2	1	1

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	Compliance	The Financial Procedure Rules have not been reviewed for some time as changes to the document were last approved by the Fire & Rescue Authority in July 2013.	The Financial Procedure Rules be reviewed and any changes be approved by the Fire & Rescue Authority.	2	<i>The financial procedure rules remain fit for purpose but will be reviewed and if necessary updated during 2018/19 financial year.</i>	July 2018	Head of Finance & Procurement
2	Compliance	The Senior Accountant confirmed that the content detailed in the Audit of Financial Statement Addendum Report was incorrect and did not agree with the information which was provided to the external auditors during their visit.	A meeting be held with External Auditors as soon as possible to review and amend the information detailed within the Audit of Financial Statement Addendum Report.	2	<i>As part of the audit process the issues identified in the ISA260 report have been communicated to the WA team leader although the Report will not be re-issued due to timing and nature.</i>	Complete Will addressed	Head of

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	Control issue on which action should be taken.
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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
					<i>The ISA260 reports needs to be shared with the Senior Acct and finance team prior to reporting to ensure anomalies are identified and altered.</i>	<i>during 2017/18 closure process</i>	<i>Finance & Procurement and Senior Acct</i>
3	Compliance	The bank reconciliation for the NatWest current account for December 2017 was not signed off as approved.	All bank account reconciliations be reviewed and signed off by either the Financial Accountant or the Senior Accountant.	3	<i>Agreed. The bank account in question is not the main current account of the Authority and is also not used as one. It is an account set up to help manage SWFRS counter parties within the limits set out in the TMSS and is to all intents and purposes a</i>	<i>asap</i>	<i>Financial or Senior Acct's</i>

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	Control issue on which action should be taken.
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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
					<i>holding account with very limited activity.</i>		

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	Control issue on which action should be taken.
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Operational Effectiveness Matters

Ref	Risk Area	Item	Management Comments
1	Compliance	Consideration be given to introducing an electronic bank and control account reconciliation process.	<p><i>This is feasible for current accounts although not seem possible for control accounts other than debtors and creditors which are already automated as much as possible. Electronic reconciliation of the SWFRS current account was explored when introducing the new system in 2014 and unfortunately the process took more time than the manual alternative. As bank rec's for the current a/c are undertaken weekly this never turns into a large undertaking.</i></p> <p><i>There is a tick list maintained on the Acct Ast work area dashboard to indicate that all control a/c reconciliations have been completed within the correct period.</i></p>

PRIORITY GRADINGS

1	URGENT	Fundamental control issue on which action should be taken immediately.
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2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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3	ROUTINE	Control issue on which action should be taken.
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South Wales Fire and Rescue Service

Appraisal Review of Contract Management

2017/18

Executive Summary

OVERALL ASSURANCE ASSESSMENT



OVERALL CONCLUSION

Appropriate controls are in place within the Service to ensure the effective renewal and management of contracts with arrangements in place to identify required contracts, plan lead-in times and develop the specification for goods and services, manage contractor performance and control of contract spend.

- A number of improvement actions have been identified through the *Wales Fire and Rescue Services Procurement Strategy Action Plan 2017-2022* and the *Welsh Procurement Fitness Health Check* that need to be implemented;
- Responsibility for obtaining confirmation of up to date insurances, licenses and other documentation required for the end of life vehicles contract needs to be formally communicated to the Training Department.

RATIONALE AND SCOPE

Rationale

Key risk area for the Service.

Scope

The review considered the ongoing contract management arrangements including preparations for contract renewal and the link to the Service's budgetary control arrangements. A sample of two contracts was selected for detailed review.

ACTION POINTS

Urgent	Important	Routine	Operational
-	2	1	1

Management Action Plan – Priority 1, 2 and 3 Recommendations

Rec .	Risk Area	Finding	Recommendation	Priorit y	Management Comments	Implementati on Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Operational	Review of the Wales Fire and Rescue Services Procurement Strategy Action by Plan 2017-2022 and the Procurement Fitness Health Check noted that there are a number of actions that have been identified which either have not been actioned within the stated timeframe or limited action has been taken to date.	The actions identified through the <i>Wales Fire and Rescue Services Procurement Strategy Action Plan 2017-2022</i> and the <i>Welsh Procurement Fitness Health Check</i> be implemented as planned.	2	<i>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.</i>	30/06/2018	Senior Procurement / Procurement Officer

PRIORITY GRADINGS

1 URGENT Fundamental control issue on which action should be taken immediately.

2 IMPORTANT Control issue on which action should be taken at the earliest opportunity.

3 ROUTINE Control issue on which action should be taken.

3	Operational	It was noted during the review that service providers are required to provide certificates of their 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, and that they hold an end of life vehicle permit. The requirement to ensure that the contractor's compliance certificates, including insurances, would generally be the responsibility of the department concerned, however, it was noted during the review that the Training Department were not aware of this and that there was an incorrect perception that such compliance would be monitored by the Procurement team.	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.	2	<i>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.</i>	14/02/2018	Procurement Co Ordinator
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PRIORITY GRADINGS

1

URGENT

Fundamental control issue on which action should be taken immediately.

2

IMPORTANT

Control issue on which action should be taken at the earliest opportunity.

3

ROUTINE

Control issue on which action should be taken.

2	Operational	Discussion with procurement officers noted that training on the procure-to-pay system was provided to relevant staff when the new system went live in 2014 and that procurement training has also been given by the Procurement team to specific groups of officers, including new station managers; however, at present there is no formal procurement training for those that may be responsible for managing contracts or participate in procurement exercises. It is good practice for all staff involved in procurement and payment of goods and services to have some level of training commensurate with their role. The procurement strategy records an intention to develop a draft register of non-procurement staff who have responsibility for purchasing goods and services and implement and deliver a non-procurement staff training plan.	Arrangements be developed to provide formal training on procurement and purchasing to staff that is commensurate with their role and responsibilities.	3	<i>We have developed a formal training plan to include Contract Management, Procurement and System Training. The training will commence 01/03/2018.</i>	01/03/2018	Procurement Officer
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PRIORITY GRADINGS

1 URGENT Fundamental control issue on which action should be taken immediately.

2 IMPORTANT Control issue on which action should be taken at the earliest opportunity.

3 ROUTINE Control issue on which action should be taken.

Operational Effectiveness Action Plan

Ref	Risk Area	Item	Management Comments
1	Operational	Consideration be given to implementing compliance registers for contract management purposes where contractors or suppliers are required to provide confirmation of insurances, qualifications or compliance with statutory requirements.	<i>Following the implementation of the Business Management Information System (BMIS) we will explore the possibility of implementing a compliance/contract register internally, whereby end users and procurement could potentially have shared access.</i>

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

ADVISORY NOTE

Operational Effectiveness Matters need to be considered as part of management review of procedures.

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South Wales Fire and Rescue Service

Follow Up Review

2017/18

Executive Summary

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 South Wales Fire and Rescue Service. The scope of the review does not include detailed testing of the actions taken to assess their effectiveness. The review was carried out in January 2018.

Review	Year	Date Presented to Finance, Audit and Performance Committee
Estate Management Strategy	2016-17	December 2016
Station Visits	2016-17	April 2017
HR Training	2016-17	April 2017
Governance - Internal Communications	2016-17	April 2017
Follow Up (2016-2017)	2016-17	April 2017
ICT Security Management Controls	2016-17	April 2017

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	9
In Process of Being	1
Revised Target Date	4
Considered but not	-
No Longer Applicable	-
Not Implemented	-

3. The Service has made good progress with the completion of all recommendations with nine (60%) being implemented and one (7%) in the process of being implemented. Four (33%) recommendations had not been implemented and a revised target date for implementation needs to be set.

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.

Date draft report issued:	14 th February 2018
Date revised draft report issued:	23 rd February 2018
Date management responses received:	5 th March 2018
Date final report issued:	7 th March 2018



South Wales Fire and Rescue Service

Summary Internal Controls Assurance (SICA) Report 2017/18

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 21st March 2018.

PROGRESS AGAINST THE 2017/18 ANNUAL PLAN

2. Our progress against the Annual Plan for 2017/18 is set out in Appendix A. The results of these reviews are summarised at Appendix B.

INTERNAL CONTROL FRAMEWORK

3. The key strategic governance, risk management and control matters identified from the review completed since the previous meeting is summarised in figure 1 below. There are no issues arising from the findings to date which would require the annual Head of Audit Opinion to be qualified.

Figure 1 - Key Strategic Governance, Risk Management and Control Matters

Review	High level
Contract Management	<p>Appropriate controls are in place within the Service to ensure the effective renewal and management of contracts with arrangements in place to identify required contracts, plan lead-in times and develop the specification for goods and services, manage contractor performance and control of contract spend.</p> <ul style="list-style-type: none"> • A number of improvement actions have been identified through the <i>Wales Fire and Rescue Services Procurement Strategy Action Plan 2017-2022</i> and the <i>Welsh Procurement Fitness Health Check</i> that need to be implemented; • Responsibility for obtaining confirmation of up to date insurances, licenses and other documentation required for the end of life vehicles contract needs to be formally communicated to the Training Department

Review	High level
<p>Key Financial Controls</p>	<p>The Service has sufficient segregation of duties and key financial controls in place that are appropriate to the size of the Finance team which were found to be operated effectively from the testing completed as part of this review.</p> <ul style="list-style-type: none"> • The Financial Procedure Rules need to be reviewed. • A meeting is required with Wales Audit Office to review and amend the content of the Audit of Financial Statement Addendum report. • The bank reconciliation for the NatWest current account for December 2017 was not signed off as approved.

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 details of audits completed for 2017/18 since the previous Finance, Audit and Performance Management meeting.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OE
Contract Management	Reasonable	31/01/2018	20/02/2018	26/02/2018	0	2	1	1
Key Financial Controls	Reasonable	26/01/2018	01/03/2018	07/03/2018	0	2	1	1

CHANGES TO THE ANNUAL PLAN 2017/18

6. Management have requested that the review of the Joint Control Centre is not completed. A review of the arrangements being put in place for compliance with the new EU-GDPR (European Union – General Data Protection Regulations) was planned to be completed, but due to availability of key staff this was postponed to 2018/19 Quarter 1.

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. There was one Priority 1 recommendation (i.e. fundamental control issues on which action should be taken immediately) made in the Fuel – Fleet Management report which has been confirmed as implemented.

OTHER MATTERS

10. We have issued briefing notes and fraud digests since the last Finance, Audit and Performance Committee. These are listed 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 2017/18

System	Planned Quarter	Days	Revised Quarter	Current Status	Comments
Governance – Performance Management	1	6	2	Final report issued	
ICT – Cyber Security	1	5	2	Final report issued	
HR Management – Absence Management	1	6	2	Final report issued	
Station Visits	2	4	2	Final report issued	
Governance – Strategic Planning	2	6	2	Final report issued	
Risk Management – Anti-Fraud	3	6	3	Final report issued	
Joint Control Centre	3	6	3		Cancelled at the request of management
Fleet Management - Fuel	3/4	6	3	Final report issued	
Key Financial Controls	4	6	4	Final report issued	
Contract Management	4	6	4	Final report issued	
Follow up	4	3	4	Final report issued	
2017/18 Annual Plan	1	1	1	Final report issued	
Strategic Plan	1	1	1	Final report issued	

System	Planned Quarter	Days	Revised Quarter	Current Status	Comments
2017/18 Annual Report	4	1	4	Final report issued	
Management, Quality Assurance and Support	1-4	7	1-4	Completed	

KEY:

	=	To be commenced
	=	Site work commenced
	=	Draft report issued
	=	Final report issued

Briefings on Developments in Governance, Risk and Control

Summary of Recent Client Briefing Notes (CBNs)

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.

Date Issued	CBN Ref	Subject	Status	TIAA Comments
01/02/2018	CBN-18005	All - 24/7 Live Reporting of Cyber Attacks	For Possible Action	Audit Committees and Boards/Governing Bodies are advised to take note of this information, and confirm that IT teams are aware of the support available from Action Fraud's helpline and have appropriately updated their cyber response plan.
29/01/2018	CBN-18004	All - Managing Risk on Cloud Enabled Products	For Possible Action	Audit Committees are advised to seek assurance from their IT supplier (whether in-house or external) that all cloud-enabled IT systems and network devices are recognised, managed and monitored, with appropriate security measures being taken and maintained. Organisations should also consider periodic audit review over these processes and procedures, to give independent assurance that cloud controls are reliable and working properly.
29/01/2018	CBN-18003	All – Potential Compensation for Bank Transfer Frauds	For Information	Audit Committees and Boards/Governing Bodies are advised to take note of this information.

Date Issued	CBN Ref	Subject	Status	TIAA Comments
29/01/2018	CBN-18002	All –Increase in EU Procurement Thresholds	For Information	Audit Committees and Boards/Governing Bodies are advised to note the changes in EU Procurement Thresholds.
10/01/2018	CBN-18001	All - Cabinet Office looks for Managed Service for National Fraud Initiative	For Information	Audit Committees and Boards/Governing Bodies are advised that the NFI will be continuing its work for the foreseeable future in helping to prevent and detect fraud, overpayment and error.

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

AGENDA ITEM NO 11
 23 APRIL 2018

**REPORT ON PROGRESS OF AUDIT, SCHEME AND CIRCULAR ACTION
 UPDATES AS AT 23 MARCH 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 graphical summaries showing all actions ongoing, overdue and completed since 2 July 2012 are also provided for each type of action.

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 an electronic database. Each quarter Officers are requested to provide progress updates on these actions.

2. ISSUE

- 2.1 There are currently 34 actions recorded as progressing on the database, with 0 of these shown as overdue against target date, and 421 completed since 2 July 2012. (July 2012 was the latest refresh of the system.)

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.

Contact Officer:	Background Papers:
Paul Conway Engagement, Transformation and Performance Officer	Appendix 1 - List showing progress recorded against actions arising from Internal Audits, Wales Audit Office Thematic Reviews, Operational Assurance Peer Reviews, Corporate Schemes and Government Circulars.

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APPENDIX 1 - List showing progress recorded against actions arising from internal audits, Wales Audit Office thematic reviews, Operational Assurance peer reviews, corporate schemes and Government circulars. A graphical summary showing actions progressing, overdue and completed since 2 July 2012 is also included for each type of action.

(i) Internal Audit Actions Report

Audit/Scheme/Circular Name	Action Description in Full	Original Target Date	Current Due date	Action Owner	Action Owner Progress Update	Revised Target Date
Assurance review of the Governance - Internal Communication Arrangements	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.	03-04-17	03-04-17	Meredith, Rebecca	Q3 2017/18 - Planning meetings and establishing consistent format for information for 2018/19 with key leads within each of the 'customer' departments that utilise Media & Communications and its functions. This will ensure that the team are aware of requests so that they are managed accordingly and planned in as early as possible to reduce conflicting pressures and deadlines on the team.	31-03-18

Audit/Scheme/Circular Name	Action Description in Full	Original Target Date	Current Due date	Action Owner	Action Owner Progress Update	Revised Target Date
Assurance Review of the Governance - Internal Communication Arrangements	The Service, Performance and Communications Team continue as planned to finalise the Communications and Engagement Strategy 2017-2020 and seek endorsement from the Senior Management Team.	03-04-17	03-04-17	Meredith, Rebecca	Q3 2017/18 - The communications and engagement strategy has been updated to reflect the digital communications changes within the team, as well as additional strategic considerations being given to the engagement activity being delivered under the Media & Communications department on behalf of the Service. The engagement section of the strategy is currently being reviewed by CEG so that this it is able to deliver meaningful activity and outcomes.	30-03-18
Appraisal Review of Risk Management - Anti-Fraud Arrangements	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.	31-01-18	30-06-18	Thomas, Geraint	Q3 2017/18 -The policy document has been amended to reflect the recommendations made by the internal auditor. The revised document will be published in April 2018.	30-04-18
Appraisal Review of Risk Management - Anti-Fraud Arrangements	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.	31-12-17	30-06-18	Thomas, Geraint	Q3 2017/18 - A formal register has been drafted and discussion will be held with the FAPM committee to decide the frequency on it being presented.	23-04-18
Appraisal Review of Risk Management - Anti-Fraud Arrangements	The OP-05.003 Public Interest Disclosure Procedure (Whistleblowing) be reviewed and updated as planned.	31-01-18	30-06-18	Thomas, Geraint	Q3 2017/18 OP-05.003 Public Interest Disclosure Procedure (Whistleblowing) be reviewed and updated as planned.	30-04-18

Audit/Scheme/Circular Name	Action Description in Full	Original Target Date	Current Due date	Action Owner	Action Owner Progress Update	Revised Target Date
Appraisal Review of Risk Management - Anti-Fraud Arrangements	The formal designation of a Money Laundering Reporting Officer for the Service be included in the next review of the Financial Procedures.	30-04-18	30-04-18	Thomas, Geraint	Q3 2017/18 - The review of Financial procedures will take place during 2018/19. The designation of reporting officer will be included in the updated version.	30-09-18
Appraisal Review of Risk Management - Anti-Fraud Arrangements	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.	31-05-18	31-05-18	Thomas, Geraint	Q3 2017/18 -This action is pending the new Service website.	31-06-18
Appraisal Review of Risk Management - Anti-Fraud Arrangements	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.	31-03-18	30-06-18	Thomas, Geraint	Ongoing action to be undertaken in the event of fraud.	30-06-18
Appraisal Review of the Estate Management Strategy Arrangements	The compliance management package be developed to help record and monitor compliance activities and reduce administration.	05-12-16	01-12-17	Corrigan, Nick	25-10-17 No further updates, ICT are still progressing. 15-12-17 No further updates, ICT are still progressing.	08-09-18

Audit/Scheme/Circular Name	Action Description in Full	Original Target Date	Current Due date	Action Owner	Action Owner Progress Update	Revised Target Date
Appraisal Review of the Anti-Fraud Cyber Crime Preparedness Arrangements	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.	31-10-13	31-12-14	Evans, Jackie	13-03-18 - As per previous update Jackie Evans has drafted guidance on protective marking - however, markings will have to be made manually by users. ICT are investigating electronic systems.	31-03-18
Operational Review of the Authority Assurance Framework	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.	30-11-15	31-12-17	Watkins, Sarah	Q3-2017 Project Management will be reviewed within the new BMIS project once the Planning Framework Element has been established and rolled out across the service. This is currently scheduled for release in Q2 2018. Therefore target date revised as such to reflect.	30-09-18
Appraisal Review of the Risk Mitigation Arrangements	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 measures.	31-12-17	04-09-17	Watkins, Sarah	Q3-2017 The Risk Element of the BMIS project will be carried out once the planning framework elements have been completed and rolled out across the service. The risk element of BMIS will be actioned in Q1 2018. Therefore target date revised to reflect this.	30-06-18

Audit/Scheme/Circular Name	Action Description in Full	Original Target Date	Current Due date	Action Owner	Action Owner Progress Update	Revised Target Date
Assurance Review of the Governance - Internal Communication Arrangements	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 sits; 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.	03-04-17	03-04-17	Watkins, Sarah	Q3 2017 - Interim structure remains in place still awaiting decision on the future structure of the department. Website project is progressing. Elements of proposed structure being implemented on a temporary basis to test viability. Due to additional SOF reviews taking place that could potentially impact on the future structure revised target date amended to reflect this.	30-07-18
Appraisal Review of Risk Management - Anti-Fraud Arrangements	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.	30-11-17	31-07-18	Watkins, Sarah	Q3 2017-2018: The corporate code of governance will be reviewed in Q1 2018-2019.	31-07-18
Appraisal Review of Risk Management - Anti-Fraud Arrangements	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.	31-12-17	31-07-18	Watkins, Sarah	Q3 2017-2018: The gifts and hospitality process and procedure will be reviewed in Q1 2018-2019.	31-07-18

Audit/Scheme/Circular Name	Action Description in Full	Original Target Date	Current Due date	Action Owner	Action Owner Progress Update	Revised Target Date
Appraisal Review of Risk Management - Anti-Fraud Arrangements	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.	31-12-17	31-07-18	Watkins, Sarah	Q3 2017-2018: The forward work programme will be reviewed to enable regular reporting to FAPM	31-07-18
Assurance Review of the Payroll & HR Controls Arrangements	All procedures relating to HR and Payroll processes be reviewed and amended as planned.	31-08-14	31-03-17	Jeal, Kimbely	Q3 - As above, Phase 2 has just started and this action cannot be completed until its completion. Q4 - 31/3/2018 - As above, Phase 2 has just started and this action cannot be completed until its completion.	31-06-18
Follow Up Review	Payroll HR Controls 2013-2014 All procedures relating to HR and Payroll processes be reviewed and amended as planned	30-03-14	30-03-14	Malson, Mark	13 March 2018 - We are now implementing phases 1 and 2 of the Core Modules and drafting procedures that support the roll out of the modules across the Service. We have established a CoreHR Coordinators role to ensure that all processes are documented and available to ensure resilience is maintained.	31-03-18
Assurance Review of HR Management - Absence Management	The Welfare and Attendance Monitoring Procedure be updated to reflect current practice.	11-09-17	31-03-18	Nancarrow, Jannette	This quarter remains the same as the last update as the last training section will take place in January 2018.	31-03-18

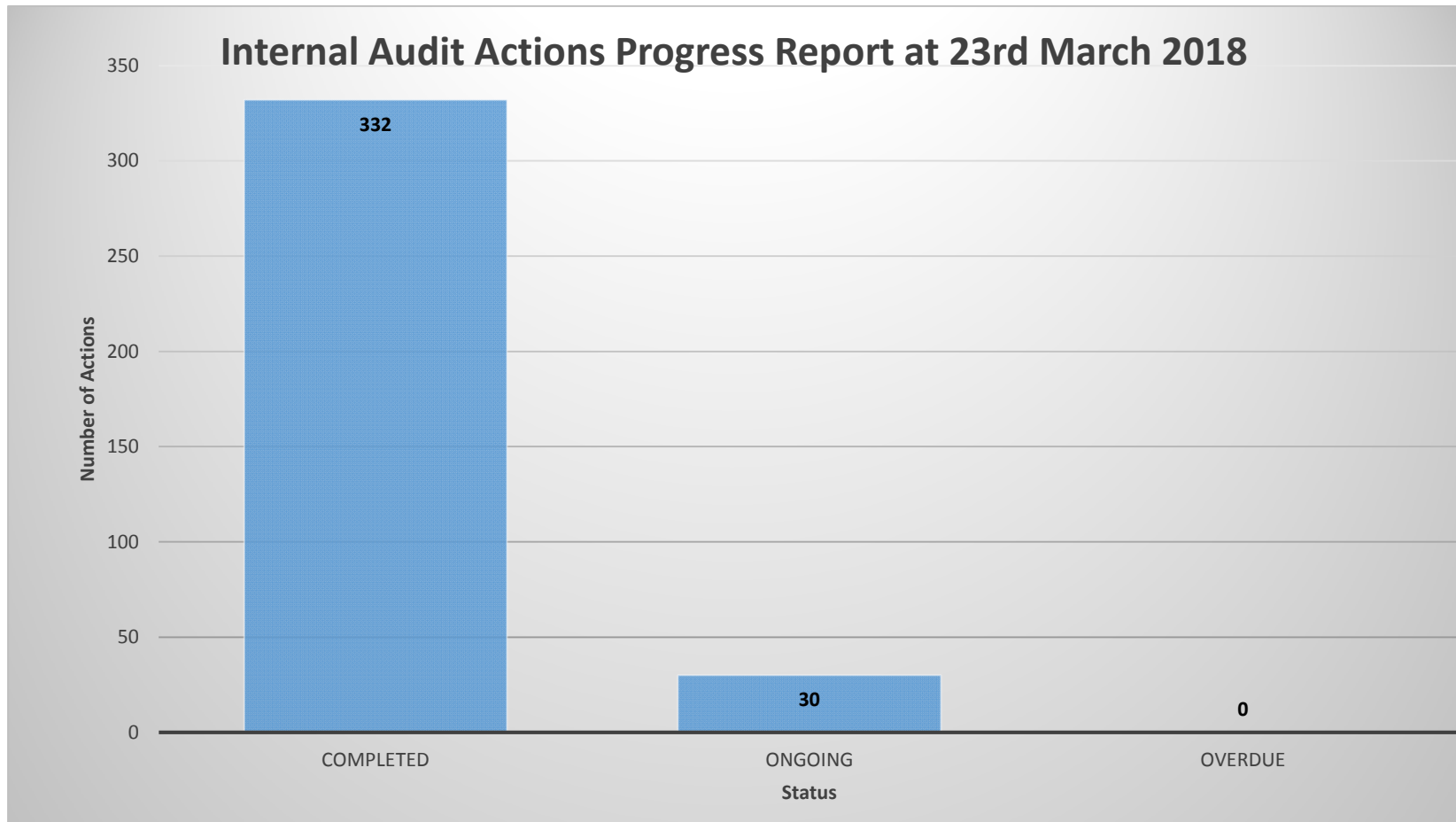
Audit/Scheme/Circular Name	Action Description in Full	Original Target Date	Current Due date	Action Owner	Action Owner Progress Update	Revised Target Date
Follow Up Review	Group Managers be advised to be more assertive in their comments on Station Audit reports to address unsatisfactory performance/standards in relation to high risk/high profile areas in order that the desired outcome is achieved.	20-05-16	30-04-17	Bellew, Eric	Q3. Audit summaries are still concentrating on the practical drill element of the audit rather than providing commentary on the outcome of the report findings by the Operational Audit and Support Team who carry out the full inspection. As a result, the summary focuses on one fifth of the report. When a visiting GM conducts the practical drill and Q&A session, this should not stop the UA GM supplementing the summary with their observations on the total report with an outline of improvements discussed with the Station Commander if required.	01-05-18
Regularity Review - Station Visits	Pencoed Station be supplied with a first aid kit for the Environmental Commander Unit (ECU) vehicle.	11-09-17	02-04-18	Richards, Steve	Q3 - First aid kit for the Environmental Commander Unit (ECU) vehicle has been ordered through E-PROC and awaiting delivery. Action will be updated when it arrives.	02-04-18
Regularity Review - Station Visits	An Asset Inventory list be developed and maintained for Aberdare Station.	03-04-17	03-04-17	Williams, Nigel	Q2. Due completion end of October. Q3. Due completion end of March 2018	31-03-18

Audit/Scheme/Circular Name	Action Description in Full	Original Target Date	Current Due date	Action Owner	Action Owner Progress Update	Revised Target Date
Regularity Review - Station Visits	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.	11-09-17	01-01-19	Walker, John S	This is still included as part of the station audit process, this year to reinforce the importance any failure in this area is deemed as a fail in that section of the audit, this has succeeded in focusing station commanders on the issue but it may be next year that we see the required improvement implemented more comprehensively.	01-01-19
Follow Up Review	Mobile devices, USB ports and CD/DVD drives be effectively managed to prevent the introduction of malware and the loss of data.	30-03-14	30-06-17	Lloyd, Christopher	20/12/2017 - Thin Clients are being investigated. These are the computers used to display the Virtual Desktop environment for users. We are investigating ways to scan USB sticks when they are inserted into these devices, as USB access is currently blocked for security reasons. 12/03/2018 - awaiting extra functionality from IGEL to allow device management.	31-05-18
Follow Up Review	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.	31-12-17	31-12-17	Lloyd, Christopher	24-10-2107 - Legal Department now outlined marking scheme required, work being carried out with email scanning provider to implement solution. 20-12-2017 - Review software solutions to implement marking scheme in documents and emails.	01-06-18

Audit/Scheme/Circular Name	Action Description in Full	Original Target Date	Current Due date	Action Owner	Action Owner Progress Update	Revised Target Date
Assurance Review of ICT - Cyber Security	Intrusion prevention and intrusion detection solutions be implemented at the earliest opportunity.	31-03-18	31-03-18	Jones, Aaron	No update available	30-06-18
Follow Up Review	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.	31-03-16	30-04-17	Smith, Darren	27-10-2017 - Discussed at the Security Risk Group (SRG) (05.09.17) action is on Dave Crews/Jackie Evans - Update as follows: Ongoing. Still awaiting input from a number of departments but meetings have been arranged to take place over the next couple of weeks. 24-12-2017 - No change.	31-03-18
Assurance Review of ICT Security Management Controls	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. This replaced previous action.	05-12-16	30-06-17	Smith, Darren	20-12-2017 - Full reconciliation taking place to load the assets into the new Asset Management System with a go-live in January 2018. 29-01-2018 - Asset imported from various systems including Vodafone and Airwave assets - currently consolidating this information. Have advised that the Annual Programme will be completed by 31/05/2018	31-05-18

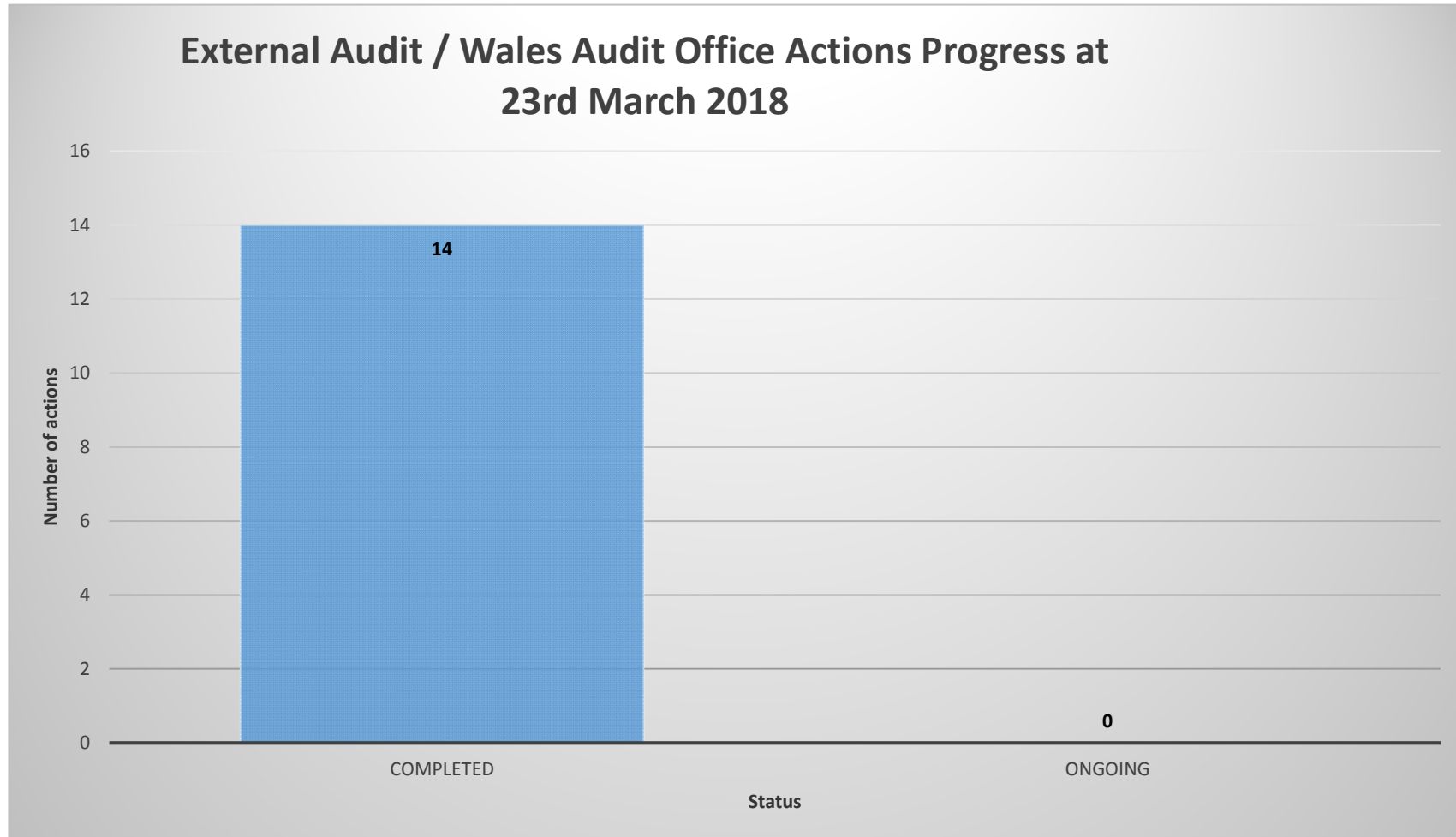
Audit/Scheme/Circular Name	Action Description in Full	Original Target Date	Current Due date	Action Owner	Action Owner Progress Update	Revised Target Date
Assurance Review of ICT - Cyber Security	A comprehensive log management strategy be implemented that includes the use of a central log server and the use of log management tools.	31-03-19	31-03-19	Smith, Darren	No update available	31-03-19
Assurance Review of ICT - Cyber Security	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.	25-05-18	25-05-18	Williams, Chris	No update available	25-05-18

(ii) Internal Audit Actions snapshot of progress by category



(iii) External Audit/Wales Audit Office Actions Report

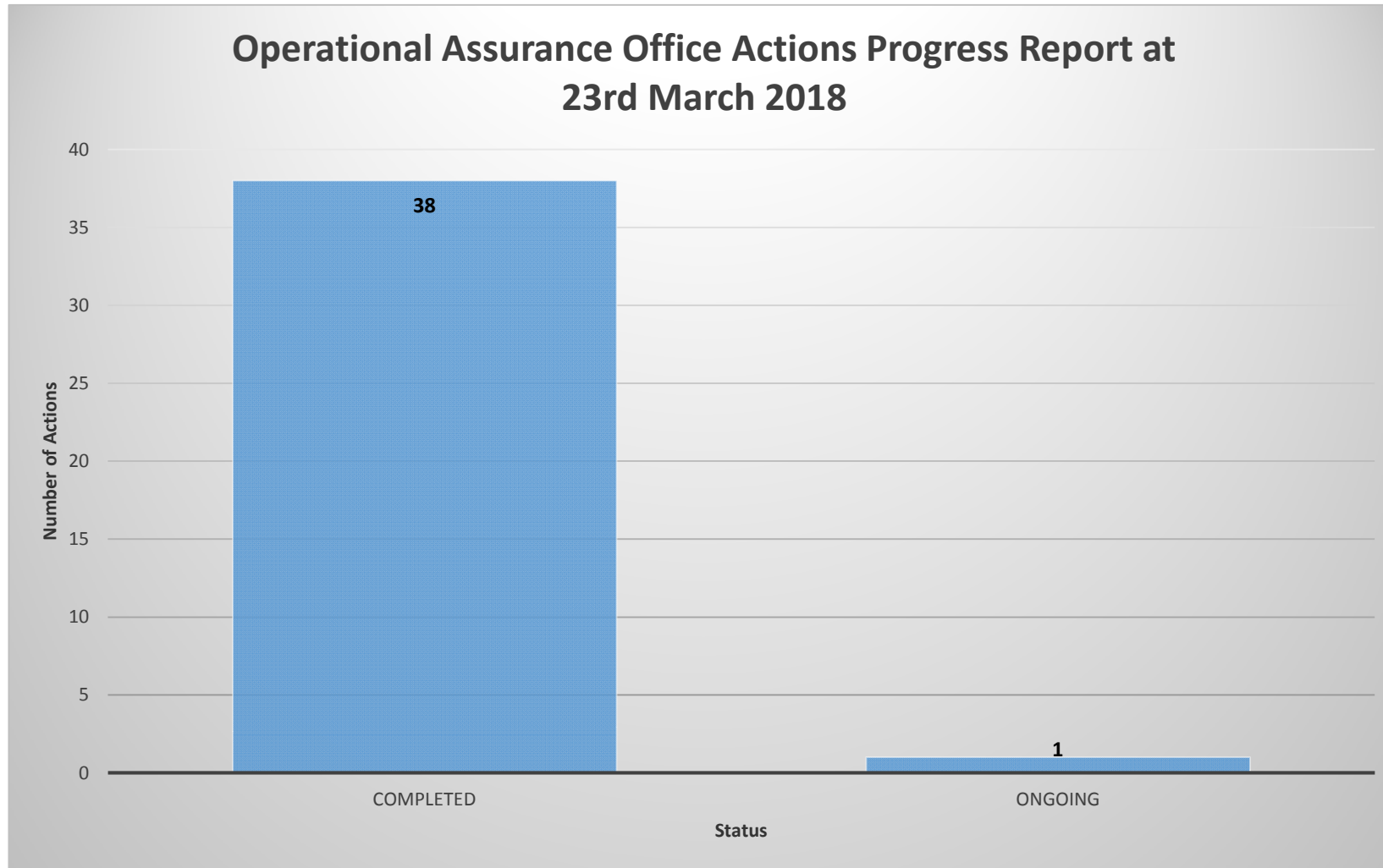
(iii) All External Audit/Wales Audit Office actions have been completed.

External Audit/Wales Audit Office Actions snapshot of progress

(iv) Operational Assurance Actions Report

Audit/Scheme/ Circular Name	Action Description in Full	Original Target Date	Current Due Date	Action Owner	Action Owner Progress Update	Revised Target Date
Ops Assurance	Review the allocation of Legislative Fire Safety resources following the introduction of the new MIS in line with the revised picture of risk.	01-03-13	30-04-17	Kibblewhite, Alison	<p>Oct 2017 - Good progress over the last quarter with AM Steve Taylor West Midlands FRS (WMFRS) overseeing the project. A project plan and timeline has been developed and shared. Monthly video conference meetings are booked in. Good progress on the development of the Risk Identification Data Gathering Engine (RIDGE) system. A demo model is due to be completed shortly. Partnership funding has been released for 17-18 to continue to develop the system. Workbooks are being aligned to the (RIDGE) at the same time.</p> <p>Dec 18 – WMFRS ICT have shown us the RIDGE system development. Twice weekly videoconferencing is underway and progress is being made. Test data is being migrated into the system.</p>	31-03-18

(v) Operational Assurance Peer assessment actions snapshot of progress

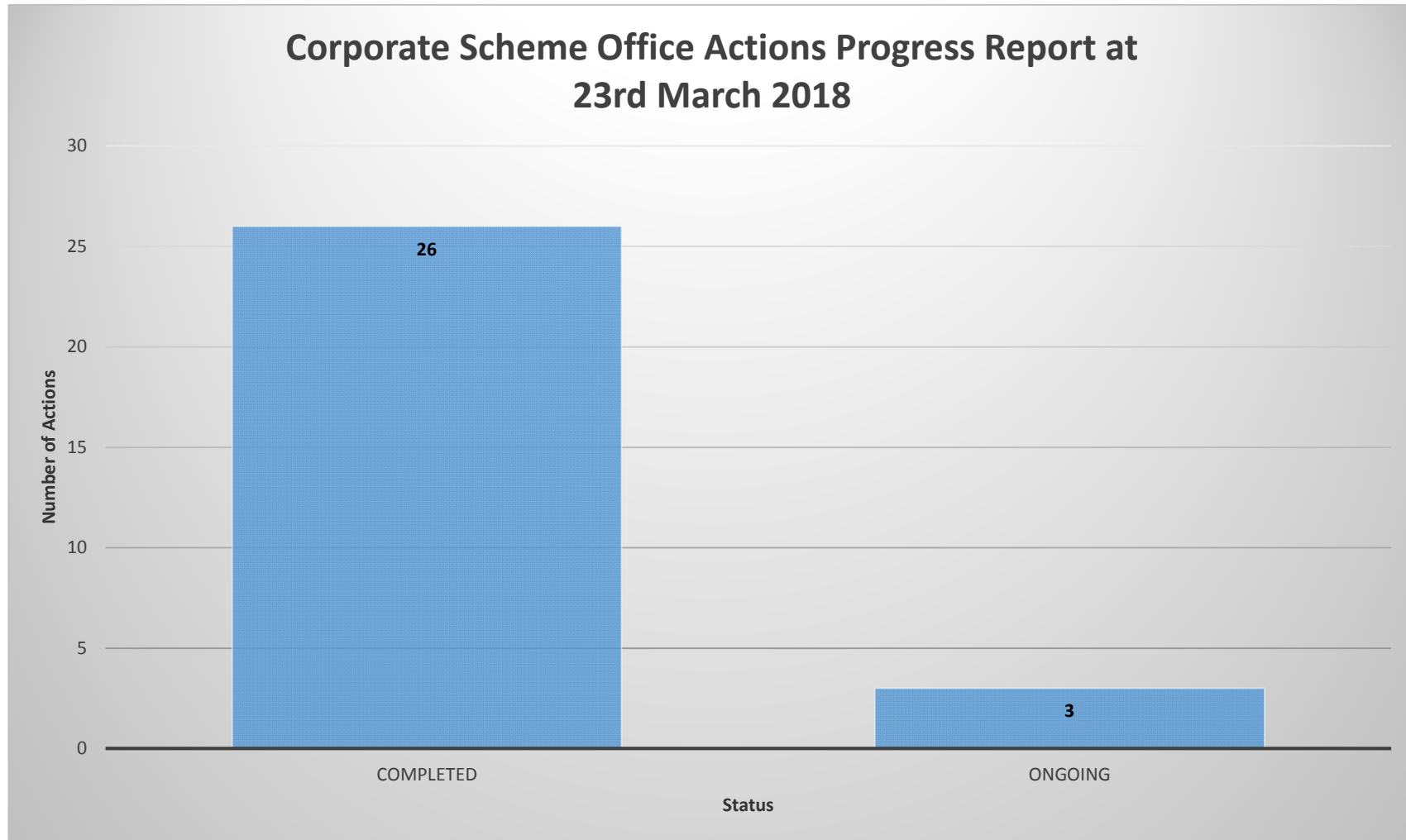


(vi) Corporate Scheme Actions Report

Audit/Scheme/ Circular Name	Action Description in Full	Original Target Date	Current Due Date	Action Owner	Action Owner Progress Update	Revised Target Date
Strategic Equality Plan	Promote in-house equality and diversity good practice.	01-09-12	30-03-20	Wood, Carey	23-03-18 The Annual SEP Review was carried out and noted by the FRA along with the Annual Equality Report for `16/17 (the AER for 17/18 will be started earlier so it can be presented before December). In relation to embedding E&D, an ambitious Inclusive Plan has been developed which will run for three years and which has received the full backing and support of SMT. This plan is a composite of work and will be Service wide. If it is actioned as stated, the positive benefits for all staff (and the Service as a whole) will be significant. E&D is feeding into the UKRO event SWFRS are hosting this summer, and we have taken part in Stonewall's Workplace Index. Ongoing business as usual includes the provision of advisory services for colleagues including ERAs, infrastructure, and projects.	30-03-20
Follow Up Review - Estate Management Strategy 2016-2017	A defined process for updating asset and property condition survey data in light of maintenance, compliance reviews and other activities be established.	03-04-17	25-05-18	Corrigan, Nick	25-10-17 A process is in place but I need to define it in writing. 15-12-17 No further progress due to other priorities.	25-05-18

Audit/Scheme/ Circular Name	Action Description in Full	Original Target Date	Current Due Date	Action Owner	Action Owner Progress Update	Revised Target Date
11.10/11 IT Disaster Recovery Planning - Follow Up	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.	31-03-12	31-03-17	Williams, Chris	20-12-2017 - Project being implemented but due to resources and service priorities progress has been impacted.	01-09-18

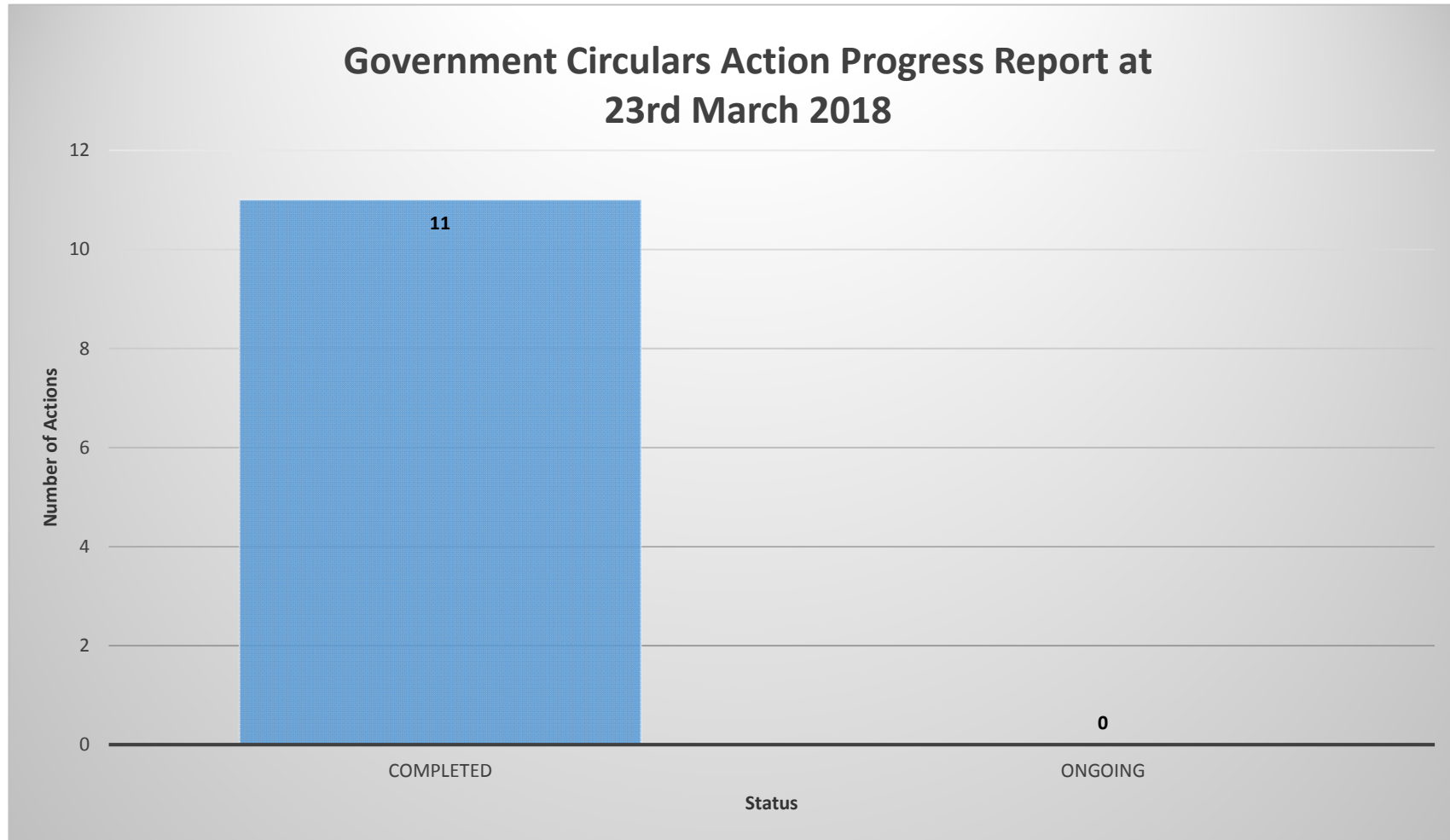
(vii) Corporate Scheme Actions snapshot of progress



(viii) Government Circulars Action Report

All Government circular actions have been completed.

(ix) Government Circulars Snapshot of progress



AGENDA ITEM NO 12

Strategic Plan 2017-18 Report Card

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Author – Wayne Thomas

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Strategic Plan 2017-18 Report Card

Strategic Objective 01	Supports	Lead Officer	Proposed Outcome
Reduce Risk in Our Communities		AT	1. Reduce the number of deliberate fires 2. To obtain and share information with other agencies where possible, to reduce risk and improve community wellbeing. 3. Explore and understand the reasons behind fire related injuries and particular the increase in 2015-2016.
Progress Update	<p><u>Q1 2017-18 update</u></p> <ul style="list-style-type: none"> • Deliberate fires have increased during the first quarter by just over 30%. However against a five year trend our figure for this quarter is the lowest quarter 1 during this 5 year period. April-May was a relatively busy grass fire period but refuse fires (loose refuse) is likely to continue to be a consistent and an ongoing issue currently affecting 8 UAs. Consequently, this is an issue we are raising with our colleagues in each Public Service Board (PSB). Our work targeting areas with high deliberate vehicle fires has seen a reduction for Q1 this year compared to last year. We continue to work with the Police to be proactive in this matter. • We continue to work with PSBs and in some instances we provide data to support community web pages. Some further examples of our work include establishing a tri-partite hub with WAST, Gwent and South Wales Police. This will involve sharing information between all the blue light services data analysts in South Wales to identify the most vulnerable in the communities and deliver the relevant support and, where necessary, sign posting to other agencies to reduce risk. • Quality assuring and finalising the injury figures for 2016-17 was a priority for Q1, to ensure that the end of year returns were submitted accurately and on time. Information has also been gathered from colleagues across Mid & West and North Wales plus our wider benchmarking groups, to enable analysis during quarter 2. The organisation has continued to explore the root causes of fire related injuries, using both the data recorded from previous fire-related injuries and additional data gathered through further engagement with the individual casualties involved. This is being achieved primarily through 'Major Injury (M37) Case Studies' (which are carried out for all fire related fatalities and serious injuries) and the organisation's ongoing commitment to the UK-wide Lifebid project. The intelligence gathered from these projects is being used to tailor the education delivered within the organisations safety campaigns, such as the "Think Safe, Cook Safe" campaign. • Group Managers have established themselves as a statutory partner on each of the PSBs. 		

- Weekly multi-agency telephone conferences had taken place for the quarter for 'Dawns Glaw'. Targeted activities have taken place in 'hot spot' areas, such as diversionary activities and visible patrols in high risk areas.
- Work to expand our existing "Home Safety Checks" into "Safe and Well Visits" has begun. These visits now include advice to help an individual improve their health and wellbeing and encompasses and satisfies the goals of the Wellbeing of Future Generations Act (Wales) 2015 and the Social Services and Wellbeing Act (Wales) 2014.

Q2 2017-18 Update

- Deliberate fires in quarter 2 have decreased from 1001 in 2016-17 to 901 in 2017-18. This is a decrease of 10%. Against a five year trend our figure for this quarter is the lowest quarter 2 during this 5 year period. The numbers of deliberate refuse fires have fallen from 562 in quarter 2 last year to 530 (-5.69%) this year, and deliberate grass fires have also fallen from 154 last year to 130 (-15.58%) this year. Our work targeting areas with high deliberate vehicle fires has also seen a reduction for Q2 with numbers falling from 146 last year to 109 (-25.34%) this year. We continue to work with the Police to be proactive in this matter.
- We continue to work with PSBs and in some instances we provide data to support community web pages. Some further examples of our work include establishing links to enable members of the public to view fire related information.
- An overview of the organisation's performance against the strategic indicators was presented to the Senior Management team on 07th August 2017, as part of forward planning for 2018-2019. Particular attention was paid to the data relating to fire injuries where the severity of injuries, fire motives and demographics of those injured was discussed. The Service delivery meetings discussing Q1 data were held on the week commencing 14th August 2017, where fire injuries were again discussed in detail. Analysis of the Sector Performance Indicators shared between the three Welsh Fire and Rescue Services showed that, despite witnessing higher numbers of fire related deaths and injuries during the previous two years compared to previous years, South Wales Fire and Rescue Service's PI values for fire related deaths and injuries for 2016-17 is the lowest amongst the three Welsh FRS's.

Q3 2017-18 Update:

- Deliberate fires in quarter 3 have decreased from 1012 in 2016-17 to 919 in 2017-18. This is a decrease of 9%. The numbers for November this year however are the highest figures for 5 years with incidents increasing from 372 in 2016 to 427 (+15%) in 2017. The numbers of deliberate refuse fires have fallen from 695 in quarter 3 last year to 611 (-12%) this year, and deliberate grass fires have also fallen from 74 last year to 59 (-20%) this year. Our work targeting areas with high deliberate vehicle fires has also

seen a reduction for Q3 with numbers falling from 138 last year to 119 (-14%) this year. We continue to work with the Police to be proactive in this area.

- The service is now a member of the National Fire Chiefs Council Health Co-ordination Committee where all attending FRS's share best practice to improve the health and wellbeing of communities across the UK. The service is currently looking at a number of initiatives that have been successful in other FRS's with a view to run pilot schemes. The service is also currently running a pilot scheme with Gwent Police regarding missing persons. The PSBs Wellbeing plans for the Unitary Authority areas are yet to be finalised and are currently out for consultation. It is anticipated they will be available for April 2018.
- Fire injuries and their causes were discussed in detail at Service delivery meetings during Q3 (the meeting with the Group Managers and Area Managers of Operations was held on 16th October 2017, while a follow up meeting with the Heads of Operations was subsequently held on 23rd of October 2017). In order to review the issue nationally, Q2 data was cut and provided to our partners within the Family Group 4 on 08th November 2017, before a report containing each organisation's performance against the group's key indicators was received by the organisation on 20th November 2017. The indicators relating to fire injuries have since been analysed – South Wales FRS displayed a 28.97% reduction in "Injuries in Primary Fires per 100,000 Population" during Q2 this year compared to the same period last year, which was the greatest reduction witnessed amongst all members of the Family Group. South Wales FRS also witnessed a 32.26% reduction in "Injuries in Accidental Dwelling Fires per 100,000 Population" during Q2 this year compared to the same period last year, which was the third greatest reduction witnessed amongst the Family Group.
- Restructured our Business Fire Safety department to respond to the impact of the Grenfell Tower fire and to investigate the likelihood of similar risks associated with high rise living in the South Wales area.
- Immediately engaging with our Local Authorities and building control along with social landlords, after the Grenfell Tower fire, to identify the number of residential premises above six stories within the area of South Wales. This resulted in 209 residential premises requiring an audit. We were able to deploy our resources to those buildings to conduct joint inspections to those premises that we perceived to be the most at risk

Q4 2017-18 Update:

- Deliberate fires in quarter 4 have decreased from 700 in 2016/17 to 580 in 2017/18. This is a decrease of 17%. Total deliberate fires for the year however have increased from 4054 in 2016/17 to 4184 in 2017/18. This is an increase of 3%. The numbers for February this year however, are the highest for 5 years with incidents increasing from 161 in 2017 to 258 (+60%) in February 2018. The numbers for March this year however, have fallen from 338 last year to 158 (-53%) in March 2018. The numbers of deliberate refuse fires have fallen from 358 in quarter 4 last year to 328 (-8%) this year. The numbers for the year have risen from 2183 in 2016/17 to 2321 (+6%) this year. Deliberate grass fires have fallen from 148 in quarter 4 last year to 97 (-34%) this year. The numbers for the year however, have risen

	<p>from 858 in 2016/17 to 1007 (+17%) this year. Our work targeting areas with high deliberate vehicle fires has also seen a reduction for Q4 with numbers falling from 110 last year to 105 (-4%) this year and total numbers for the year have fallen from 573 in 2016/17 to 466 (-19%) in 2017/18.</p> <ul style="list-style-type: none"> • Q4 statistics data for fire injuries is incomplete and cannot be cut and verified yet, so a further update will be added in due course re this quarter and end of year outcomes • Scrutiny of our 9 Public Service Boards Wellbeing Plans by our Finance, Audit & Performance Management Committee, the outcomes of which were approved by Fire Authority • Continue to work with the NFCC steering groups to share notable practice and reflect on internal policies and procedures • Business Fire Safety and Community Fire Safety continue to support partners, tenants and local premise owners impacted by the re-inspection and audit of premises following the Grenfell tragedy • New prevention and protection team within Control has commenced in role • Work is well underway in planning for the UKRO and our community safety event in September 2018, when a community safety village is planned
Risk Update	<ol style="list-style-type: none"> 1. If there is a prolonged spell of hot and dry weather during the 4th quarter there is the potential for an increase in deliberate Wildfire setting. 2. Data sharing practices with third parties are under review, to ensure full compliance with the upcoming implementation of General Data Protection Regulations in May 2018
Proposed Future Actions	<p>To further deliver this we plan to....</p> <ul style="list-style-type: none"> • Roll out Safe and Well visits to all 10 Local Authorities, which involve educating recipients around fall prevention, advice on carbon monoxide, smoking cessation, fire safety and crime prevention. • Consider further recommendations from the two inquires linked to the Grenfell Tower fire in London with regards to high rise living. • Identify the vulnerable in our communities by analysing call trends in the newly formed Prevention and Protection Team at Joint Fire Control. This will allow them to provide early notification of vulnerable individuals to relevant partners and departments • Implement a new Volunteer Scheme to support Community Safety Initiatives and to deliver key messages to a wider audience. • Provide support to asylum seekers by fitting 'easy read' fire safety signs to all doors at their accommodation and also provide the safety message in their tenancy pack on arrival. This will also raise awareness of a range of issues such as cooking and electrical safety. • Work with existing partners and explore new avenues in order to deliver the Phoenix and Crimes and Consequences projects • Create agreements for data sharing with other agencies that can be used to identify those who need our support the most.

	<ul style="list-style-type: none"> • Launch our new website, which will allow users to access information relating to their safety and wellbeing. • Continue to use Direct Electronic Incident Transfer (DEIT) technology to allow a fast and practical exchange of incident information and updates across the other emergency services. • Continue gathering critical risk information to enable our crews to carry out their operational activities in an environment that is as safe as possible with the information they need when they need it. • Deliver more courses at more locations of the “all Wales” Revolution Initiative (in conjunction with the other two Welsh Fire and Rescue Services) working with offenders and those identified as being at risk of offending. We have joined with the Police, Prison Service, Red Cross and other valuable partners to deliver the car crime awareness initiative in local fire stations hoping to make young people think about the consequences of their actions.
<p style="text-align: center;">Notable or key Achievements, Improvements or Efficiencies</p>	<ul style="list-style-type: none"> • The total number of deaths and injuries arising from all fires is predicted for 2017-18 is 75, which is a reduction of 17 (-18.5%) compared to the number recorded during the previous year.

Strategic Objective 02	Supports	Lead Officer	Proposed Outcome
Engage & Communicate		SC	1. Undertake engagement to obtain views on service delivery, risk and priorities.
Progress Update	<p><u>Q1 2017-18 update</u></p> <ul style="list-style-type: none"> • Commenced evaluation of wholetime recruitment campaign and associated engagement activities • Engaged with Local Authorities and housing associations in respect of high rise premises to reduce risk in light of Grenfell • Engaged with selected public sector organisations to target Automatic Fire Alarm (AFA) reduction in specific public sector buildings • Implemented the Welsh Language Standards across the service <p><u>Q2 2017-18 update</u></p> <ul style="list-style-type: none"> • Outcomes and learning points from wholetime recruitment campaign & associated engagement activities identified. • Commenced engagement with former employees, current employees, communities and job applicants in relation to on call duty system employment with the service. • Continued engagement with housing associations and local authorities in relation to high rise premises. • Continued engagement with commercial premise owners to reduce AFA occurrences. • Engaged with staff within the organisation on service user requirements for new system and key areas for early implementation • Engaged with Welsh Government and other Welsh Fire and Rescue Services and Family Group 4 in relation to electrical fires to identify trends in our electrical fires. <p><u>Q3 2017-18 update</u></p> <ul style="list-style-type: none"> • Engagement activity within the Service is becoming more mainstreamed and there is evidence of this activity being incorporated into business as usual. • The Head of Service Performance & Communications has taken on the strategic lead of the Corporate Communications and Engagement group for the Service, to ensure a more joined up approach is adopted to all of the Services engagement activity to maximise effect and returns. • Engagement work with health establishments in respect of AFA calls is now starting to show returns, with our statutory indicators showing a reduction in activity over the first two quarters of 2017-18, amounting to 25% for health bodies. • Work with our PSB partners continues to shape the wellbeing plans for our areas. 		

	<ul style="list-style-type: none"> • Extensive work has been carried out with other stakeholders in the aftermath of Grenfell both on a national scale and local scale • Investors in People questionnaire and interviews undertaken with staff to illicit their views of the organisation • Engagement with staff and external stakeholders on the content of our new internet site has been undertaken. <p><u>Q4 2017-18 update</u></p> <ul style="list-style-type: none"> • Business Fire Safety and Community Fire Safety continue to support partners, tenants and local premise owners impacted by the re-inspection and audit of premises following the Grenfell tragedy • Continued engagement with establishments and public bodies who experience a high number of AFA's continues with the aim of reducing these to an acceptable level • Work continues apace with staff and public in relation to increasing the number of on call firefighters we employ. Various recruitment videos have been launched • We continue to actively engage in the work of our 9 Public Service Boards and scrutiny of their 9 Wellbeing Plans has taken place by our Finance, Audit & Performance Management Committee, the outcomes of which were approved by Fire Authority • Analysis of the engagement work undertaken with staff and stakeholders in relation to our new internet site has been undertaken and is being used to design the new framework for this • Engagement with a large number of external partners and stakeholders about our UKRO and community safety event
<p>Risk Update</p>	<ol style="list-style-type: none"> 1. Capacity & resources to conduct engagement 2. A failure to ensure that all external engagement activities are compliant with the Welsh Language standards could result in financial/reputational damage to the organisation 3. Willingness and capacity of individuals to engage - engagement fatigue 4. Inconsistent attendance at community engagement group could jeopardise effectiveness 5. If we fail to communicate, consult, engage and involve our communities effectively then the reputation, public confidence and efficiency of the service could be compromised.
<p>Proposed Future Actions</p>	<p>To deliver this we plan to....</p> <ul style="list-style-type: none"> • Identify ways of improving our community engagement at Joint Fire Control via recommendations made by the Prevention and Protection team. • Launch the new website and continue developing this throughout the year. It will include mobile and tablet optimisation and will enable us to provide information via images, video and easy read content.

	<p>Accessibility options will include multiple languages, large text, and reading tools, displaying information in a clear way.</p> <ul style="list-style-type: none"> • Target campaigns to specific groups, changing the way in which we deliver messages to the community e.g. via the use of virtual reality software. • Interview the occupier of every accidental house fire in our area as part of the Lifebid project and to learn from this information in order to shape our education and media campaigns. • Maintain the contact that has been made with traveller communities to help distribute fire safety information and carry out Safe and Well visits to fit natural gas detectors, carbon monoxide detectors smoke alarms and heat alarms. • Deliver a successful community safety event during the United Kingdom Rescue Organisation (UKRO) Challenge in September 2018 in Cardiff Bay. This will include a planned schedule of events, outreach activity, campaigns and shared messages. The event is a unique opportunity for us to share key messages with the general public during a high profile weekend of events. • Utilise the Education and Engagement vehicle to educate and inform our communities. • Open three new fire cadet branches, resulting in up to 60 additional young people receiving safety education and support from us. • Develop a new “all Wales” licensing protocol (in conjunction with the other two Welsh Fire and Rescue Services) to ensure that there is a consistent approach to informing and consulting with businesses such as pubs and gambling clubs to ensure that their staff and customers are safe. • Produce information designed to reach all audiences and have consideration to easy read, different languages and sensory impairment.
<p>Notable or key Achievements, Improvements or Efficiencies</p>	<ul style="list-style-type: none"> • We were awarded the Silver in the Chartered Institute of Public Relations Awards in 2017 in both the “Community Relations” and “Outstanding in house team” categories.

Strategic Objective 03	Supports	Lead Officer	Proposed Outcome
Nurture Sustainable resources		SC	1. Ensuring that we attract, develop and retain a suitably resilient workforce that reflects our communities and is capable of delivering our services.
Progress Update	<p><u>Q1 2017-18 update</u></p> <ul style="list-style-type: none"> • Commenced the Shaping Our Future review of the On Call Duty System (OCDS) to ensure that availability is maximized by considering the OCDS contract, recruitment, training and development. • Wholtime recruits course run following several community engagement sessions with under-represented groups in our communities • A number of staff concluded their first year of Welsh language training by sitting the Mynediad exam • Took the decision at Senior Management Team to evaluate how well we lead, supported and managed staff for sustainable results by opening ourselves up to assessment under the new Investors in People Standard • Evaluated the strategic assessment development centre for future suitability and suitability for purpose • Investigation of a strategic level qualification to equip future leaders <p><u>Q2 2017-18 update</u></p> <ul style="list-style-type: none"> • OCDS review continues - initial changes to number of available types of contracts implemented and received positively. • Welsh language exam results of staff were exemplary. • Passing out parade for wholtime recruits course held for new firefighters and number of transferees taken on. • Investors in People assessment ongoing with online assessments and interviews being conducted. • Structural review of organisation ongoing to consider the future needs of the organisation to deliver an efficient and effective service to the public. <p><u>Q3 2017-18 update</u></p> <ul style="list-style-type: none"> • The OCDS review continues to make strides to modernise our on call work contracts and recruitment and training packages to meet the needs of our communities and the Service. Improvements to online recruitment processes are being scoped for trial and increased use of social media and other forms of 		

	<p>advertising are also being trialled.</p> <ul style="list-style-type: none"> • Female only recruitment sessions have been hosted and the timescale for processing applications through to training course entry is being scrutinised. • Investors in People (IIP) questionnaires and interviews with staff completed and silver award accredited to service. • New middle manager training sessions developed and trialled and feedback currently being considered to refine course content and delivery. • New cohorts of welsh language learners have commenced their learning programmes with the service with other learners progressing through to more advanced stages of learning <p><u>Q4 2017-18 update</u></p> <ul style="list-style-type: none"> • Work continues with staff and public in relation to increasing the number of on call firefighters we employ. Various recruitment videos have been launched. Much work has been done to facilitate a quicker recruitment process for this group of staff, embracing technology as a solution • Feedback report was received by the SMT on the IIP assessment and preparations are in place to inform all staff of all the outcomes and findings • New appraisal formats being finalised for launch in the new financial year • Proposals for the new Compartment Fire Behaviour Training Unit are progressing, with tender returns for construction of the facility awaited
<p style="text-align: center;">Risk Update</p>	<ol style="list-style-type: none"> 1. Operational staff turnover-retirement rates remain consistently high. 2. Recruitment and assessment-development requirements increases demand on limited staff resources. 3. Sickness absence rates appear to be fluctuating outside acknowledged parameters. 4. Inability of Welsh Government to set longer term budgets due to UK settlements being annual only. 5. If we do not maintain high level of competent OCDS firefighters we will have lower levels of on call appliance availability. This will make it difficult for us to fulfil our statutory requirements
<p style="text-align: center;">Proposed Future Actions</p>	<p>To deliver this we plan to....</p> <ul style="list-style-type: none"> • Roll out the Volunteer Scheme to attract people from all groups in our communities to be involved with our Service. • Take the opportunity to deliver recruitment messages whilst undertaking Community Safety activities in our communities. • Continue with the new strategy for the OCDS to ensure that we are able to attract applicants from our local communities who meet our needs, and offer them flexibility around their existing commitments. • Look at new ways of training our OCDS firefighters to ensure the programme is adapted to their

availability, thus leading to greater attraction and retention.

- Develop Leadership Development Programmes that meet the needs of the supervisory, middle and strategic leaders. This will ensure that our current and future leaders are developed to meet the evolving needs of the public sector and are capable of delivering effective services today and in the future.
- Develop succession plans to ensure we attract, develop and retain quality staff. • Develop and implement a Health and Safety training strategy that will allow us to effectively manage and promote health and safety throughout all areas of the Service.
- Increase the number of fire cadet branches and explore the development of a mini cadet branch to target younger children.
- Build a new Compartment Fire Behaviour Training (CFBT) facility at Cardiff Gate Training and Development Centre which will ensure that all firefighters receive the most up to date critical risk training. The facility will ensure that there are no emissions of unburnt products of combustion emitted to the local environment.
- Reduce the amount of paper we use in printing by exploring more efficient ways of sharing our safety messages.
- Use more efficient means of communication to support less reliance on printed materials with a limited shelf life whenever possible. For example we could send out safety literature to those with email addresses (with their permission) rather than providing them with a paper items.
- Develop a whole-life system when purchasing new equipment, where we look at how we dispose of equipment by recycling it when it comes to the end of its lifespan.
- Replace all paper hand towels in toilets with new high power hand drying units, saving on paper and recycling.
- Explore the use of electric or hybrid vehicles throughout the organisation.
- Develop a number of 'co-location' projects where we share facilities with other partners such as the Welsh Ambulance Service Trust, similar to those at Monmouth, Abergavenny and Llantwit Major.
- Continue to reduce the number of deliberate outdoor fires through our preventative campaigns such as Bernie, Dawns Glaw and Operation Bang.
- Issue Safe and Well booklets containing education and environmental messages about fly tipping and recycling.
- Install new energy efficient LED lighting at our sites, which include passive infra-red sensors, for movement detection and emergency lighting. This investment will save over 450,000 kg / CO₂ (Carbon dioxide) per year.
- Replace a number of ineffective air conditioning units at our sites. By replacing these units, we envisage an annual emission saving of around 100,000 kg / CO₂ per year.
- Install a Building Management System (BMS) into a number of fire stations which will reduce gas and electricity consumption at each site and allow us to remotely monitor usage from our headquarters. This investment is expected to save approximately 150,000 kg / CO₂ per year.
- Install new boiler plant control systems in a number of fire stations that will reduce waste and energy

	costs. This is expected to save in the region of 76,000 kg / CO2 per year.
Notable or key Achievements, Improvements or Efficiencies	<ul style="list-style-type: none">• The organisation was accredited with a Silver award by the Investors in People until 2020• Trained over 450 personnel, from Crew Managers up to and including our Chief Fire Officer, in Incident Command to the Skills for Justice Standard. We are the only Fire and Rescue Service in the UK to have completed this at this present time• Implemented a new fuel management system to monitor vehicle and fuel usage more effectively

Strategic Objective 04	Supports	Lead Officer	Proposed Outcome
Make Use of Technological Advances to meet Service Improvements and Requirements		RP	1. Ensuring ICT systems and services are available to enable efficiency and support service delivery
Progress Update	<p><u>Q1 2017-18 update</u></p> <ul style="list-style-type: none"> • The CoreHR Project has delivered a successful year end procedure, with the next phase to be planned and agreed. • A new asset management system has been delivered with basic functionality that now requires configuration. • In collaboration with West Midlands Fire Service the G2D Project workbooks and actions to be delivered in 2017-18 have been agreed with a key upgrade to a new server version. • Resilient web and email gateways are planned to be installed to allow an easier method and process for the sending and receiving of emails. • To ensure continued resilience, replacement servers have been ordered that will be installed in the HQ datacentre to replace older servers as well as provide increased capacity. • ICT are continuing to rollout new mobile devices as well as review VDI servers builds to fix issues and enhance functionality. • Continued technical support is also being provided to a range of projects including Joint Control at Bridgend and the new Business Information Management System. <p><u>Q2 2017-18 update</u></p> <ul style="list-style-type: none"> • Following a period where there was no progress on the CoreHR Project due to a change in CoreHR project manager, the company is now engaged and the next phases of the project are being planned. • The first phase of the Asset Management System has been configured and is being tested. • Progress on the G2D project continues with a new server version being delivered which will need thorough testing as well as continued development of the new Fire Safety System. • New web and email gateways have been installed and configured with the process of delivering secure email agreed by the Security Risk Group. • A new remote access system for all staff has been configured and is currently being tested. 		

	<ul style="list-style-type: none"> • ICT are providing a high volume of technical support on the Joint Control Project for a planned go-live in October 2017. <p><u>Q3 2017-18 update</u></p> <ul style="list-style-type: none"> • The Joint Control Project became live in October 2017 as planned. The ICT department intensely supported the project during this time • The first phase of the Asset Management System has been configured and is being tested. • Progress on the G2D project continues with a new server version being delivered which will need thorough testing as well as continued development of the new Fire Safety System. • New web and email gateways have been installed and configured with the process of delivering secure email agreed by the Security Risk Group. <p><u>Q4 2017-18 update</u></p> <ul style="list-style-type: none"> • The next modules of the Core HR system are currently being tested and finalised for launch in the new financial year • The new internet site for the Service continues to be developed following staff and stakeholder engagement • The new BMIS is in part up and running with various strategic plans due to be fully accessible by the new financial year • Technology is being utilised as a solution to streamline the recruitment process for on call staff • Funding was secured from Welsh Government to replace the mobile smartphones within the Service • Remaining agile workers received new laptops / tablets • A new asset management system went live with the first phase replacing the ICT Service Desk
<p style="text-align: center;">Risk Update</p>	<ol style="list-style-type: none"> 1. If The Emergency Services Network does not deliver a replacement for Airwave in a suitable timeframe then the service may be compromised in its ability to deliver a secure, efficient, resilient and cost effective communications network 2. CORE HR – full integration into Service will depend on success of version upgrade. 3. Further aspects of CORE HR development will depend on version upgrade requirements and resource capacity.
<p style="text-align: center;">Proposed Future Actions</p>	<p>To deliver this we plan to....</p> <ul style="list-style-type: none"> • Further develop the Business Management Information System (BMIS) to monitor and improve the efficiency within the Service. This will allow service wide information to be viewed in a central system,

	<p>increasing transparency and creating a culture of information sharing and monitoring. The Risk Register, Audit Action Database and Project Management processes will also be centrally located within the system.</p> <ul style="list-style-type: none"> • Pilot a mobile device to reduce paper associated with Safe and Well visits. This involves using the device to present and collect information during the visit. • Develop a project within our Finance department to ensure “faster closure” of our annual accounts. This will allow us to meet the revised timescales set out in the Accounts and Audits Regulations, and provide accurate financial information to our auditing partners in a timely manner. • Develop virtual reality risk reduction campaigns. Virtual reality allows users to experience safety messages using a digital environment whilst wearing a headset. • Develop a risk-based Business Fire Safety Management Information System for inspecting business premises in South Wales. This new system will connect a number of external datasets which will allow a more complete assessment of risk, and will help us to more effectively identify, target and address risk. • Seek new upgrades and tools to enhance call handling and mobilising actions through our Joint Fire Control Systems Team. • We will further safeguard business continuity by ensuring that improved fall back systems are in place and tested to provide a smooth transition in the event of any failure of technology at the Joint Fire Control. • Introduce more e-learning packages to reflect modern technology and to streamline risk critical training areas. • Continue with the development and implementation of the Gazetteer and Geospatial (G2D) project, to enhance our current mapping systems and provide our operational crews with critical operational intelligence to enable them to make our communities safer. • Explore every opportunity to utilise technology when procuring new equipment, such as heart rate and GPS (Global Positioning System) monitoring tools within our new breathing apparatus, which monitors firefighter’s wellbeing whilst fighting fires. This will also include digital advances in fire ground radios for greater firefighter safety. • Further develop the Fleet Management System with the aim of going paperless by 2019. To achieve this, we will create electronic service sheets and capture all vehicle tests electronically using Bluetooth technology to link to vehicle files.
<p>Notable or key Achievements, Improvements or Efficiencies</p>	<ul style="list-style-type: none"> • The Joint Control Project became live in October 2017. Operators from both South Wales and Mid & West FRS are now collocated in South Wales Police HQ in Bridgend.

Strategic Objective 05	Supports	Lead Officer	Proposed Outcome
Explore Partnership & Collaborative Opportunities to Improve Outcomes		SC	1. Working with others to be more efficient and effective.
Progress Update	<p><u>Q1 2017-18 update</u></p> <ul style="list-style-type: none"> • We worked with a large number of partners across multiple agencies to ensure service delivery and public safety during the UEFA Champions League and Women's Champions League • Work continues with our partners in MWWFRS and South Wales Police to deliver the Joint Public Service Centre by the projected go live date of October. Current systems testing indicates that this timeline should be achieved • Contracts were awarded on an all Wales basis for the purchase on a phased basis of breathing apparatus by the three Welsh Fire and Rescue Services • A temporary new National Issues Committee Co-ordinator was appointed and work continues in each of the work stream areas • Ad hoc arrangements for the sharing of posts between MWWFRS and SWFRS continue where considered beneficial to both services <p><u>Q2 2017-18 update</u></p> <ul style="list-style-type: none"> • Work continues with our partners in MWWFRS and South Wales Police to deliver the Joint Public Service Centre by the projected go live date of October. Current systems testing indicates that this timeline should be achieved. • Shared working agreed with MWWFRS to share expertise in implementing GDPR by sharing post. • NIC work continues and new co-ordinator in post • Building work agreed for station sharing with WAST at Fire station in Barry - works to commence in Q3. • Continue to work with other national services and bodies in the aftermath of Grenfell. <p><u>Q3 2017-18 update</u></p> <ul style="list-style-type: none"> • Achieved successful implementation of the Joint Public Service Centre this quarter, with go live dates for SWFRS and MWWFRS both being achieved. Some technical issues still to be completed and work on these is ongoing. Work continues jointly with MWWFRS on implementing the requirements of General 		

	<p>Data Protection Regulations for the Service.</p> <ul style="list-style-type: none"> • Work has commenced at Barry FRS on works to facilitate the collaborative occupation of the site with WAST. Discussions and planning continues on other sites where collaborative occupancy is being pursued with WAST and Gwent Police. • Work has commenced on preparing for the UKRO championships in 2018 in Cardiff, which will involve a considerable amount of partnership working with numerous organisations, agencies and other services. <p><u>Q4 2017-18 update</u></p> <ul style="list-style-type: none"> • We have continued to work closely with partners in the aftermath of the Grenfell tragedy to ensure that the public of South Wales are safe • We continue to actively engage in the work of our 9 Public Service Boards and scrutiny of their 9 Wellbeing Plans has taken place by our Finance, Audit & Performance Management Committee, the outcomes of which were approved by Fire Authority. These plans aim to improve the wellbeing of each respective area • Work is progressing jointly between Fire Services to implement the new General Data Protection Regulations that come into force in May 2018 • Collaborative Welsh Language training has taken place with our Police Partners to improve the Welsh Language skills of our staff with an aim of improving service delivery through the medium of Welsh
<p style="text-align: center;">Risk Update</p>	<ol style="list-style-type: none"> 1. Capacity and resources. 2. Changing environment and risks. 3. Willingness of partners – agenda and resources change. 4. Time taken to deliver collaborations.
<p style="text-align: center;">Proposed Future Actions</p>	<p>To deliver this we plan to....</p> <ul style="list-style-type: none"> • Work together to ensure we implement and deliver actions resulting from the Wellbeing Plans produced by the Public Service Boards (PSBs). • Work with our partners in order to ensure that we provide comprehensive safety advice to citizens during our Safe and Well visits. These visits will be rolled out to all 10 Local Authorities and will include falls assessment, smoking cessation, carbon monoxide and home security. This may be expanded to include information such as flooding, healthy eating, dementia awareness and bowel cancer screening. • Continue to support our Local Resilience Forums from a business continuity perspective, feeding the wider issues and needs of our communities into the work of our PSBs. • Engage more closely with Local Authority Planning and Building Regulation Departments to ensure fire safety matters in new buildings are addressed to the highest standards. • Strengthen our partnership with South Wales Police via the Joint Fire Control.

	<ul style="list-style-type: none"> • Work with partners to reduce the number of refuse fires and target areas affected by wildfires. • Continue to work with existing partners, and explore new partnership opportunities, in order to deliver both the Phoenix and Crimes and Consequences Projects to a wider audience. • Continue to work in partnerships with 33 agencies to refer vulnerable individuals identified through engagement. • Continue to work with partner agencies such as Stonewall, Age Cymru and PSB partners at the testing stage of the new website.
<p>Notable or key Achievements, Improvements or Efficiencies</p>	<ul style="list-style-type: none"> • We contributed to the draft Wellbeing Plans of the nine PSBs in our administrative areas. • Opened a tri-service station at Abertillery where we work in partnership with Gwent Police and WAST • Significantly reduced our attendance at false alarms generated by automatic fire alarms between April 2016 and August 2017 through effective partnership working with the owners of commercial premises in our area

CORPORATE RISK REGISTER 2017/2018 – QUARTER 3 REVIEW

SUMMARY

To consider the operational risks within the Corporate Risk Register and the management of these risks.

RECOMMENDATIONS

That Members view the operational risks contained within the operational Corporate Risk Register 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 Corporate 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. Only risks that impact upon the achievement of a strategic objective or delivery of core business are monitored via the Corporate Risk Register.
- 1.4 The Senior Management Team formally reviews the Corporate Risk Register on a regular basis and endorses the inclusion of any new or emerging risks identified.

2. ISSUE

- 2.1 The register was split into strategic and operational risks to enable greater focus.
- 2.2 There are currently five risks on the operational register; of these one is rated significant (high), two are material (medium), and two are manageable (low).

- 2.3 Attached at Appendix A is a diagram showing the overall risk profile of all the live operational risks according to residual risk score.
- 2.4 Appendix B shows progress updates recorded during Quarter 3 for all operational risks categorised according to significant, material and manageable.

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 risks contained within the Operational Corporate Risk Register and agree their validity.

Contact Officer:	Background Papers:
Paul Conway Engagement, Transformation & Performance Officer	<ul style="list-style-type: none"> • Appendix A – Risk Matrix of Operational Risks by Residual Score • Appendix B – Operational Risks Updates

Risk Matrix of Operational Corporate Risks by Residual Score

IMPACT	16	32	48	64	80
	8	16	24	32	40
	4	8	12	16	20
	2	4	6	8	10
	1	2	3	4	5
	LIKELIHOOD				

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Appendix B

Operational Risk Updates

Significant Operational Risks (High)

Risk Owner	Ref no	Risk Description	Score	Progress updates
A Thomas	140	IF we do not maintain high levels of competent On Call Duty System (OCDS) firefighters in our Service THEN we will have lower levels of OCDS appliance availability, which will make it difficult to fulfil our statutory obligation.	32	<p>March 18</p> <p>The outcomes of the pilot contract was presented to SMT identifying both a positive impact on availability and retention. Where previously OCDS FF's may have terminated their contract however with the option of a lower contract has enabled them to achieve a work life balance. Approval was given by SMT to implement across all of the OCDS stations in April.</p> <p>The Service OCDS recruitment strategy was launched in Pontycymer station with up to 15 candidates attended with several putting forward an application on the day. Further elements of the strategy has been developed to support social media through recruitment films which will support the public engagement as part of the campaigns. The campaigns will be organized across 24 OCDS stations throughout 2018.</p>

Material Operational Risks (Medium)

Risk Owner	Ref no	Risk Description	Score	Progress updates
S Watkins	77	IF we fail to communicate, consult, engage and involve our communities effectively THEN the reputation, public confidence and efficiency of the service could be compromised.	12	March 2018 at the last CEG meeting in November the events calendar was shared. This is being populated with the campaign requirements for 2018/2019.
C Hadfield	11	IF the functionality of the CFSMIS (Community Fire Safety Management Information System) does not meet service requirements THEN full business benefits and planning will not be effective.	12	March 2018 The current position is the same and the project is on target for completion and implementation in the new financial year 2018/19. The Management Information System (MIS) system (Risk Identification Data Gathering Engine - RIDGE and Tymly) are in the final stages of development. We are now in the process of bringing together a cross section end user group that will assist in the final stages of development which will focus on the end user perspective from administration, fire safety practitioners, line management, quality assurance, performance reporting and customer feedback / experience.

Manageable Operational Risks (Low)

G Thomas	14	IF we fail to maintain measures which prevent or detect acts of fraud and corruption THEN the organisation is open to costly fraudulent actions by employees, members, suppliers and contractors, with consequential financial losses and reputational damage.	2	Internal audit undertaken in October which identified recommendations to be included in the review of the Service Policy for Anti-Fraud and Corruption. No change to risk score.
M Malson	130	IF We fail to effectively resource the implementation year of the Welsh Language Standards THEN We will be unable to deliver our obligations under the standard.	1	March 2018 - WLS Report made to the HR & Equality Committee showing that of the 152 WLS' the Service only has 1 Standard that is not being met in terms of the Service's intranet pages. We have gained an exemption from the Commissioner until the intranet is revamped to meet the standards required. An annual report will now be presented to the Committee to ensure that we maintain compliance with the Standards going forward.

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**FORWARD WORK PROGRAMME FOR
FINANCE, AUDIT & PERFORMANCE MANAGEMENT COMMITTEE 2017/18**

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
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	
11 Sept 2017	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
11 Sept 2017	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

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
11 Sept 2017	Statement of Accounts	To advise Members of the content of the Statement	Treasurer Contact Officer: Chris Barton/ Geraint Thomas	Completed
11 Sept 2017	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
11 Sept 2017	Revenue Monitor	To provide an update on revenue expenditure against the revenue budget for the year	Treasurer/DCO Contact Officer: Geraint Thomas	Completed
11 Sept 2017	Capital Monitor	To provide an update on capital expenditure against the capital budget for the year	Treasurer/DCO Contact Officer: Geraint Thomas	Completed
11 Sept 2017	Treasury Management Outturn Report	To advise on performance against the treasury management policy and strategy following financial year end	Treasurer Contact Officer: Chris Barton/ Geraint Thomas	Completed
11 Sept 2017	Medium Term Financial Strategy Update; Reserves Strategy & Revenue & Capital Budget Setting Report	To Update Members on the MTFS to inform and influence the 2018/19 budget setting process to meet the Service's requirements for the	Treasurer/DCO Contact Officer: Chris Barton/	Completed

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
		following financial year	Geraint Thomas	
4 Dec 2017	Treasury Management Interim Report	To update Members on treasury management activity during the year to date	Treasurer Contact Officer: Chris Barton/ Geraint Thomas	Completed
4 Dec 2017	Revenue Monitor	To provide an update on revenue expenditure against the revenue budget for the year	Treasurer/DCO Contact Officer: Geraint Thomas	Completed
4 Dec 2017	Capital Monitor	To provide an update on capital expenditure against the capital budget for the year	Treasurer/DCO Contact Officer: Geraint Thomas	Completed
4 Dec 2017	Corporate (Operational) Risk Register	To seek Members' views upon the Corporate (Operational) Risk Register	DCO Contact Officer: Sarah Watkins	Completed
4 Dec 2017	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
4 Dec 2017	Audit & Plan Scheme Updates	To seek Members' views upon the progress of Audit & Plan Scheme Actions	DCO Contact Officer: Sarah Watkins	Completed
4 Dec 2017	Statement of Account Recommendations Update	To Update Members on progress against previous recommendations	Treasurer	Completed

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
		made by WAO in Statement of Accounts Reports	Contact Officer: Geraint Thomas	
29 Jan 2018	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	Not required
29 Jan 2018	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
29 Jan 2018	Well-being Plans	To scrutinise the Well-being Plans of constituent PSB's to establish how these impact upon SWFRS and formulate a report with recommendations to the FRA on implications for SWFRS Wellbeing Plan	DCO Contact Officer: Sarah Watkins	Completed
29 Jan 2018	Draft annual report of the work of the FAPM Committee and the discharge of the terms of reference of the Finance, Asset & Performance Management Working 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 Working Group & DCO Contact Officer: Sally Chapman	Completed

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
23 April 2018	Revenue Monitor	To provide an update on revenue expenditure against the revenue budget for the year	Treasurer/DCO Contact Officer: Geraint Thomas	On agenda
23 April 2018	Capital Monitor	To provide an update on capital expenditure against the capital budget for the year	Treasurer/DCO Contact Officer: Geraint Thomas	On agenda
23 April 2018	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
23 April 2018	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
23 April 2018	Audit & Plan Scheme Updates	To seek Members' views upon the progress of Audit & Plan Scheme Actions	DCO Contact Officer: Sarah Watkins	On agenda
23 April 2018	Scrutiny of Strategic Objectives	To scrutinise progress in relation to achieving the actions planned to address each issue	All Directors	On agenda

Expected Date of Report	Report Name	Purpose of Piece of Work	Lead Director/ Contact Officer	Progress
23 April 2018	Corporate (Operational) Risk Register	To seek Members' views upon the Corporate (Operational) Risk Register	DCO Contact Officer: Sarah Watkins	On agenda

Sally Chapman - DCO
 Andy Thomas - ACFO Service Delivery
 Chris Barton - Treasurer

Geraint Thomas - Head of Finance & Procurement
 Andrew Jones – T/Head of Human Resources
 Sarah Watkins - Head of Service Performance & Communications

AGENDA ITEM NO 15

**To consider any items of business that the Chairman 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. Chairman's Announcements
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At the close of the meeting Members will meet with the Wales Audit Office and Internal Auditors to discuss Service progress