

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

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

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

**DATE:** **Monday, 25 November 2019 at 10:30 hours**

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

### **AGENDA**

1. Apologies for Absence
2. Declarations of Interest

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

3. Chairperson's Announcements
4. To Receive the Minutes of:
  - Finance Asset & Performance Management Scrutiny Group Meeting held on 25 March 2019 5
  - Finance Audit & Performance Management Meeting held on 9 September 2019 9
5. Revenue Monitoring Report 2019/20 13
6. Capital Monitoring Report 2019/20 27

7.	Revenue & Capital Budget Setting Update Report – Update to be provided on the day	33
8.	Audit Actions Report	35
9.	Treasury Management Mid-Term Review Report 2019/20	51
10.	Internal Audit Report	57
11.	2018-19 Audit of Financial Statements Report Addendum – Recommendations	77
12.	Service Wide Job Evaluation Exercise	89
13.	Forward Work Programme 2019 - 20	93
14.	To consider any items of business that the Chairperson deems urgent (Part 1 or 2)	99

**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:

M	Colbran	Merthyr Tydfil
P	Drake	Vale of Glamorgan
S	Ebrahim	Cardiff
S	Evans	Torfaen
J	Harries	Rhondda Cynon Taff
J	Holt	Blaenau Gwent
A	Hussey	Caerphilly
V	Smith	Monmouthshire
M	Spencer	Newport
D	White	Bridgend

**THIS PAGE IS INTENTIONALLY BLANK**

**SOUTH WALES FIRE & RESCUE AUTHORITY**

**MINUTES OF THE FINANCE, ASSET & PERFORMANCE  
MANAGEMENT SCRUTINY GROUP MEETING  
HELD ON MONDAY 25 MARCH 2019 AT  
SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS**

**87. PRESENT:**

<b>Councillor</b>	<b>Left</b>
K Critchley (Chair)	Newport
S Bradwick	Rhondda Cynon Taff
L Brown	Monmouthshire
R Crowley	Vale of Glamorgan
S Evans	Torfaen
J Harries	Rhondda Cynon Taff
A Hussey	Caerphilly
D Naughton	Cardiff
A Roberts	Rhondda Cynon Taff
R Shaw	Bridgend
V Smith	Monmouthshire
H Thomas	Newport

**APOLOGIES:**

L Davies	Merthyr Tydfil
K McCaffer	Vale of Glamorgan
J Williams	Cardiff

**ABSENT:**

**OFFICERS PRESENT:-** DCO S Chapman – Monitoring Officer, ACO A Reed – Director of People Services, Mr C Barton – Treasurer, Mr G Thomas - Head of Finance & Procurement, Sarah Watkins – Deputy Monitoring Officer

**88. DECLARATIONS OF INTEREST**

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

**89. CHAIR'S ANNOUNCEMENTS**

The Chair wished to welcome Alison Reed, Director of People Services to her first meeting. Alison replaces Mark Malson who is due to retire from the service on 31 March 2019.

## **90. MINUTES OF PREVIOUS MEETING**

The minutes of the previous Finance, Asset & Performance Management Scrutiny Group meeting held on 14 January 2019, were received and accepted as a true record of proceedings.

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

The Deputy Monitoring Officer presented a report which updated Members upon the draft annual report of the work of the FAPM committee and its Scrutiny Group for the municipal year 2018/19.

### **RESOLVED THAT**

Members agreed the content of the report.

## **92. DRAFT ANNUAL GOVERNANCE STATEMENT 2018-2019**

The Monitoring Officer reported on the Draft Annual Governance Statement 2018-2019 which will be included within the Statement of Accounts. Various changes to the Statement were explained to Members.

### **RESOLVED THAT**

92.1 Members reviewed and agreed the content of the report.

92.2 Members requested a copy of the link to all constitutional documents.

## **93. WALES AUDIT OFFICE DISCUSSION PAPER: SIX THEMES TO HELP MAKE SCRUTINY 'FIT FOR THE FUTURE'**

The Monitoring Officer advised Members that the Wales Audit Office conducted a thematic review of the 22 unitary authorities in Wales during 2017/18 in relation to their scrutiny functions. The report details their six key themes that emerged from the study that councils could reflect upon to improve the efficiency and effectiveness of their scrutiny functions. It is suggested that it would be beneficial for the Fire & Rescue Authority to consider the report and any learning points that could be taken from it to improve the effectiveness of their own scrutiny.

**RESOLVED THAT**

- 93.1** Following extensive debate and the learning that the FRA could glean from the report, Members considered and agreed the report.
- 93.2** Councillor Shaw declared an interest in this item due to his position as Chair of the public Scrutiny Board.

**94. FORWARD WORK PROGRAMME**

The Monitoring Officer presented the Forward Work Programme for 2018/2019 and advised Members that the learning from the previous agenda item could be incorporated into next year's forward work programme.

**RESOLVED THAT**

Members noted the completion of the Forward Work Programme for 2018/2019.

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

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

**THIS PAGE IS INTENTIONALLY BLANK**



**SOUTH WALES FIRE & RESCUE SERVICE**

**MINUTES OF THE FINANCE, AUDIT & PERFORMANCE  
MANAGEMENT COMMITTEE MEETING  
HELD ON MONDAY, 9 SEPTEMBER 2019 AT  
SOUTH WALES FIRE & RESCUE SERVICE HEADQUARTERS**

**08. PRESENT**

**Councillor**

S Evans (Chair)  
P Drake  
V Smith  
M Colbran

**Left**

Torfaen  
Vale of Glamorgan  
Monmouthshire  
Merthyr Tydfil

**APOLOGIES**

D White

Bridgend

**ABSENT**

J Holt  
A Hussey  
S Ebrahim  
J Harries  
K Critchley

Blaenau Gwent  
Caerphilly  
Cardiff  
Rhondda Cynon Taff  
Newport

**OFFICERS PRESENT:** Mrs S Chapman – Deputy Chief & Monitoring Officer, Mr C Barton – Treasurer, Mrs S Watkins – Head of Business Support & Deputy Monitoring Officer; Mrs L Mullan, Senior Accountant, Mr C Temby – Head of Fleet & Engineering, Mr S Goulay – TIAA Internal Auditor, Mr N Selwyn – WAO, Mr M Brushett - WAO

**09. DECLARATIONS OF INTEREST**

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

**10. CHAIR'S ANNOUNCEMENTS**

There were no announcements from the Chair.

**11. MINUTES OF PREVIOUS MEETING**

The minutes of the meeting held on 10 June 2019 were received and accepted as a true record of proceedings.

## **12. BUSINESS PLAN ACTIONS REPORT HEALTH CHECK 2019/20 QUARTER 1**

The Deputy Chief Officer presented the Business Plan Actions Health Check 2019/20 Quarter 1 report which gave assurance to Members on progress towards achievement of the Strategic Objectives and performance of the Strategic Performance Indicators for Quarter 1 (April-June) 2019/20. A detailed question and answer session followed on the actions being delivered to achieve the strategic objectives and performance on the strategic indicators.

### **RESOLVED THAT**

The content of the report was noted.

## **13. REVENUE MONITORING REPORT 2019/20**

The Senior Accountant presented the revenue monitoring report 2019/20 and provided details of the annual revenue budget and associated information for the year ending 31 March 2020.

### **RESOLVED THAT**

Members noted and agreed the report content and approved the virement as detailed within the report.

## **14. CAPITAL MONITORING REPORT 2019/20**

The Senior Accountant provided Members with a detailed update on the capital budget, transactions to date and the forecasted year end position. She also explained the links back to the revenue budget figures and highlighted the income streams from external partners.

### **RESOLVED THAT**

Members noted the progress of the capital schemes, approved alterations identified in Appendix 1 and noted the associated funding streams.

## **15. 2018/19 ANNUAL TREASURY MANAGEMENT REVIEW**

The Senior Accountant provided Members with the opportunity to consider the results of treasury management activities for the year ending 31 March 2019 undertaken in accordance with the Authority's approved Treasury Management Strategy.

**RESOLVED THAT**

Members agreed to recommend to the Fire & Rescue Authority that they note the annual treasury management review for 2018/19 and approve the actual 2018/19 prudential and treasury indicators set therein.

**16. MEDIUM TERM FINANCIAL STRATEGY (MTFS), RESERVE STRATEGY AND BUDGET UPDATE**

The Treasurer provided Members with an update on the Medium Term Financial Strategy (MTFS) and Reserve Strategy of the Authority together with an update on the Revenue Budget for 2020/21. He also provided Members with an analysis of potential implications for our funders and the external factors that will impact upon the service's budget requirements.

**RESOLVED THAT**

Members agreed the report content as the basis of its financial planning framework, for consideration by the Fire Authority.

**17. INTERNAL AUDIT REPORT**

The Internal Auditor updated Members upon progress being made against the Internal Audit Plan 2019/20. A question and answer session followed.

**RESOLVED THAT**

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

**18. WALES AUDIT OFFICE REPORT**

The Wales Audit Officer provided a detailed update on improvement work undertaken through the course of the year and in particular gave a detailed presentation on the Wellbeing of Future Generations review. A question and answer session followed.

**RESOLVED THAT**

Members noted the content of the report.

**19. FORWARD WORK PROGRAMME 2019-20**

The Deputy Chief Officer presented the draft Forward Work Programme for 2019/20.

**RESOLVED THAT**

Members agreed the Forward Work Programme for 2019/20.

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

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

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

AGENDA ITEM NO 5  
25 NOVEMBER 2019

**REVENUE MONITORING REPORT 2019/20**

**SUMMARY**

The Revenue Monitoring Report provides details of the annual revenue budget and associated information for the year ending 31 March 2020.

**RECOMMENDATION**

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

**1. BACKGROUND**

- 1.1 This report provides an update of the major changes affecting the revenue budget since the Finance, Audit and Performance Management (FAPM) Committee on 9 September 2019.
- 1.2 Appendix 1 details the original budget, a revised budget to reflect authorised virements, transactions to date i.e. Actuals, the forecast position and variance analysis, i.e. the over or under spend on the revised budget.
- 1.3 Appendix 2 charts the budget variances reported at each FAPM Committee reconciling to the most year end position.
- 1.4 Appendix 3 presents the impact of the above forecasts and variances on the useable reserves.

**2. ISSUES**

- 2.1 Updated revenue projections indicate an overspend of £884k which is a decrease of £58k on previous reporting. In summary, an increase of £74k in employee costs and a £132k decrease within non employee budgets have contributed to this position.

2.2 The most significant changes since previous reporting are outlined below:

### 2.2.1 EMPLOYEE COSTS - £74k increase in overspend

#### Fire Fighter pension costs

Further ill health pension costs of £54k are projected to reflect two additional ill health retirements. It is worth noting that any additional ill health retirements that occur during the course of the year will impact on the position further.

#### Local Government Pension Scheme (LGPS)

Additional members to the LGPS scheme have increased the Employers contributions for the year by £25k.

The latest establishment figures are shown below:

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

	<b>Strength</b>	<b>Budgeted</b>
WDS	795.00	792.00
RDS (100%)	346.80	426.40
Control	38.94	36.50
Support Staff	263.11	271.00
YFF	64.13	85.00
Auxiliary Reserve	73.00	80.00

#### **Leavers & Joiners April 2019 to September 2019**

	<b>Starters</b>	<b>Leavers</b>
Control	0	0
Support Staff	10	4
RDS	29	9
WDS	8	6
YFF Staff	0	0
Auxiliary Reserve	0	3
<b>Total</b>	<b>47</b>	<b>22</b>

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

### 2.2.2 PREMISES COSTS - £14k increase in overspend

Numerous headings with small under and over spends within the property budget, contribute to a forecast cost increase of £14k. A £40k saving in electrical services and £8k saving in repairs and maintenance have been used to offset various over spends, the larger of which are liquefied petroleum gas (LPG) at £20k, drainage at £20k and minor works at £14k. The LPG gas is to be used at the Compartmental Fire Behaviour Training (CFBT) facility at Cardiff Gate.

### **2.2.3 SUPPLIES AND SERVICES - £89k increase in overspend**

£70k of unbudgeted costs have been included in the forecast for the purchase of the new breathing apparatus sets due in, in November, in line with contractual obligations.

An increase of £17k in ICT costs for Joint Control is based on an updated recharge estimate from South Wales Police (SWP). This is offset by a reduced forecast in contracted services (below) as ICT support is no longer required from SWP as support has been provided in house.

### **2.2.4 CONTRACTED SERVICES - £43k increase in underspend**

A £50k under spend on ICT support costs for Joint Control (above) is the main factor in this latest variance.

### **2.2.5 CAPITAL COSTS - £153k decrease in overspend**

A change in the estimated asset lives for Personal Protective Equipment (PPE), from five years to ten, has seen the Minimum Revenue Provision (MRP) decrease by £161k.

### **2.2.6 INCOME - £31k additional income**

Increased co-location charges of £29k at Llantwit Major are completely offset by income due from SWP and has added the variance in additional income.

## **3. FINANCIAL IMPLICATIONS**

- 3.1 An overall projected overspend on the revenue budget equating to £884k.

## **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 agree the report content and approve the virement.

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



<b>SOUTH WALES FIRE &amp; RESCUE SERVICE</b>							<b>APPENDIX 1</b>	
<b>BUDGET MONITORING 2019/20</b>								
	<b>Original Budget 2019/20 £</b>	<b>Budget (vired budget) 2019/20 £</b>	<b>Actual at 15.10.19 £</b>	<b>Forecast 31.03.20 £</b>	<b>Over/Under Spend Against Revised Budget</b>	<b>Over/Under Spend %</b>		
<b>Employee Costs</b>								
Salaries, NI & superann.	54,933,131	54,848,172	28,435,248	58,244,264	-3,396,092	-4.7%		
Pensions (ill health)	965,029	965,029	358,259	942,552	22,477	0.0%		
Travel and Subsistence	461,000	462,000	181,363	451,274	10,726	0.0%		
<b>Total Employee Costs</b>	<b>56,359,160</b>	<b>56,275,201</b>	<b>28,974,869</b>	<b>59,638,090</b>	<b>-3,362,889</b>	<b>-4.7%</b>		
<b>Premises Related Expenses</b>	4,788,327	4,801,993	1,969,260	4,942,195	-140,202	-0.2%		
<b>Training Expenses</b>	1,473,382	1,472,600	179,459	1,463,661	8,939	0.0%		
<b>Supplies &amp; Services</b>	3,860,881	3,847,997	2,723,030	4,458,254	-610,256	-0.8%		
<b>Transport Related Expenses</b>	1,160,876	1,328,376	703,760	1,344,160	-15,784	0.0%		
<b>Third Party Payments (Contracted Services)</b>	806,000	890,959	331,254	874,428	16,531	0.0%		
<b>Capital costs / leasing</b>	4,448,826	4,448,826	434,262	4,841,322	-392,497	-0.5%		
<b>Contingency</b>	0	0	0	0	0	0.0%		
<b>Total Expenditure</b>	<b>72,897,452</b>	<b>73,065,952</b>	<b>35,315,893</b>	<b>77,562,111</b>	<b>-4,496,159</b>	<b>-6.3%</b>		
<b>Income</b>								
Employee Related	0	-91,000	-750,970	-3,158,487	3,067,487	4.3%		
Lease Car Contributions	0	-167,500	-85,837	-175,088	7,588	0.0%		
Co-Location Re-imburement	0	0	36,543	-254,000	254,000	0.4%		
Other Income	-1,070,308	-980,308	-549,178	-1,263,700	283,392	0.4%		
<b>Total Income</b>	<b>-1,070,308</b>	<b>-1,238,808</b>	<b>-1,349,441</b>	<b>-4,851,274</b>	<b>3,612,466</b>	<b>5.0%</b>		
<b>CONTRIBUTION BUDGET 2019/2020</b>	<b>71,827,144</b>	<b>71,827,144</b>	<b>33,966,452</b>	<b>72,710,837</b>	<b>-883,693</b>	<b>-1.2%</b>		
<b>Key</b>								
	Overspend							
	Underspend							

**THIS PAGE IS INTENTIONALLY BLANK**

SOUTH WALES FIRE & RESCUE SERVICE											
BUDGET MONITORING 2019/20								APPENDIX 2			
	Original Budget 2018/19 £	Revised Budget (vired budget) 2018/19 £	FAPM Forecast 09.09.19 £	FAPM Forecast 25.11.19 £	* Variance at FAPM 09.09.19 to Revised Budget	** Variance at FAPM 25.11.19 to FAPM 09.09.19	Cumulative Variances against Revised Budget	Summary on variances previously reported*			
<b>Employee Costs</b>								* Increase to FFPF contribution rate Staff vacancies Reduction to Ill Health against initial forecast			
Salaries, NI & superann.	54,933,131	54,848,172	58,223,387	58,244,264	-3,375,215	-20,877	-3,396,092				
	54,933,131	54,848,172	58,223,387	58,244,264	-3,375,215	-20,877	54,848,172				
Pensions (ill health)	965,029	965,029	888,222	942,552	76,807	-54,330	22,477				
Travel and Subsistence	461,000	462,000	452,751	451,274	9,249	1,476	10,726				
<b>Total Employee Costs</b>	<b>56,359,160</b>	<b>56,275,201</b>	<b>59,564,360</b>	<b>59,638,090</b>	<b>-3,289,159</b>	<b>-73,731</b>	<b>-3,362,889</b>				
<b>Premises Related Expenses</b>	<b>4,788,327</b>	<b>4,801,993</b>	<b>4,927,810</b>	<b>4,942,195</b>	<b>-125,817</b>	<b>-14,385</b>	<b>-140,202</b>	* Increase in lease costs for OHU and rates re-valuation			
Training Expenses	1,473,382	1,472,600	1,464,571	1,463,661	8,029	909	8,939				
<b>Supplies &amp; Services</b>	<b>3,860,881</b>	<b>3,847,997</b>	<b>4,369,219</b>	<b>4,458,254</b>	<b>-521,222</b>	<b>-89,035</b>	<b>-610,256</b>	* Overspend on HFS external funding. Upgrade of HYDRA facility at Cardiff Gate to be funded from CF reserve in addition to increase in subs and support and maintenance due to cost sharing being offset by income			
Transport Related Expenses	1,160,876	1,328,376	1,351,603	1,344,160	-23,227	7,442	-15,784	* Increase in new pool car lease costs			
Third Party Payments (contracted services)	806,000	890,959	917,776	874,428	-26,817	43,347	16,531	* increase in JC consultancy costs along with increase in legal fees			
Capital costs / leasing	4,448,826	4,448,826	4,993,923	4,841,322	-545,098	152,601	-392,497	* Increase to MRP along with CERA contribution which is offset by income			
Contingency	0	0	0	0	0	0	0				
<b>Income</b>	<b>-1,070,308</b>	<b>-1,238,808</b>	<b>-4,820,271</b>	<b>-4,851,274</b>	<b>3,581,463</b>	<b>31,003</b>	<b>3,612,466</b>	* Offset to increased expenditure - WG grant, supplies and services. Joint control related income - compensation, 60/40 salary split Change in lease car agreements and premise related income - rates, leases			
<b>CONTRIBUTION BUDGET 2019/2020</b>	<b>71,827,144</b>	<b>71,827,144</b>	<b>72,768,990</b>	<b>72,710,837</b>	<b>-941,846</b>	<b>58,152</b>	<b>-883,693</b>				

**THIS PAGE IS INTENTIONALLY BLANK**

					APPENDIX 3
Reserve	Purpose and Control	Balance at year start	Transfers in and (out)	Balance at year end	Variations arising between budgeted and actual levels of reserves
<b>General</b>	To cover general financial risks including council funding, grants, inflation and interest.	-3,000,000	0	-3,000,000	
<b>Managed under spends</b>	To meet costs associated with rolling programmes of expenditure incomplete at year end. Controlled via routine budget monitoring procedures.	-115,659	72,014	-43,646	Spending against carry forward requests within revenue
<b>Change Management</b>	Costs of change arising from 'Shaping our 'Future' programme, investment in change projects to improve service and / or reduce spend.	-5,894,982	1,967,239	-3,927,744	Capital expenditure on Energy Efficiency, Website, Revenue overspend and £500k to CFBT as per FA, Occ Health
<b>CFBT Reserve</b>	This reserve has been set up to fund capital investment activities in this facility which is to be housed at Cardiff Gate.	-1,976,488	1,852,810	-123,677	Capital spend on CFBT includes £500k transferred from Change Management
<b>PFI Equalisation</b>	To meet future costs of the Training Centre PFI project	-3,860,537	59,071	-3,801,466	Current figures which includes estimated additional value for indexation at year end
<b>Capital Receipts</b>	To meet costs of the capital programme. Reserve applied as receipts are generated	-901,023	787,607	-113,416	Capital Receipts Reserve in 19/20, £857k to fund Fleet within Capital Programme
<b>Joint Control Lease Reserve</b>	To meet the lease costs over an eight year period (from 2017/18)	-600,000	100,000	-500,000	Annual Joint Control lease costs
<b>TOTAL</b>		<b>-16,348,690</b>	<b>4,838,741</b>	<b>-11,509,949</b>	

**THIS PAGE IS INTENTIONALLY BLANK**

## Appendix 4 - GRANT MONITORING REPORT 2019/20

### 1. ISSUES

1.1 Since previous reporting there have been a number of changes to individual projects as summarised below:

#### 1.1.1 HFS STOCK - £10k decrease in forecasted overspend

The beginning of August 2019 saw the introduction of the new 'Safe and Well' project delivered by Community Safety where households within the Merthyr and RCT areas will receive CO detectors. A partnership with Wales & West Utilities has been set up who are providing units free of charge on our behalf, albeit forecasts have been entered for the duration of the year to ensure costs are identified should the partnership cease.

There were no cost implications for SWFRS in quarter 2 for the delivery of 'Safe and Well' therefore the initial overspend reduced by £28k.

As of 1<sup>st</sup> November 2019 the project is being extended to the Cardiff and Vale areas, with the same arrangement in place with Wales & West Utilities. However forecasts of £18k for the remainder of the year have been identified should the partnership cease, resulting in an overall reduction in overspend of HFS stock of £10k.

#### 1.1.2 MOMENTUM - £1.3k decrease in forecasted overspend

Following a successful first Momentum course run in 19/20, a second course is scheduled to be delivered later in the year. Estimated costs for the second course have been adjusted to reflect the actual cost of the initial course, resulting in a £1.3k reduction in forecasted spends.

#### 1.1.3 NATIONAL RESILIENCE - £11.5k increase in forecasted overspend

Included in the bid submitted to Welsh Government for the 2019/20 National Resilience funding were costs provided by Babcock in relation to the LTCM fixed charges. It has now been realised that the calculations received from Babcock were incorrect and has resulted in an increase in forecasts of £21k.

Training expenses have reduced by £5k due to income received from Merseyside FRS for participation in training courses organised and run by SWFRS NR personnel.

The NR lease car is no longer required by the department and has been transferred to a member of personnel on secondment which has reduced the transport related expenses by £4.5k.

## **2. FINANCIAL IMPLICATIONS**

Overall there is a projected overspend equating to £367k within the grant budgets.

Community Safety have applied for 'in-year' funding of £223k from Welsh Government to offset against the forecasted overspends in HFS stock. The department are currently waiting for WG to confirm whether the request has been successful.

## **3. RECOMMENDATIONS**

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



SOUTH WALES FIRE & RESCUE SERVICE REVENUE GRANT REPORTING 2019/20		APPENDIX 5							
	Revenue	FIRE CRIME	HFS STOCK	YOUTH	MOMENTUM	ANTI-SOCIAL BEHAVIOUR	NATIONAL RESILIENCE	MTA	USAR
	<b>Budget</b>	<b>107,748</b>	<b>223,400</b>	<b>111,355</b>	<b>70,000</b>	<b>28,000</b>	<b>844,589</b>	<b>177,806</b>	<b>387,484</b>
<b>Employee Costs</b>	Forecast	100,891	0	91,245	66,435	30,246	290,352	86,244	373,194
<b>Training Expenses</b>	Forecast	0	0	3,000	0	0	93,572	0	460
<b>Supplies &amp; Services</b>	Forecast	0	553,293	10,729	7,295	0	484,727	91,000	12,614
<b>Transport Related Expenses</b>	Forecast	10,635	0	6,550	0	0	1,843	1,882	1,216
<b>Income</b>	Forecast	-107,748	-223,400	-111,355	-70,000	-28,000	-844,589	-177,806	-387,484
<b>(Under)/Overspend</b>	Forecast	<b>3,778</b>	<b>329,893</b>	<b>169</b>	<b>3,730</b>	<b>2,246</b>	<b>25,905</b>	<b>1,320</b>	<b>0</b>

SOUTH WALES FIRE & RESCUE SERVICE CAPITAL GRANT REPORTING 2019/20		
	Capital	NATIONAL RESILIENCE
	<b>Budget</b>	<b>555,000</b>
<b>Equipment</b>		
<i>Mass Decontamination Unit</i>	Forecast	35,000
<i>LCD Detection Units</i>	Forecast	320,000
<b>Vehicles</b>		
<i>Prime Mover</i>	Forecast	200,000
<b>Income</b>	Forecast	-555,000
<b>(Under)/Overspend</b>	Forecast	<b>0</b>

**THIS PAGE IS INTENTIONALLY BLANK**

## **CAPITAL MONITORING REPORT 2019/20**

### **SUMMARY**

The capital monitoring report provides detail of the capital budget, transactions to date and the forecast year end position.

### **RECOMMENDATION**

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

## **1. BACKGROUND**

- 1.1 This report provides an update of the major changes affecting the capital budget since the Finance, Audit & Performance Management (FAPM) Committee on 9 September 2019.
- 1.2 Appendix 1 illustrates the budget slipped from 2018/19, the 2019/20 budget, spending this financial year to date, a forecast year end position and budget slipped into the new year to enable completion of schemes in future periods.
- 1.3 In summary appendix 1 presents the total budget (2018/19 budget slippage + 2019/20 budget) for 2019/20 as £9.7 million and the forecast outturn and slippage for the year at £9.0 million and £1.8 million respectively. This is supported by a detailed analysis of schemes and funding analysis of the financing streams we plan to utilise.
- 1.4 The following provides a narrative explanation of appendix 1.

## **2. ISSUES**

### **2.1 Property**

- 2.1.1 Forecast spending and slippage into next year are £4.2 and £1.5 million respectively, indicating an overall budget overspend of £306k, as follows;

	<b>Budget</b>	<b>Current Forecast</b>	<b>Under/Over spend</b>
CFBT	2,527	2,476	51 US
PLANNED & PREVENTATIVE MAINTENANCE	150	0	150 US
ENERGY EFFICIENCY SCHEMES	209	339	-130 OS
LLANTWIT MAJOR	37	314	-277 OS
OCUPATIONAL HEALTH RELOCATION	136	236	-100 OS
			<b>-306 OS</b>

2.1.2 The over spend has increased by £137k since the last monitoring report as below;

	<b>Last Forecast</b>	<b>Current Forecast</b>	<b>Costs +/-</b>
CFBT	2,353	2,476	+123
LLANTWIT MAJOR	300	314	+14
			<b>+137</b>

### 2.1.3 CFBT

This scheme is now complete and we are forecasting a small underspend of £51k. The underspend has reduced since last reporting due to some additions for signage and hose reel installations.

### 2.1.4 Llantwit Major

Works have now been completed and the Property Manager is waiting to receive the final account detailing final costs. Variations to works have increased the scheme costs to £314k, with £254k of this being funded from South Wales Police (SWP) as a contribution to capital as part of co-location agreement. This means there are £23k of additional costs, in excess of the £37k budget for the year, to be funded by SWFRS.

### 2.1.5 Pontypridd

The tender process has started for these works and we are currently forecasting that the majority of works will be completed in this financial year. However, this is dependent on the timings of when the work begins and so more could slip over into the next financial year.

## 2.2 Vehicle Replacement Programme (VRP)

2.2.1 Following discussions with the head of Fleet and Engineering, there are no changes to the fleet plan although the Civil Contingencies team have been able to secure grant funding for vehicles, i.e. prime movers. Due to this addition, we now have a budget overspend although this will be financed from Grant income.

This underspend is analysed over the following schemes;

	<b>Budget (inc Slippage)</b>	<b>Current Forecast</b>	<b>Variance</b>
WATER LADDERS	1,160k	1,202k	-42k OS
OPERATIONAL 4WD	300k	240k	60k US
PRIME MOVER (heavy duty towing engine - grant funded)	0	200k	-200k OS
			<b>-182k OS</b>

2.2.2 Since previous reporting, no further vehicles have been ordered which presents the potential for a large under spend in final reports to this committee. Lead times on specialist vehicles tend to be longer in addition to the issue of securing a mutually agreeable delivery date prior to the 31 March.

### 3 FINANCIAL IMPLICATIONS

3.1 Appendix 1 illustrates capital spending plans for the year and how this differs from the original budget set. The above paragraphs 2.1 to 2.2 provide explanation of variances that have arisen.

Overall the capital budget is over spent by £1,125k and is largely offset by grants and third party contributions of £698k and £254k respectively. The difference is managed by using under spends to support over spends, then reserve and revenue budget contributions. This is analysed as follows;

	<b>Over/Under spend</b>	<b>Additional Funding</b>	<b>Report Variances</b>
OCCUPATIONAL HEALTH RELOCATION	-100		-100
LLANTWIT MAJOR (co-location cont's offset overspend)	-23	-254	-277
CFBT FACILITY CARDIFF GATE (reserve funding)	51		51
ENERGY EFFICIENCY SCHEMES (reserve funding)	-130		-130
PLANNED & PREVENTATIVE	150		150
WATER LADDERS	-42		-42
OPERATIONAL 4WD	60		60
HELMETS	-30		-30
DATA CENTRE	-7		-7
EFINANCIALS UPGRADE		-56	-56
PRIME MOVER (grant funded)		-200	-200
MOBILE DATA TERMINALS (part grant funded)	-46	-143	-189
MASS DECONTAMINATION UNIT (grant funded)		-35	-35
LCD DETECTION UNITS (grant funded)		-320	-320
<b>TOTAL</b>	<b>-117</b>	<b>-1,008</b>	<b>-1,125</b>

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

<b>Contact Officer:</b>	<b>Background Papers:</b>
Geraint Thomas Head of Finance & Procurement	Revenue & Capital Budget Capital Monitoring working papers 2019/20 Budget Holder Reports

CAPITAL PROGRAMME 2019/20							APPENDIX 1	
	Project Total £000	SLIPPAGE B/F 2018/19 £000	2019/20 BUDGET £000	ACTUAL AS AT 08.09.2019 £000	COMMITTED AS AT 08.09.19 £000	OUTTURN POSITION 31.03.20 £000	BUDGET UNDER/O VER SPEND £000	SLIPPAGE C/F 2020/21 £000
<b>PROPERTY</b>								
<b>STATION REFURBISHMENTS</b>								
PONTYPRIDD	1,000	0	1,000	25	34	800	0	200
MONMOUTH	600	597	0	0	9	9	0	588
NEW INN	2,550	437	0	0	4	8	0	489
TONYPANDY	300	269	0	8	28	36	0	233
OCCUPATIONAL HEALTH RELOCATION	150	136	0	114	126	236	-100	0
LLANTWIT MAJOR (co-location cont's offset overspend)	0	37	0	262	76	314	-277	0
<b>NEW BUILDS</b>								
CFBT FACILITY CARDIFF GATE (reserve funding)	5,000	475	2,052	2,185	169	2,476	51	0
PLANNED & PREVENTATIVE MAINT	150	150	0	0	0	0	150	0
ENERGY EFFICIENCY SCHEMES (reserve funding)	1,054	209	0	339	0	339	-130	0
	<b>10,804</b>	<b>2,370</b>	<b>3,052</b>	<b>2,933</b>	<b>447</b>	<b>4,219</b>	<b>-306</b>	<b>1,510</b>
<b>VEHICLES</b>								
OPERATIONAL 4WD	240	120	180	0	0	240	60	0
TRUCK (SLIDE DECK / CRANE)	150	150	0	0	0	150	0	0
VANS (LIGHT VEHICLES)	40	40	0	0	30	40	0	0
WATER LADDERS	1,202	464	636	0	1,202	1,202	-42	0
RESCUE TENDERS	235	0	235	0	0	0	0	235
RECOVERY UNIT	115	0	115	0	0	115	0	0
VANOPS ESTATE CAR	155	0	155	0	0	155	0	0
RESCUE BOAT	45	45	0	0	0	0	0	45
PRIME MOVER (grant funded)	200	0	0	0	0	200	-200	0
	<b>2,382</b>	<b>819</b>	<b>1,381</b>	<b>0</b>	<b>1,232</b>	<b>2,102</b>	<b>-182</b>	<b>280</b>
<b>EQUIPMENT &amp; ICT</b>								
BREATHING APPARATUS	332	0	300	68	790	300	0	0
HELMETS	242	0	242	0	0	272	-30	0
RADIOS AND BATTERIES	435	0	435	0	0	435	0	0
MOBILE DATA TERMINALS (part grant funded)		0	0	189	0	189	-189	0
SERVICE DESK	50	26	0	21	0	26	0	0
HQ SWITCH REPLACEMENT	200	10	0	8	1	10	0	0
WEBSITE PROJECT (reserve funding)	40	8	0	6	0	8	0	0
UNIFIED COMMUNICATION REPLACEMENT	101	101	0	101	0	101	0	-0
DATA CENTRE	100	0	100	0	107	107	-7	0
INFRASTRUCTURE MANAGEMENT	50	0	50	0	0	50	0	0
MICROSOFT 365	40	0	40	0	0	40	0	0
PERIMETER FIREWALL REPLACEMENT	25	0	25	0	0	25	0	0
MULTIMEDIA	120	0	120	0	0	120	0	0
EFINANCIALS UPGRADE (inc CERA)	53	0	0	0	0	56	-56	0
MASS DECONTAMINATION UNIT (grant funded)	35	0	0	0	0	35	-35	0
LCD DETECTION UNITS (grant funded)	320	0	0	0	0	320	-320	0
	<b>2,743</b>	<b>145</b>	<b>1,912</b>	<b>394</b>	<b>898</b>	<b>2,695</b>	<b>-637</b>	<b>-0</b>
<b>TOTAL</b>	<b>15,929</b>	<b>3,334</b>	<b>6,345</b>	<b>3,327</b>	<b>2,577</b>	<b>9,015</b>	<b>-1,125</b>	<b>1,789</b>
<b>FUNDING ANALYSIS</b>								
						BORROWING	3,890	
						CO-LOCATION CONTRIBUTIONS	254	
						REVENUE CONTRIBUTION	256	
						REVENUE RESERVES	3,059	
						CAPITAL GRANT	638	
						CAPITAL RECEIPTS	857	
							<b>9,015</b>	

**THIS PAGE IS INTENTIONALLY BLANK**



## AGENDA ITEM NO 7

**Revenue & Capital Budget Setting Update Report**

-

**Update to be provided on the day**

Author: Chris Barton (Treasurer)

**THIS PAGE IS INTENTIONALLY BLANK**

AGENDA ITEM NO 8



# AUDIT ACTIONS REPORT

Health Check

2019/2020 Quarter 2



Gwasanaeth Tân ac Achub  
De Cymru

South Wales  
Fire and Rescue Service

Produced in

**BMIS**  
Business Management  
Information System

# Contents

---

Introduction	Page 3
Internal Audit Strategy 2018/2019	Page 4
Internal Audit Summary	Page 5
Internal Audit Actions Update	Page 6
Internal Audit Ongoing Actions Commentary	Pages 7-10
Internal Audit Overdue Actions Commentary	Pages 11-12
Other Audit Actions Summary and Commentary	Pages 13-15

# Introduction

---

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

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

Loaded on BMIS as of Quarter 2 (July-Sept) 2019/2020

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

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

The report below details the actions that have been agreed and loaded onto BMIS. Actions identified from the 2019/2020 audit strategies will be included once agreed with each audit owner.

## Internal Audit Strategy 2019/2020

The below table summarises the progress of all planned internal audits for 2019/2020:

Correct as of 25 October 2019

Audit Name		Progress	Report Summary
Assurance Review of Pensions		Final Report Received	Substantial Assurance
Assurance Review of Estate Management - Strategy		Final Report Received	Substantial Assurance
Assurance Review of ICT Strategy		Final Report Received	Reasonable Assurance
Assurance Review of Fleet and Equipment Strategy		Final Report Received	Substantial Assurance
Regularity Review - Station Visits	Petty Cash	Final Report Received to go to FAPM 25 November	Substantial Assurance
	Other Income		Substantial Assurance
	Purchasing		Substantial Assurance
	Fuel and Fuel Cards		Substantial Assurance
	Overtime, Roster, Sickness and Training		Substantial Assurance
Advisory audit - Finance/HR System - Data Import arrangements		Final Report Received - to go to FAPM 25 November	Not applicable for this audit
Assurance Audit - Governance - Strategic Planning		Audit completed - awaiting draft report	
Compliance Audit - Risk Management - Mitigating Controls		Due 19-20 November 2019	
Compliance Audit - Key Financial Controls		Due 6-9 November 2019	
Assurance Audit - Payment cards		Due 10-12 February 2020	
Follow Up audit		Due 6-7 January 2020	

# Internal Audit Summary

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

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

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



<u>Audit Name</u>	<u>Progress</u>
11.10/11 IT Disaster Recovery Planning - Follow Up	★
Appraisal Review of Risk Management - Anti-Fraud Arrangements	●
Appraisal Review of the Governance - Partnerships Arrangements	●
Assurance Review of HR Management - Rosters Dec 18	●
Assurance Review of HR Management - Rosters	★
Assurance Review of ICT Security Management Controls	★
Assurance Review of ICT Strategy	★
Assurance review of the Governance - Internal Communication Arrangements	●
Assurance Review of Training Records August 2018	●
Compliance Review of Key Financial Controls	●
ICT Review of General Data Protection Regulations (GDPR) Compliance )	★
Internal Audit Follow Up Review	★
Operational Review of the Authority Assurance Framework	▲
Regularity Review - Station Visits	★

# Internal Audit Action Progress

---

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

## Audit Actions Ongoing

Internal Audit				
▲	●	★	Unknowns	Total
0	8	13	0	21

## Audit Actions Overdue

Internal Audit				
▲	●	★	Unknowns	Total
1	2	2	0	5

There are 113 actions marked as Completed



# Internal Audit Actions – Commentary (In Progress)

Name	Action Description in Full	Owner	Department	30/09/2019		
				Performance	Due Date	Comment
Appraisal Review of the Governance - Partnerships Arrangements 2	Quality Assurance procedures be re-instated for the existing Home Fire Safety Checks service as soon as resource allows and fully implemented following implementation of the new training package.	Davies, Garry	Risk Reduction	●	31/03/2020	Following the introduction of enhanced home safety checks in the Vale and Cardiff areas it is proposed that a quality assurance process will be in place to analyse performance of delivery.
Assurance Review of HR Management – Rosters 1	The Flexible Rostering System Procedures and Guidelines document be updated to reflect the changes made since its first publication.	Davis, Zoe	Operations	●	27/12/2019	Currently finalising the Flexible Rostering System Procedure Document awaiting approval from Rep Bodies and Senior Management.
Assurance Review of HR Management – Rosters 3	Reporting of Crew Manager and Watch Manager over and under availability be developed and reported to management alongside the existing performance data.	Davis, Zoe	Operations	●	31/03/2020	Further work will be required to identify the number of occasions availability is riding above or below optimum crewing levels by reason/skill set
Assurance Review of HR Management – Rosters 5	A process be developed to ensure users of the Rostering and Advanced Planning System (RAPS) system, in particular Watch Managers, are able to access training and instruction on the system.	Davis, Zoe	Operations	●	31/03/2020	We are continually improving the availability system. Operations will progress with the one day workshop to carry out further training on the Advanced Planning System with Supervisory officers. In addition to this Central Staffing will look at working remotely to assist Supervisory Officers with any issues relating to the Advanced Planning System.
11.10/11 IT Disaster Recovery Planning - Follow Up 1.2	Management should ensure that the priority of recovery for key IT systems and data following a disaster event is determined, approved by senior management and included within the IT DR element of the organisation's ICT BCP.	Gilberts, Tim	ICT	★	31/03/2020	Due to staff absence, little progress has been made this quarter.

Assurance Review of ICT Strategy - Information and security policies	The Information Security Management (ISMS 001), Internet and Email Usage procedure (ISMS 002) and Removable Media and Mobile Data Devices policies be reviewed to ensure they remain relevant and up to date.	Gilberts, Tim	ICT	★	31/03/2020	Due to staff absence, little progress has been made this quarter.
Follow Up Review - A Forensic Readiness Procedure	Anti fraud Cyber Crime 2013/14 - A Forensic Readiness Procedure be documented detailing the processes to be followed in the event of a suspected or actual network security incident. Original Due Date 7/31/2018	Gilberts, Tim	ICT	★	31/03/2020	Due to staff absence, little progress has been made this quarter.
Assurance Review of Training Records Aug 18.2	Recommendation The levels of non-attendance at training courses be recorded and quantified by Training and Development	Greenman, Ian	Training & Development	★	31/03/2020	Training non-attendance continues to be collated locally within the training department. Significant improvement continues due to project changes implemented and reported to SMT with BMIS updated appropriately.
Assurance Review of Training Records Aug 18.4	Recommendation The out of compliance reporting processes in use need to be reviewed to ensure that the reported out of compliance data is accurate and can be easily obtained on demand.	Greenman, Ian	Training & Development	●	31/12/2019	Recent acknowledgement and confirmation from SMT that CoreHR will no longer facilitate and assist with Training Department requirements. Station Manager Nathan Rees-Taylor is now developing a new software alternative through the PDRPRO system.
Assurance Review of Training Records Aug 18.5	Recommendation The information held within the PSE database be reviewed and cleansed prior to importing into the Core HR training module.	Greenman, Ian	Training & Development	●	31/12/2019	Due to PSE Database now to be updated through the medium of PDRPRO, awaiting final build of appropriate packages to enable task to be completed.
Assurance Review of ICT - Cyber Security 3	A comprehensive log management strategy be implemented that includes the use of a central log server and the use of log management tools.	Iddon, Paul	ICT	★	31/03/2020	Reviewing the use of Splunk to manage logs.

Assurance Review of ICT - Cyber Security 2	Intrusion prevention and intrusion detection solutions be implemented at the earliest opportunity.	Jones, Aaron	ICT	★	31/03/2020	Quotes received from potential suppliers, and several follow ups to confirm functionality requirements met and costs for hardware, software and also professional services. Quote also requested for Palo Alto firewalls, which is in progress.  Once all quotes received, will select most appropriate solution and purchase.
Assurance Review of ICT Strategy - Red Kite system	The Red Kite Assets system be incorporated into the central data hub to provide an overarching asset management system in accordance with the ICT Strategy.	Mitchell, Heather	ICT	★	31/03/2020	We have planned to follow this up towards the end of the year.
Assurance Review of HR Management – Rosters 4	Reports on under and over crewing within the Control Room be produced and be routinely reported to management.	Pearce, Natalie	Fire Control	★	31/10/2019	Spreadsheet produced and reported to MAWW service delivery waiting for meeting with SWFRS service delivery team
Assurance Review of ICT Security Management Controls 3	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. Original Due date 31/08/2018.	Smith, Darren	ICT	★	31/12/2019	ICT Asset Database has been updated and validated through a full asset management check  Follow up Asset Audit (with Sampling) was carried out by TIAA 25/06/2019 - issues raised have been addressed.
Assurance Review of ICT Strategy - ICT asset auditing	The current process of rolling ICT assets auditing be continued and a self-audit process where users are requested to confirm desktop asset numbers be introduced	Smith, Darren	ICT	★	31/12/2019	Looking at current process for Asset Audits, along with introduction of additional updates at point of contact (ICT Support Desk). Meeting to be arranged to discuss with Team to identify options.

Assurance Review of ICT Strategy - RAPS	The RAPS rostering system be migrated into the CORE HR system as intended to enable the delivery of the strategic objective of an employee 'Golden Record'	Smith, Darren	ICT	★	30/10/2019	Meeting held with CoreHR Executive Sponsor in 29/08/2019 - discussions around ROSTERING (RAPS) integration with CoreHR. There are concerns; Core Roster for Full-time staff subject to scoping may have the capability to capture the Workforce Scheduling. However, there are many concerning elements that need to be considered if the Service takes this approach.  To be presented to SMT for review and direction of Travel - no indicative costs at present
Appraisal Review of Risk Management - Anti-Fraud Arrangements 3	The formal designation of a Money Laundering Reporting Officer for the Service be included in the next review of the Financial Procedures.	Thomas, Geraint	Finance & Procurement	●	31/01/2020	The review has been delayed due to other statutory reporting priorities and will be undertaken once those deadlines have been met.
Compliance Review of Key Financial Controls March 2019	The Financial Procedure Rules be reviewed and any changes be approved by the Fire & Rescue Authority	Thomas, Geraint	Finance & Procurement	●	31/01/2020	The review has been delayed due to other statutory reporting requirements and will be completed when these have been met.
Assurance Review of ICT - Cyber Security 1	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.	Trusler, Rachel	Corporate Services	★	28/02/2020	Work is ongoing to review our existing ISMS in order to rationalise and simplify our processes within SWFRS. Awaiting feedback from key internal partners such as ICT to agree the way forward.
Assurance Review of ICT Strategy - Planning timetable	A formal ICT Strategy planning timetable be developed	Williams, Chris	ICT	★	31/03/2020	New Strategy approved so a new planning timetable is being created

## Internal Audit Actions – Commentary (Overdue)

Name	30/09/2019					
	Action Description in Full	Owner	Department	Performance	Original Target Date	Comments
Assurance Review of the Governance - Internal Communication Arrangements 3	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.	Thomas, Wayne	Corporate Services		30/09/2019	The one remaining post to recruit in order to complete the restructure of the Media and Communications team (Media Assistant Post) - has been advertised with a closing date for applications of the 16th October 2019. The team includes both of the Service's Welsh Translators along with four additional Welsh essential posts (when the recruitment is completed) in order ensure that we are capable of providing a fully bilingual service. The team continues to work closely with our Information Governance and Compliance team to maintain and manage consent forms for all moving imagery and audio - the Media Assistant post holder will assist with the daily upkeep and management of all consent forms when recruited. The team's ability to provide 24/7 cover still depends on the organisation's appetite to amend the team's contracts to include an on call responsibility, which is a debate that will resurface during the job evaluation process.
ICT Review of General Data Protection Regulations (GDPR) Compliance 2	All key data protection and information governance related policies and procedures be reviewed and implemented at the earliest opportunity.	Trusler, Rachel	Corporate Services		30/09/2019	Work is continuing to rationalise and simplify key data protection and information governance policies and procedures. Awaiting feedback from key internal partners including ICT.




ICT Review of General Data Protection Regulations (GDPR) Compliance 4	Processes be implemented to delete electronic data when the data is no longer required to ensure compliance with EU GDPR and the Data Protection Act 2018.	Trusler, Rachel	Corporate Services	★	30/09/2019	Following Retention and Destruction awareness events at HQ, teams have been proactively deleting electronic information that is no longer required. SWFRS has no automated method of deleting data, however following a meeting with Sally Chapman and Chris Williams, the decision has been made to follow an educational path. As a result, ICT trainers are now visiting all stations to talk to them about deleting data no longer required and about the storage of personal data. Information sheets have been collaboratively put together by Information Governance and Compliance and ICT to give top tip guidance to better electronic data management and deletion. ICT will be rolling out a plan for new starters where on day one, an ICT trainer will set them users on SWFRS systems to cover all policies relating to data sharing and management including deletion.
Operational Review of the Authority Assurance Framework 3	Within the project Management governance arrangements all projects be linked to the relevant strategic objectives and define how the project outcomes contribute to the achievement of the objective.	Thomas, Wayne	Corporate Services	▲	30/03/2019	The implementation of this module has not been possible thus far due to issues with the project management module within BMIS itself (from the provider's side) and other team priorities (during the corporate staff restructure and embedding new team members). We are looking to re-investigate the feasibility of implementing the project module as part of Year3 of the BMIS project during 2019/20.
Regularity Review - Station Visits - Routine fire alarm tests	Routine fire alarm tests and firefighting equipment inspections be carried out on a weekly basis and emergency lighting tests on a monthly basis be undertaken at all stations in accordance with the procedures set out in the Raising Awareness Reducing Risk Log book.	Pritchard, Colin	Operations	★	01/01/2019	Fire alarm testing now added to red kite system. This allows remote monitoring and better compliance by stations. In addition fire drills will be added to the system to ensure best practise.

# Other Audits Summary

## Corporate Scheme




Name	30/09/2019					
	Action Description in full	Owner	Department	Performance	Original Target Date	Comments
Audit - Strategic Equality Plan - good practice	Promote in-house equality and diversity good practice.	Wood, Carey	Human Resources	★	30/03/2020	Worked with internal depts. including media, CSP, recruitment, L&D, BFS, and HR on equality elements related to their fields of expertise, presented at mid manager and HR session, developed information sheet for managers re staff data, constructed a bulleted table of actions and organisational temperature check from an EHRC report, developed first draft of next SEP outcomes, provided in-house advice in 43 cases, advised on HeForShe campaign, assisted with ensuring equality elements were compliant for emergency weekend event, devised handy checklist for stations in relation to local prides, undertook the coordination of staff data report for Welsh Government, have been invited onto a NFCC group in relation to equality work, as well as usual ongoing day-to-day work

## Operational Assurance

Name	30/09/2019					
	Action Description in Full	Owner	Department	Performance	Original Target Date	Comments
Ops Assurance - Community Risk Management 5	There was evidence that some staff members are not aware of the purpose of collecting data at incidents and following safe and well or home safety checks. Improved communication regarding this matter may assist in improving their understanding and subsequently improve their buy in.	Pritchard, Colin	Operations		31/03/2020	Guidance and information to be shared during supervisory managers' seminars and during the CM induction days.
Ops Assurance - Community Risk Management 7	The address based risk register, as referred to under the 'progress' section would benefit all stations when creating their Community Risk Management Plans. Consider providing this information across the board, as opposed to on request. This will enable stations to utilise information gathered to better target those who are at increased risk from fire.	Thomas, Wayne	Corporate Services		31/03/2020	Using the BMIS system to provide this information to the customer in real time remains the preferred option at this time. The issue of require a significantly increased number of BMIS user licenses, which may incur a significant cost. A pilot to extend the number of user licenses within one station, using our existing complement of licenses, will be undertaken to scope feasibility before the concept is progressed.
Ops Assurance - Legislative Fire Safety	Review the allocation of Legislative Fire Safety resources following the introduction of the new MIS in line with the revised picture of risk.	Davies, Garry	Risk Reduction		21/02/2020	The new MIS system is now being trialled by BFS with a view to going live in Feb 2020. Resources to deal with this will be assessed following the trial period.



## External Audits

Name	30/09/2019					
	Action Description in Full	Owner	Department	Performance	Original Target Date	Comments
<b>Thematic Review 2017 1</b>	Learning following incidents, accidents and near misses from the fire community be communicated to operational personnel as soon as practicably possible	Hole, Martin	ORM		31/03/2020	Although we try to provide operational crews with a brief background to any Safetyflash reports, often we have limited information when making the decision to distribute safety critical information out to crews. It is a fine balance between giving enough information and getting swift information out. As a result this, additional information is followed up by the H&S Team members when they attend station for Tool Box Talks and general station visits. The use of the Services' Business Management Information during station visits will provide operational crews with more in depth information against accident and Near Miss statistical Data. A team has been set up within ORM to look at all NOG, NOL and safety critical information which enters the service and ensure it is disseminated appropriately for action.
<b>Thematic Review 2017 5</b>	Information sharing between the Welsh FRSs and national FRS needs to be formulated and aligned to the National Operational Learning Project.	Davies, Gareth	ORM		31/03/2020	Work continuing on the NOG impact analysis by the three Services. Completion of SWF&RS due by the end of March 2020
<b>WAO - Annual Improvement Report 2017-18</b>	Agreeing common measures with other Welsh Fire and Rescue Authorities to assess key indicators around land and buildings to enable comparison of performance and the identification of developing trends.	Corrigan, Nick	Finance & Procurement		01/09/2020	Not yet commenced

This page is intentionally blank



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

AGENDA ITEM NO 9  
25 NOVEMBER 2019

**TREASURY MANAGEMENT MID-TERM REVIEW REPORT 2019/20**

**SUMMARY**

The Treasury Management Mid-Term Review Report provides an update on the Authority's treasury activities for the period 1 April – 30 September 2019.

**RECOMMENDATION**

The Finance, Audit & Performance Management Committee are asked to undertake the following;

- Note the report and the treasury activity for the period
- Recommend approval of the report to Fire Authority

**1. BACKGROUND**

- 1.1 The Fire & Rescue Authority approved the Treasury Management Strategy Statement (TMSS) for 2019/20 on 11 February 2019. The TMSS sets out the reporting framework for monitoring performance and compliance of treasury management activities. Appendix 1 presents the detailed statutory and regulatory reporting requirements contained within the TMSS.
- 1.2 In accordance with the internal scrutiny protocol, the Finance, Audit & Performance Management Committee (FAPM) will receive this initial report in order to make a recommendation to Fire & Rescue Authority.

**2. ISSUE**

- 2.1 The Treasury Management Mid-Term Review Report is attached as Appendix 1.
- 2.2 The report contains indicators and information for the 6 months leading up to 30 September 2019. Treasury procedures and reporting are intended to limit the Authority's exposure to unforeseen and unbudgeted financial consequences and to ensure that treasury management activity has been conducted in accordance with legislation and the agreed strategy.

**3. FINANCIAL IMPLICATIONS**

- 3.1 The financial implications of treasury activities have been factored into the Authority's budgeting processes and reporting cycles.

#### 4. LEGAL IMPLICATIONS

- 4.1 The Authority is required to comply with the requirements of the Local Government Act 2003 and to have regard to both the Welsh Government (WG) guidance and the CIPFA Code when determining its treasury management policy, strategies and reporting regime.

#### 5. EQUALITY RISK ASSESSMENT

- 5.1 There are no equality implications resulting directly from this report.

#### 6. RECOMMENDATION

- 6.1 The Finance, Audit & Performance Management Committee are asked to undertake the following;

- Note the report and the treasury activity for the period
- Recommend approval of the report to Fire Authority

<b>Contact Officer:</b>	<b>Background Papers:</b>
Geraint Thomas Head of Finance & Procurement	TMSS 19/20 TM Outturn Report 18/19 Revenue/Capital Monitoring Reports Link Service information

## APPENDIX 1

### Background

#### 1.1 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities have been required to prepare a Capital Strategy which is to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

#### 1.2 Treasury management

The Authority operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer term cash flow planning to ensure the Authority can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Authority risk or cost objectives.

Accordingly, treasury management is defined as:

“The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

### 1. Introduction

This report has been written in accordance with the requirements of CIPFA's Code of Practice on Treasury Management (revised 2017).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Authority's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Authority will seek to achieve those policies and objectives.
3. Receipt by the full Authority of
  - a. an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead
  - b. a Mid-year Review Report, and
  - c. an Annual Report, (stewardship report), covering activities during the previous year.
4. Delegation by the Authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Authority of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Authority the delegated body is the Finance, Asset and Performance Management committee:

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2019/20 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Authority's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Authority's investment portfolio for 2019/20;

- A review of the Authority's borrowing strategy for 2019/20;
- A review of any debt rescheduling undertaken during 2019/20;
- A review of compliance with Treasury and Prudential Limits for 2019/20.

## 2. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS), for 2019/20 was approved by this Authority on 11 February 2019. There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

## 3. The Authority's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Authority's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

## 4 Prudential Indicators

The below table details the various prudential indicators set by the strategy, the revised estimate for capital expenditure and the changes to the financing arrangements.

Prudential Indicators			2019/20 Original Estimate £000	Current position £000	2019/20 Revised Estimate £000
<b>Capital Expenditure</b>	Total capital expenditure		6,819	3,327	9,015
	Financed by:				
	Capital receipts	vehicles			857
	Capital grants (inc 3rd party conts)				952
	Revenue contribution		200		256
	Reserve funding		1,798		3,059
	Total financing		1,998	0	5,125
	Borrowing requirement		4,821		3,890
<b>CFR</b>	CFR		45,042		43,015
	Net movement in CFR	inc	1,586		830
	Borrowing requirement		4,821	0	3,890
	less MRP		3,235		3,060
	Additional borrowing requirement		1,586	0	830
<b>Operational Boundary</b>	Borrowing		40,000		40,000
	Other long term liabilities		8,000		8,000
	Total debt		48,000	0	48,000
<b>Authorised Limit</b>	Borrowing		42,000		42,000
	Other long term liabilities		9,000		9,000
	Total debt		51,000	0	51,000
<b>Actual Debt</b>	O/bal borrowing		30,987		30,987
	New borrowing with PWLB		3,500		0
	Loan repayments		(4,416)		(4,416)
	C/Bal borrowing		30,071	0	26,571
	Other long term liabilities	PFI	4,691		4,691
	Total actual debt		34,762	0	31,262
	Under/over borrowed		10,280		11,753



**APPENDIX 3: Approved countries for investments as at 30.9.19**

*Clients may wish to draw the attention of members to any changes to their approved list of countries for investments since their last report to members.*

***Based on lowest available rating***

## AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

## AA+

- Finland
- U.S.A.

## AA

- Abu Dhabi (UAE)
- Hong Kong
- France
- U.K.

## AA-

- Belgium
- Qatar



## **INTERNAL AUDIT REPORT**

### **SUMMARY**

This report updates Members upon progress being made against the Internal Audit Plan 2019/2020.

### **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 2019/2020 which was approved by this Committee on 8 April 2019.
- 1.2 As previously agreed, all audit reports with an assurance level of limited or no assurance will be provided in full. Recommendations only will be provided for reports with an assurance level of substantial or reasonable.

## **2. ISSUE**

- 2.1 The areas of internal audit reviews within the Annual Plan were completed with **2** final reports being issued:-
  - **Station Visits**
  - **Finance/HR System – Data Import Arrangements**

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

### **2.2 Station Visits**

- 2.2.1 Compliance checks were carried out on a range of controls on both financial and non-financial aspects of the operation of three Fire & Rescue Stations.
- 2.2.2 Five areas of financial activities received a substantial level of assurance. The areas of non-financial compliance identified five recommendations and five areas of operational effectiveness.

## 2.3 Finance/HR System – Data Import Arrangements

2.3.1 The review assessed the data import arrangements between the CoreHR and financial ledgers on the E-Financials system.

2.3.2 This review is advisory and no assurance assessment was given.

## 3 EQUALITY RISK ASSESSMENT

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

## 4 RECOMMENDATION

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

<b>Contact Officer:</b>	<b>Background Papers:</b>
Geraint Thomas Head of Finance & Procurement	Appendix 1 – Station Visits Appendix 2 – Finance/HR System – Data Import Arrangements Appendix 3 – Summary Internal Audit Progress Report

APPENDIX 1

# South Wales Fire and Rescue Service

## Regularity Review – Station Visits

**2019/20**

October 2019

## Executive Summary

---

### INTRODUCTION

1. This is the seventh regularity review undertaken by TIAA of fire stations. The stations visited were Duffryn, Rhymney and Roath. The review was carried out in July 2019.

### SUMMARY

2. For each of the financial activities tested for compliance with controls the assessments were as follows:

System	Assessment
Petty Cash	Substantial Assurance
Other Income	Substantial Assurance
Purchasing	Substantial Assurance
Fuel and Fuel Cards	Substantial Assurance
Overtime, Roster, Sickness and Training	Substantial Assurance

3. Compliance checks were carried on a range of non-financial aspects of the operation of the stations.

4. Assessments were not given on these areas as the checks do not include all aspects of these operations. However, the table below highlights those areas where recommendations made are either Priority 1 or 2 and this is indicative that changes to some of the internal controls in these areas are required.

System	Recommendations	
	1	2
Policies and Procedures	-	-
Building & Equipment	-	1
Health and Safety	-	-
Security – ICT	-	-
Security – Access and Physical Security	-	-
Assets and Inventories	-	-
Catering	-	-
Transport	-	-
Community Stock	-	-
Incident Reporting System	-	-
Redkite – Equipment Management System	-	-

## KEY FINDINGS

5. The control issues identified were:

- The document containing of the home addresses and contact telephone numbers for the Members of the South Wales Fire and Rescue Authority be amended or removed from each station to prevent a potential breach of data protection regulations.
- The password for the key safe at Duffryn Station be changed.
- The asset number 17177 be updated on the Duffryn fire station asset register to ensure accuracy of data.
- Weekly refrigerator temperature checks to be conducted and recorded at Roath fire station.
- All equipment identified on the Due Reports needs to be tested and the Redkite system updated in a timely manner.

## RELEASE OF REPORT

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

<b>Date draft report issued:</b>	30 <sup>th</sup> July 2019
<b>Date management responses</b>	26 <sup>th</sup> September 2019
<b>Date final report issued:</b>	1 <sup>st</sup> October 2019

## 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)
<b>Building and Equipment</b>							
2	Compliance	It was noted upon arrival at Duffryn Fire Station that a document containing the photographs, home addresses and phone numbers of the Members of the Fire and Rescue Authority was pinned up on the wall in an area visible to visitors to the Station.	The document containing the photographs and personal addresses and telephone numbers of the Members of the Fire and Rescue Authority be amended or removed from public view to prevent a possible breach of data protection regulations.	2	<i>Investigate and have new documents made for display without the personal details included.</i>	04/10/19	Sm Colin Pritchard
<b>Fuel Cards</b>							
1	Compliance	It was noted that the code for the key safe at Duffryn was '0000'.	The password for the key safe at Duffryn fire station be changed.	3	<i>This has been addressed and changed.</i>	20/08/19	SM Colin Pritchard

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.

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
<b>Assets and Inventories</b>							
3	Compliance	The Duffryn asset number 17179 was not found in the Station Manager's office as the laptop in the Office had an asset tag with asset number 17177 recorded on it which was not recorded on the station asset list.	The asset number 17177 be updated on the Duffryn asset register to ensure accuracy of data.	3	Need to change these two assets on register with ICT.	11/10/19	Colin Pritchard
<b>Catering</b>							
4	Compliance	Officers in Rhymney and Roath had access to a kitchen to conduct their own meal preparations. Weekly refrigerator temperature checks were logged in the Rhymney station but not at Roath.	Roath station staff monitor and record weekly refrigerators temperature checks in accordance with food safety best practice.	3	Check with health and safety on requirements and advise stations accordingly.	15/10/19	Colin Pritchard

## PRIORITY GRADINGS

<b>1</b>	<b>URGENT</b>	Fundamental control issue on which action should be taken immediately.	<b>2</b>	<b>IMPORTANT</b>	Control issue on which action should be taken at the earliest opportunity.	<b>3</b>	<b>ROUTINE</b>	Control issue on which action should be taken.
----------	---------------	--	----------	------------------	--	----------	----------------	--



Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
<b>Redkite Equipment Management System</b>							
5	Compliance	At Roath station, a total of eight items of equipment and tools were listed as outstanding on Due Reports.	Members of staff at all stations be reminded that all equipment identified on the Due Reports needs to be tested and the Redkite system updated in a timely manner.	3	<i>On-going checks on redkite to ensure compliance. Red kite has been updated to make easier for stations</i>	<i>ongoing</i>	<i>Colin Pritchard SM</i>

PRIORITY GRADINGS

<b>1</b>	<b>URGENT</b>	Fundamental control issue on which action should be taken immediately.
----------	---------------	--

<b>2</b>	<b>IMPORTANT</b>	Control issue on which action should be taken at the earliest opportunity.
----------	------------------	--

<b>3</b>	<b>ROUTINE</b>	Control issue on which action should be taken.
----------	----------------	--

## Operational Effectiveness Action Plan

Ref	Risk Area	Item	Management Comments
1	Compliance	Contractors Site Attendance and Safety Procedures Register forms (H17) be kept on file at each station in accordance with procedures.	<i>Email all station commanders to ensure this is complied with.</i>
2	Compliance	Clarification be sought by Roath fire station from the Property Services Department as to whether the new emergency lighting systems require the manual monthly testing or whether the system's self-testing will be sufficient.	<i>Guidance sought from property services.</i>
3	Compliance	Consideration be given to whether there is a requirement to undertake fire evacuation drills at least annually at each station in accordance with best practice.	<i>This has been passed to Business Fire safety for a review of best practise.</i>
4	Compliance	Copies of gas certificates be held at each station as well as a central record being maintained in accordance with best practice.	<i>Property services requested to send copies of Gas certificates to stations.</i>
5	Compliance	Arrangements be put in place for the two fire extinguishers at Roath Station to be serviced.	<i>Completed.</i>

#### ADVISORY NOTE

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

APPENDIX 2

## South Wales Fire and Rescue Service

Advisory Review of CoreHR System  
Financial Data Import Arrangements

**2019/20**

October 2019

## Executive Summary

### OVERALL ASSURANCE ASSESSMENT

No overall assurance assessment is provided as this was an operational, rather than an assurance review.

### OVERALL CONCLUSION

**No issues were identified with the data import arrangements between Core HR and finance systems.**

- **Prior to uploading the payroll data to the general ledger a sense check is undertaken by the Finance Assistant and a further check by the Financial Accountant.**
- **The HR Team and Finance Team have documented comprehensive procedures for the import process.**
- **Testing confirmed that the payroll control account is reconciled monthly by the Finance Assistant and each reconciliation is checked and approved by the Financial Accountant.**

### SCOPE

#### Rationale

The Authority needs to have effective arrangements in place to manage the risks associated with potentially inaccurate or fraudulent data used in the payment of salaries and other payments and thus preventing fraud and complying with all legal requirements.

#### Scope

The review assessed the data import arrangements between the CoreHR and finance systems. This review is advisory and no assurance assessment was given.

### ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	0

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

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
No recommendations were made.							

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 Matters

---

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

-----

ADVISORY NOTE

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

## APPENDIX 3

## South Wales Fire and Rescue Service

### Summary Internal Controls Assurance (SICA) Report

**2019/20**

October 2019

## Introduction

1. This summary report provides the Audit Committee with an update on the progress of our work at South Wales Fire and Rescue as at 30<sup>th</sup> October 2019 SICA report.

## Progress against the 19/20 Annual Plan

2. Our progress against the Annual Plan for 2019-20 is set out in Appendix A.

## Internal Control Framework

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

### *Key Strategic Governance, Risk Management and Control Matters*

Review	High level
Station Visits	Station Visits were undertaken at Duffryn, Rhymney and Roath looking at: Petty Cash, Other Income, Purchasing, Fuel and Fuel Cards, Overtime, Roster, Sickness and Training. Each area examined was given a 'Substantial Assurance' assessment.
Finance/HR System – Data Import arrangements	<p>No issues were identified with the data import arrangements between Core HR and finance systems.</p> <ul style="list-style-type: none"> <li>• Prior to uploading the payroll data to the general ledger a sense check is undertaken by the Finance Assistant and a further check by the Financial Accountant.</li> <li>• The HR Team and Finance Team have documented comprehensive procedures for the import process.</li> <li>• Testing confirmed that the payroll control account is reconciled monthly by the Finance Assistant and each reconciliation is checked and approved by the Financial Accountant.</li> </ul>

## 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.

## Audits Completed since the last report to Committee

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

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OE
Station Visits	Not Applicable	30/07/2019	26/09/2019	01/10/2019	-	1	4	5
Finance/HR System – Data Import arrangements	Not Applicable	08/10/2019	21/10/2014	24/10/2019	-	-	-	-



## Changes to the Annual Plan 19/20

6. There are no changes proposed to the Annual Plan at this time.

## 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. No Priority 1 recommendations have been made.

## Other Matters

The following newsletters and fraud digests have been issued since the last Finance, Audit and Performance Committee and are available through the Client Portal or can be provided upon request.

- NCSC Email Security Guidance (22/10/2019)
- Changes to Payment of VAT for Building Work (08/10/2019)
- Vulnerability of Email to Tampering (30/09/2019)
- CCTV System Data Protection Breaches Widespread (03/09/2019)

Details of the briefing notes issued since the last Finance, Audit and Performance Committee are included at Appendix B.

## Responsibility/Disclaimer

10. 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 2019/20

System	Planned Quarter	Days	Current Status	Comments
Pensions	1	6	Final Report issued 1 <sup>st</sup> May 2019	
Estate Management - Strategy	1	5	Final Report issued 5 <sup>th</sup> June 2019	
Fleet and Equipment Strategy	1	6	Final Report issued 31 <sup>st</sup> July 2019	
ICT Strategy	1	5	Final Report issued 6 <sup>th</sup> August 2019	
Station Visits	2	4	Final Report issued 1 <sup>st</sup> October 2019	
Governance – Strategic Planning	3	6	Field work commenced 30 <sup>th</sup> September 2019	Draft Report pending.
Finance/HR System – Data Import arrangements	2	6	Final Report issued 24 <sup>th</sup> October 2019	
Risk Management – Mitigating Controls	3	2	Field work planned for 19 <sup>th</sup> December 2019	
Key Financial Controls	4	6	Field work planned for 06 <sup>th</sup> January 2020	
Payment cards	4	5	Field work planned for 10 <sup>th</sup> February 2020	
Follow-up	4	3	Field work planned for 10 <sup>th</sup> January 2020	
Contingency	-	6		
Annual Planning	1	2	Final Report Issued 17 <sup>th</sup> April 2019	
Annual Report	4	1		
Client Portal	01-Apr			
Management, Planning & Finance, Audit and Performance Management Committee Reporting/Support	01-Apr	7		

### KEY:





To be commenced

Site work commenced

Draft report issued

Final report issued

## Briefings on Developments in Governance, Risk and Control

Date Issued	CBN Ref	Subject	Status	TIAA Comments
22/10/2019	19022	All – NCSC Email Security Guidance	 <p>For Action</p>	Audit Committees and Boards/Governing Bodies obtain assurance that in-house or outsourced IT service providers adopt NCSC Good Practices for cyber-security.
08/10/2019	19020	All – Changes to Payment of VAT for Building Work	 <p>For Possible Action</p>	Audit Committees and Boards/Governing Bodies are advised to seek assurance that arrangements are in place to implement the VAT reverse change. Client's receiving construction services should ensure that VAT is correctly paid direct to HMRC, rather than to the supplier from October 2020. Client's performing construction services should ensure they have arrangements in place to manage their cashflow when the new rules are implemented.
30/09/2019	19017	All – Vulnerability of Email to Tampering	 <p>For Action</p>	Audit Committees and Boards/Governing Bodies are advised to seek assurance demonstrating that email systems have been appropriately secured – including use of multiple layers of security.
03/09/2019	19016	All – CCTV System Data Protection Breaches Widespread	 <p>For Information</p>	Audit Committees and Boards/Governing Bodies are advised to obtain assurance that the use of CCTV across the organisation is fully compliant with current data protection legal requirements.

**THIS PAGE IS INTENTIONALLY BLANK**



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru  
Auditor General for Wales

# Audit of Financial Statements Report Addendum – Recommendations – **South Wales Fire and Rescue Authority**

Audit year: 2018-19

Date issued: November 2019

Document reference: 1524A2019-20



# Status of report

This document has been prepared as part of work performed in accordance with statutory functions.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000.

The section 45 code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales and the Wales Audit Office are relevant third parties. Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at

[infoofficer@audit.wales](mailto:infoofficer@audit.wales).

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

# Contents

## Summary report

Introduction 4

Recommendations arising from our 2017-18 financial audit work 4

Recommendations arising from our 2018-19 financial audit work 5

## Appendix

Appendix 1 - Recommendations arising from our 2017-18 financial audit work 9

# Summary Report

- 1 This report is an addendum to my Audit of the Financial Statements Report that was presented to members of the South Wales Fire and Rescue Authority (the Authority) on 29 July 2019.

## Introduction

- 2 It is the Authority's responsibility to:
- put systems of internal control in place to ensure the regularity and lawfulness of transactions and to ensure that its assets are secure;
  - maintain proper accounting records;
  - prepare a Statement of Accounts in accordance with relevant requirements; and
  - establish and keep under review appropriate arrangements to secure economy, efficiency and effectiveness in its use of resources.
- 3 The Public Audit (Wales) Act 2004 requires me to:
- provide an audit opinion on the accounting statements;
  - review the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources; and
  - issue a certificate confirming that I have completed the audit of the accounts.
- 4 Local authorities in Wales prepare their accounting statements in accordance with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This code is based on the International Financial Reporting Standards. On 29 July 2019, I issued an unqualified audit opinion on the accounting statements confirming that they present a true and fair view of the Authority's and the Fire Fighters' Pension Fund's financial position and transactions. I also issued a certificate confirming that I have completed the audit. My report is contained within the Statement of Accounts.

## Recommendations arising from our 2017-18 financial audit work

- 5 We raised a number of important issues in our Audit of Financial Statements Report for 2017-18, with seven recommendations for improvement, all of which were accepted by officers. The Authority has made good progress in implementing the recommendations, but further work is required, mainly on IT related recommendations.
- 6 **Appendix 1** sets out all the recommendations arising from our 2017-18 audit work with a summary of the actions subsequently taken by management.



## Recommendations arising from our 2018-19 financial audit work

- 7 In my Audit of Financial Statements Report I set out that I would present a separate report with details of the recommendations arising from my financial audit work. Nine recommendations are set out below with management's response to them:

### Exhibit 1: matter arising 1

<b>Matter arising 1 – income is netted off against expenditure in management reports</b>	
<b>Findings</b>	In management reports sent to those charged with governance (which is reproduced in a Note to the financial statements), transport, employee and supplies and services income is netted off against expenditure. The value was not material for 2018-19 but to ensure accurate and transparent reporting, income should not be netted off against expenditure when reported.
<b>Recommendation</b>	R1 Income and expenditure should not be netted off in the Authority's management reports and financial statements.
<b>Accepted in full by management</b>	Agreed
<b>Management response</b>	Income is no longer being netted off against expenditure and the presentation of gross costs and income has altered for regular monitoring reports provided to Members throughout 2019/20.
<b>Implementation date</b>	1 August 2019 (for 2019/20 reporting)

### Exhibit 2: matter arising 2

<b>Matter arising 2 – related parties processes could be strengthened</b>	
<b>Findings</b>	Our audit identified that when a member left in year, a completed related party declaration was not available.
<b>Recommendation</b>	R2 The Authority should ensure that when a member leaves in year they complete a related party return prior to leaving the organisation.
<b>Accepted in full by management</b>	Agreed

<b>Matter arising 2 – related parties processes could be strengthened</b>	
<b>Management response</b>	Our internal partners have been made aware of this, I.E Member Support. Finance have shared the recommendation and have asked that they update their processes to enable better communication when members resign during the year and the Related Party Form can completed prior to their departure.
<b>Implementation date</b>	Request made 7 November 2019

**Exhibit 3: matter arising 3**

<b>Matter arising 3 – valuation procedures for property plant and equipment could be strengthened</b>	
<b>Findings</b>	<p>Our audit of property, plant and equipment identified the following:</p> <ul style="list-style-type: none"> <li>• consideration of whether the Authority's assets should be componentised has not been formalised;</li> <li>• although the total valuation for Barry Fire Station can be agreed to the valuation report, the split between land and buildings was not clear from the report.</li> <li>• the Authority should request the valuer to estimate the useful lives of buildings at the next valuation.</li> <li>• when agreeing the figures in the vehicles Fixed Asset Register to the financial statements, there is a £620,000 difference. This is due to vehicles being disposed of in prior years not being removed from the fixed asset register.</li> </ul>
<b>Recommendation</b>	<p>R3 The Authority should consider componentisation via discussion with their valuer as part of the next valuation and if considered to be not required, formalise their consideration.</p> <p>R4 The Authority should ensure that valuation reports clearly split valuations between land and buildings. For Barry Fire Station, the Authority should ensure that clear documentation is available to support the split.</p> <p>R5 At the next valuation the Authority should request the valuer to estimate the useful lives of buildings.</p> <p>R6 The vehicles Fixed Asset Register should be updated to amend for the £620,000 difference.</p>
<b>Accepted in full by management</b>	Agreed

<b>Matter arising 3 – valuation procedures for property plant and equipment could be strengthened</b>	
<b>Management response</b>	<p>R3 We will formalise our consideration on componentisation for 19/20 closure.</p> <p>R4/5 Previous property valuations detail the remaining useful lives although the latest valuation reports have not been consistent. We will ensure this is formalised in future information requests as part of the process.</p>
<b>Implementation date</b>	Immediate effect

#### Exhibit 4: matter arising 4

<b>Matter arising 4 – pension disclosures could be strengthened</b>	
<b>Findings</b>	<p>We reported two uncorrected misstatements in the ISA260, as follows:</p> <ul style="list-style-type: none"> <li>• survivor pensions – pension costs are estimated to be understated by £110,000 due to the impact of legislative changes.</li> <li>• lump sums due to pensioners – £131,000 due to pensioners are incorrectly classified as Authority creditors rather than Fire Fighter Pension Fund creditors, with a corresponding mis-statement in the amount due to the Authority from the Fire Fighter Pension Fund.</li> </ul> <p>The Authority considered the low value of the misstatements and concluded that the work involved in correcting the entries outweighed the impact on stakeholders.</p>
<b>Recommendation</b>	<p>R7 The Authority should ensure pension costs are complete by considering the impact of in-year legislative changes.</p> <p>R8 The Authority should ensure lump sums due to pensioners at year end are correctly classified as Fire Fighter Pension Fund creditors rather than Authority creditors.</p>
<b>Accepted in full by management</b>	Agreed
<b>Management response</b>	Improved internal communications are required to assess the impacts of regulatory changes etc on the Financial statements and the work the Finance dept undertakes, we will systemise this in the annual project plan.
<b>Implementation date</b>	2019-20 accounts preparation

## Exhibit 5: matter arising 5

<b>Matter arising 5 – there remains scope to improve information technology infrastructure and network controls</b>	
<b>Findings</b>	Previously we made recommendations to improve the Authority's IT infrastructure and network controls. Whilst some progress has been made over the last year, some actions remain outstanding.
<b>Recommendation</b>	R9 The Authority should continue to strengthen its IT infrastructure and network controls by: <ul style="list-style-type: none"> <li>• replacing the remaining Windows Server 2003 and Windows XP machines;</li> <li>• updating the IT Disaster Recovery plans and testing these plans fully annually;</li> <li>• using Intrusion Detection Software to help identify potential suspicious network activity;</li> <li>• reviewing the numbers of IT department staff with IT domain admin access to ensure these are all required; and</li> <li>• identifying a replacement plan for efinancials and eprocurement's operating systems by January 2020 as they are currently Windows 2008 Release 2 and will become unsupported soon.</li> </ul>
<b>Accepted in full by management</b>	Agreed
<b>Management response</b>	<p>There are projects in various stages to replace the remaining 4 legacy servers during 2020.</p> <p>There is an ongoing ICT project with a dedicated resource to review the ICT Disaster Recovery plan in conjunction with other departments DR plans and once this is completed we will create a testing schedule.</p> <p>An order has been placed for a new pair of external firewalls and intrusion protection / detection system. These are planned to be installed during Q1 2020.</p> <p>ICT Managers continually review administrative access requirements for ICT staff to provide relevant levels of access in line with their role.</p> <p>A project has started to replace the financial systems used by the service with a target go live during January 2020.</p>
<b>Implementation date</b>	Each project has its own target date but all will be completed by the end of 2020.

# Appendix 1

## Recommendations arising from our 2017-18 financial audit work

We raised a number of important issues in our Audit of Financial Statements Report for 2017-18, with seven recommendations for improvement, all of which were accepted by officers. The Authority has made good progress in implementing the recommendations, but further work is required in some key areas:

- five recommendations have been fully implemented; and
- two recommendations have been partially implemented or require further work.

### Exhibit 6: recommendations arising from 2017-18 financial audit work

Recommendation	Management and Audit Response
<p>R1 The Authority should put robust arrangements in place for high quality signed accounts and an accompanying audit trail to be available by 31 May 2019.</p>	<p><b>Management Response</b></p> <p>This is a repeat of recommendation 15 reported in 2016/17 and is a standard matter that applies to all Local Government organisations that fall under the new accounts and audit regulations in Wales. Our response to the issue is largely the same although we are no longer seeking to utilise CIPFA's faster closure software. Project work has commenced in preparation for 2018/19 closure.</p> <p><b>Audit Response</b></p> <p>The draft accounts were received on 31 May 2019 and the audit completed by 31 July 2019. This is in line with the 2018-19 closure requirements.</p>
<p>R2 The Authority should ensure that all agreements with other bodies clearly show the nature of the transactions and are fully finalised. This will enable the Authority to fully support its accounting treatment of the related transactions and balances.</p>	<p><b>Management Response</b></p> <p>Evidencing rigour in our governance arrangements for both the Joint Public Service Centre and the Barry co-location has been a challenge. Closer links with the property department will help mitigate this in future in addition to acknowledging the challenges and lessons learned in regard to strategic collaboration. These issues will be reported via the Property Steering Group and approved by the Senior Management Team (SMT).</p> <p><b>Audit Response</b></p> <p>We did not identify any issues with regards to agreements with other bodies during our 2018-19 audit.</p>

Recommendation	Management and Audit Response
<p>R3 The Authority should ensure that all transactions and balances are accounted for correctly, and that all disclosure requirements are complied with. Completion of the disclosure checklist would ensure disclosures comply with the Code.</p> <p>R4 The Authority should assess whether an updated valuation of Barry Fire Station is required on completion of the refurbishment.</p>	<p><b>Management Response</b></p> <p>The code of practice and disclosure checklist are already utilised as part of the year-end process. The finance team are invested in strengthening the quality assurance process and have added and enhanced internal process notes used to prepare disclosures and the statement overall. Unfortunately, this does not totally eradicate the possibility of any further errors and omissions. The finance team works to ensure a quality document within available time frames.</p> <p>A valuation of Barry Fire Station is being progressed at the time of reporting.</p> <p><b>Audit Response</b></p> <p>The quality of the draft accounts has improved year on year and no significant recommendations or issues have been identified during the 2018-19 audit with regards to complying with the Code.</p> <p>A valuation of Barry Fire Station was carried out.</p>
<p>R5 The Authority should improve their processes to ensure sufficient audit trails are available to support transactions and balances.</p>	<p><b>Management Response</b></p> <p>The Authority utilises an electronic goods receipting system to allow three-way checks to be undertaken before payment of invoices through the suppliers' ledger.</p> <p>The Pay to Procure (P2P) team advise those responsible for ordering goods to enter the date from the goods receipt note (GRN) and retain the paperwork. Evidence of this process was provided during the audit for most samples requested. This, however, proves difficult when dealing with the delivery of services or other intangibles (as opposed to goods) as GRN's are not typically provided in such instances and so this is not a process we can adhere to on a wholesale basis.</p> <p>With regard to approval of earmarked reserves, this is reported and approved via the revenue and capital out-turn process for each financial year. For 2017/18 this occurred on 10 Sept FAPM. Moving forward, we intend to include the monitoring of reserves within our revenue monitoring report.</p> <p>Improvement work is ongoing in regards to the remaining item identified.</p> <p><b>Audit Response</b></p> <p>Transactions highlighted in last year's recommendations memo were:</p>

Recommendation	Management and Audit Response
	<ul style="list-style-type: none"> <li>• the Authority does not routinely retain goods delivery notes which makes it difficult to establish dates of receipt. No issues identified from 2018-19 audit.</li> <li>• no written evidence was available to support the approval of an in-year movement in reserves. Our 2018-19 audit identified that approval of earmarked reserves was now reported to FAPM.</li> <li>• the record of the depreciated historical cost of assets was not accurate. This was addressed in 2018-19.</li> </ul>
<p>R6 The Authority should ensure that all related party disclosures are in line with the Code and declarations are fully checked and included on the working papers.</p>	<p><b>Management Response</b> Agreed</p> <p><b>Audit Response</b> From our audit we are content that the related party disclosures are complete and in line with the Code. However, the process could still be strengthened (see <a href="#">Matter arising 2</a>).</p>
<p>R7 The Authority should continue to strengthen its IT infrastructure and network controls by:</p> <ul style="list-style-type: none"> <li>• replacing the remaining Windows Server 2003 and Windows XP machines;</li> <li>• implementing the updated IT change control procedure;</li> <li>• updating the IT Disaster Recovery plans and testing these plans fully annually;</li> <li>• using intrusion detection software to help identify potential suspicious network activity, and;</li> </ul> <p>reviewing the numbers of IT department staff with IT domain admin access to ensure these are all required.</p>	<p><b>Management Response</b> Work continues to replace the remaining Windows Server 2003 and Windows XP computers used within the service. An update was presented to the Security Risk Group on 18th September 2018. New change control procedures are being embedded as part of the ICT Service Desk implementation. A major rewrite of the ICT Disaster Recovery Plan was completed in September 2018 which will be further amended following the implementation of a new Backup/Restore system which is currently being tendered. Whilst we have a Disaster Recovery test for a single ICT system planned for December, we will wait until the above work has been completed before undertaking a service-wide test during 2019. A capital bid has been put forward for 2019-20 for the replacement of the outer firewalls and an Intrusion Detection System/Intrusion Protection System. A brief review of the security permissions held by ICT staff has been completed with changes being made, but a more detailed review will be completed during 2019.</p> <p><b>Audit Response</b> Some recommendations are outstanding (see <a href="#">Matter arising 5</a>).</p>

Wales Audit Office  
24 Cathedral Road  
Cardiff CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone.: 029 2032 0660

E-mail: [info@audit.wales](mailto:info@audit.wales)

Website: [www.audit.wales](http://www.audit.wales)

Swyddfa Archwilio Cymru  
24 Heol y Gadeirlan  
Caerdydd CF11 9LJ

Ffôn: 029 2032 0500

Ffacs: 029 2032 0600

Ffôn testun: 029 2032 0660

E-bost: [post@archwilio.cymru](mailto:post@archwilio.cymru)

Gwefan: [www.archwilio.cymru](http://www.archwilio.cymru)



**SOUTH WALES FIRE & RESCUE AUTHORITY**  
 FINANCE AUDIT & PERFORMANCE  
 MANAGEMENT COMMITTEE  
 REPORT OF THE DIRECTOR OF PEOPLE SERVICES

AGENDA ITEM NO 12  
 25 NOVEMBER 2019

**SERVICE WIDE JOB EVALUATION EXERCISE**

**SUMMARY**

This report provides a summary of the proposed Service wide Job Evaluation Exercise.

**RECOMMENDATION**

That Members note the contents of the report which will be presented to the Fire & Rescue Authority Committee for approval in December 2019.

**1. BACKGROUND**

1.1 Job Evaluation is a systematic approach to determining the value of a post, which is then plotted into a pay structure. In January 2020, the organisation plans to undertake a Service wide Job Evaluation Exercise which will allow the Service to:-

- Ensure that our people are remunerated fairly in line with their current roles and responsibilities.
- Identify any areas in which our people are being over or underpaid based on historic role responsibilities.
- Take appropriate action to ensure fair remuneration against our current structure going forward.

**2. SCOPE**

2.1 This exercise will only focus on the 227 Corporate (Green Book) posts within the Service. The roles, responsibilities and remuneration of our Uniformed (Grey Book) posts are governed by nationally agreed 'Role Maps' and Conditions of Service. Therefore, it would not be appropriate to include Grey Book posts within the scope of this exercise.

2.2 Initial discussions have identified the Job Evaluation Exercise as an opportunity to also:-

2.2.1 **Review Green Book On-Call Arrangements** – Currently the Service has a number of teams who provide 'On-Call' cover outside of office hours. These separate teams are remunerated differently for this aspect of their work.

2.2.2 **Identify job families** – There are a number of posts within the Service which requires the same knowledge/skill base, but these may not be based in the same department. Identifying ‘job families’ will ensure consistent remuneration and identify opportunities for our people to work across departments where appropriate.

2.2.3 **Align job titles** – At present, each Head of Service will decide on the post titles for positions within their department. This approach has resulted in an inconsistent approach to the classification of managers and officers.

### 3. FINANCIAL IMPLICATIONS

3.1 The projected costs of this exercise are identified below:-

<b>Project Costs</b>	<b>£67,000</b>  Comprising of:- External evaluator costs Software, Licensing and Training
<b>Establishment Budget</b>	<b>Cost Neutral</b>  It is recognised that the Establishment Budget is fixed.
<b>Pay Protection Cost</b>	<b>£635,175 (based on 3 years’ pay protection)</b>  (£211,725 per annum for the agreed life span of the pay protection period)  This calculation is based on the assumption that a third of posts will decrease by one grade, and a third will remain the same.

### 4. HR IMPLICATIONS

4.1 This will be a Service wide project, and a number of departments will be involved in the project team to support a robust approach.

4.2 While it is intended that the Service use external Evaluators to support the process, there will be an additional resource burden in the following areas:-

- **Administration** – Monitoring the different stages of the evaluation process, arranging appointments for employees, managers, Representative Bodies, and Evaluators.
- **HR/Communications** – Consulting with and then updating staff on progress/outcomes
- **HR** – Updating systems, initiating pay protection arrangements as required.
- **Representative Bodies / Managers / Employees** – attending and feeding into the evaluation meetings.

## 5. REPRESENTATIVE BODY CONSULTATION

5.1 It is recognised that consultation with the Representative Bodies will be fundamental to the project planning and implementation. Plans and updates will be presented at the monthly ‘Accredited Representatives of Support Staff’ meetings, with extra-ordinary meetings being arranged as required. Representatives will also be invited to undertake training that will familiarise them with the Job Evaluation process and tools.

## 6. EQUALITIES RISK ASSESSMENT

6.1 An Equalities Risk Assessment has been undertaken in relation to the PILAT system that will be used to support the evaluation process.

6.2 Evaluation of the overall process will also be monitored for adverse impact with remedial action being taken as appropriate.

## 7. RECOMMENDATION

7.1 That Members note the contents of this report which will be presented to the Fire & Rescue Authority Committee for approval in December 2019.

<b>Contact Officer:</b>	<b>Background Papers:</b>
Alison Reed Director of People Services	None

**THIS PAGE IS INTENTIONALLY BLANK**

**FORWARD WORK PROGRAMME FOR  
FINANCE, AUDIT & PERFORMANCE MANAGEMENT COMMITTEE 2019/20**

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
As required	Internal Audit Progress Report & Audit Action Updates	To provide an updated position of work performed against the internal audit plan and to highlight any significant issues arising from the internal audit work performed	DCO  Contact Officer: Geraint Thomas	
As required	Performance Report	To scrutinise specific issues of performance identified and referred by Fire Authority	DCO  Contact Officer: Sally Chapman	
As required	Statistics Report	To scrutinise specific statistics or trends as identified and referred by Fire Authority	ACFO SD  Contact Officer: Sarah Watkins	
As required	WAO Reports	To advise Members of the conclusions of WAO Reports and to consider the implications for the Service	DCO  Contact Officer: Sally Chapman	
10 June 2019	Revenue Outturn	To advise on total revenue expenditure for the year against the set revenue budget following the year end and to explain variations	Treasurer/DCO  Contact Officer: Geraint Thomas	Completed
10 June 2019	Capital Outturn	To advise on total capital expenditure for the year against the set capital budget following the year end and to explain variations	Treasurer/DCO  Contact Officer: Geraint Thomas	Completed

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
10 June 2019	Draft Statement of Accounts	To advise Members of the content of the Draft Statement	Treasurer  Contact Officer: Chris Barton/ Geraint Thomas	Completed
9 Sept 2019	Business Plan Actions Report Health Check 2019/20 Quarter 1	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	Presented
9 Sept 2019	Revenue Monitoring Report 2019/20	To provide an update on revenue expenditure against the revenue budget for the year	Treasurer/DCO  Contact Officer: Geraint Thomas	Presented
9 Sept 2019	Capital Monitoring Report 2019/20	To provide an update on capital expenditure against the capital budget for the year	Treasurer/DCO  Contact Officer: Geraint Thomas	Presented
9 Sept 2019	2018/19 Annual Treasury Management Review	To advise on performance against the treasury management policy and strategy following financial year end	Treasurer  Contact Officer: Chris Barton/ Geraint Thomas	Presented

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
9 Sept 2019	Medium Term Financial Strategy (MTFS), Reserve Strategy and Budget Update	To Update Members on the MTFS to inform and influence the 2020/21 budget setting process to meet the Service's requirements for the following financial year	Treasurer/DCO  Contact Officer: Chris Barton/ Geraint Thomas	Presented
25 Nov 2019	Revenue Monitor	To provide an update on revenue expenditure against the revenue budget for the year	Treasurer/DCO  Contact Officer: Geraint Thomas	On Agenda
25 Nov 2019	Capital Monitor	To provide an update on capital expenditure against the capital budget for the year	Treasurer/DCO  Contact Officer: Geraint Thomas	On Agenda
25 Nov 2019	Revenue & Capital Budget Setting Update 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	On Agenda
25 Nov 2019	Audit & Plan Scheme Updates	To seek Members' views upon the progress of Audit & Plan Scheme Actions	DCO  Contact Officer: Sarah Watkins	On Agenda
25 Nov 2019	Treasury Management Interim Report	To update Members on treasury management activity during the year to date	Treasurer  Contact Officer: Chris Barton/ Geraint Thomas	On Agenda

<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
2 March 2020	Treasury Management Strategy Report	To secure Members' approval to the adoption of the Treasury Management Strategy 2020/21	Treasurer  Contact Officer: Chris Barton/ Geraint Thomas	
2 March 2020	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	
2 March 2020	Draft Annual Report of the Work of the FAPM Committee and the Discharge of the Terms of Reference of the Finance, Asset & Performance Management Scrutiny Group	To consider the draft report on the annual work of the Committee before its submission to the Fire Authority and to ensure the Authority has efficient use of resources and robust procedures in place to ensure and manage this	Chair of FAPM, Chair of Scrutiny Group & DCO  Contact Officer: Sally Chapman	
2 March 2020	Revenue Monitor	To provide an update on revenue expenditure against the revenue budget for the year	Treasurer/DCO  Contact Officer: Geraint Thomas	
2 March 2020	Capital Monitor	To provide an update on capital expenditure against the capital budget for the year	Treasurer/DCO  Contact Officer: Geraint Thomas	



<b>Expected Date of Report</b>	<b>Report Name</b>	<b>Purpose of Piece of Work</b>	<b>Lead Director/ Contact Officer</b>	<b>Progress</b>
2 March 2020	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	
2 March 2020	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	
2 March 2020	Corporate (Strategic) Risk Register	To seek Members' views upon the Corporate (Operational) Risk Register	DCO  Contact Officer: Sarah Watkins	
2 March 2020	Register of Gifts and Hospitality	To advise Members of gifts and hospitality accepted and declined by Members and Officers during the year	DCO  Contact Officer: Sally Chapman	

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

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

**THIS PAGE IS INTENTIONALLY BLANK**

## AGENDA ITEM NO 14

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

**THIS PAGE IS INTENTIONALLY BLANK**

1. Apologies for Absence
2. Declarations of Interest

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

3. Chairperson's Announcements
4. To Receive the Minutes of:
  - Finance Asset & Performance Management Scrutiny Group Meeting held on 25 March 2019 5
  - Finance Audit & Performance Management Meeting held on 9 September 2019 9
5. Revenue Monitoring Report 2019/20 13
6. Capital Monitoring Report 2019/20 27
7. Revenue & Capital Budget Setting Update Report  
– **Update to be provided on the day** 33
8. Audit Actions Report 35
9. Treasury Management Mid-Term Review Report 2019/20 51
10. Internal Audit Report 57
11. 2018-19 Audit of Financial Statements Report  
Addendum – Recommendations 77
12. Service Wide Job Evaluation Exercise 89
13. Forward Work Programme 2019 - 20 93
14. To consider any items of business that the  
Chairperson deems urgent (Part 1 or 2) 99