



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Annual Improvement Report 2017-18

South Wales Fire and Rescue Authority

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This Annual Improvement Report has been prepared on behalf of the Auditor General for Wales by Andy Bruce and Mark Jones under the direction of Jane Holownia.

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The Auditor General is independent of government, and is appointed by Her Majesty the Queen. The Auditor General undertakes his work using staff and other resources provided by the Wales Audit Office Board, which is a statutory board established for that purpose and to monitor and advise the Auditor General. The Wales Audit Office is held to account by the National Assembly.

The Auditor General audits local government bodies in Wales, including unitary authorities, police, probation, fire and rescue authorities, national parks and community councils. He also conducts local government value for money studies and assesses compliance with the requirements of the Local Government (Wales) Measure 2009.

Beyond local government, the Auditor General is the external auditor of the Welsh Government and its sponsored and related public bodies, the Assembly Commission and National Health Service bodies in Wales.

The Auditor General and staff of the Wales Audit Office aim to provide public-focused and proportionate reporting on the stewardship of public resources and in the process provide insight and promote improvement.

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

Mae'r ddogfen hon hefyd ar gael yn Gymraeg. This document is also available in Welsh.

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Summary report

2017-18 performance audit work

- 1 In determining the breadth of work undertaken during the year, we considered the extent of accumulated audit and inspection knowledge as well as other available sources of information including South Wales Fire and Rescue Authority's (the Authority) own mechanisms for review and evaluation.
- 2 The work carried out since the last Annual Improvement Report (AIR), including that of the relevant regulators, is set out in [Exhibit 1](#).

The Authority is meeting its statutory requirements in relation to continuous improvement

- 3 Based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes that the Authority is likely to comply with the requirements of the Local Government Measure (2009) during 2018-19.

Recommendations and proposals for improvement

- 4 Given the wide range of services provided by the Authority and the challenges it is facing, it would be unusual if we did not find things that can be improved. The Auditor General is able to:
 - make proposals for improvement – if proposals are made to the Authority, we would expect it to do something about them and we will follow up what happens;
 - make formal recommendations for improvement – if a formal recommendation is made, the Authority must prepare a response to that recommendation within 30 working days;
 - conduct a special inspection, and publish a report and make recommendations; and
 - recommend to ministers of the Welsh Government that they intervene in some way.
- 5 During the course of the year, the Auditor General did not make any formal recommendations or proposals for improvement. However, we will monitor progress against some previous proposals for improvement and any relevant recommendations made in our national reports ([Appendix 3](#)) as part of our improvement assessment work.

Audit, regulatory and inspection work reported during 2017-18

Exhibit 1 – Audit, regulatory and inspection work reported during 2017-18

Issue date	Brief description	Conclusions	Proposals for improvement
November 2017	<p>Annual audit letter 2016-17</p> <p>Letter summarising the key messages arising from the Auditor General's statutory responsibilities under the Public Audit (Wales) Act 2004 and his reporting responsibilities under the Code of Audit Practice. The Annual Audit Letter is in Appendix 2 of this report.</p>	<ul style="list-style-type: none"> The Authority complied with its responsibilities relating to financial reporting and use of resources; and The Authority has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources. 	None
Improvement planning and reporting			
April 2017	<p>Annual improvement plan audit</p> <p>Review of the Authority's published plans for delivering on improvement objectives.</p>	The Authority has complied with its statutory improvement planning duties.	None
November 2017	<p>Annual assessment of performance audit</p> <p>Review of the Authority's published performance assessment.</p>	The Authority has complied with its statutory improvement reporting duties.	None

Issue date	Brief description	Conclusions	Proposals for improvement
<p>2016-17 Follow-up work</p>	<p>Review of asset management arrangements - issued October 2017</p> <p>During 2016-17, we reviewed the effectiveness of the Authority's approach to managing its land and buildings including sharing facilities.</p>	<p>Progress in 2017-18:</p> <p>A National Issues Committee (NIC) property stream has been established to identify savings, efficiencies, and economic benefits through collaborative working. One of the key areas to progress is benchmarking and the following objective has been agreed:</p> <p>To agree common measures to assess key indicators around land and buildings to enable comparison of performance and demonstrate the effectiveness of asset strategies. This will include compiling key asset data across the FRS's in order to establish a baseline'.</p> <p>Further workshops meetings are to be arranged to agree how best to collate the Authority's data sets.</p> <p>High level property issues are presented to Executive Leadership Team (ELT), Senior Management Team (SMT) and Fire Authority (FA). There is no intention to develop detailed plans or reporting procedures in relation to the Estates Project Review Group.</p> <p>The condition survey schedule is updated following any works carried out that impact the repair and condition of the building fabric. This document will be used as the basis for an updated rolling programme of condition surveys due to commence 2019-20.</p>	<p>October 2017 Proposals for Improvement:</p> <p>Strengthen asset management arrangements by:</p> <p>P1 Agreeing common measures with the 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; and</p> <p>P2 Implementing the recommendations made in the internal audit report of November 2016 within the set timescales. An action plan needs to be produced to record and enable monitoring of the work of the Estates Project Review Group.</p>

Issue date	Brief description	Conclusions	Proposals for improvement
2015-16 Follow-up work	<p>Fire safety arrangements report</p> <p>During 2015-16, we reviewed the Authority's fire safety arrangements to assess the way in which activity was planned; how it was being delivered and, whether the efficiency and effectiveness of activity could be evaluated. We followed up on how the authority is progressing delivery of our proposals for improvement in 2017-18.</p>	<p>Progress in 2017-18:</p> <p>The fire safety arrangements report was accepted by the Authority in December 2016. The two proposals for improvement are included in the Authority's finance, audit and performance committee cycle for monitoring progress and action.</p> <p>Introduction of local performance indicators</p> <p>Local performance indicators provides the Authority with important information on progress against strategic objectives. The indicators enable the Authority to monitor progress against day to day activities and identify where progress can be made, whilst recognising and sharing good practice.</p> <p>The purpose of local indicators is to enable the Authority to monitor performance at a local level and ensure activities contribute to the higher level strategic objectives. It also enables the Authority to challenge processes and systems to ensure effectiveness and efficiency.</p> <p>Managing Risk (RBIP-Risk Based Inspection Programme)</p> <p>The RBIP manages the Authority's approach to proactive, pre-planned re-inspection programme. When fire officers inspect premises, they carry out a fire safety audit to determine a level of risk. The risk rating is derived from a number fields, such as the level of risk to a particular premises type; the level of fire safety management it possesses and other factors such as size and occupancy. Premises are subsequently allocated a re-inspection timetable where the most at risk premises are inspected on a more regular basis.</p>	None

Issue date	Brief description	Conclusions	Proposals for improvement
2015-16 Follow-up work (cont.)		<p>Beyond the planned re-inspection programme, the Authority faces emerging work that requires a more reactive response. Work such as post fire evaluations, alleged fire risk complaints and fire related queries. The Authority also collaborates closely with other agencies such as local authorities Building Control and approved inspectors under the requirements of the Building Regulations, Local Authority Licensing, Housing departments, National Resources Wales and Health and Safety at Work in Wales (HSE), who provide expert advice and guidance on compliance within the whole aspect of fire related legislation.</p> <p>This provides a dual approach to reducing risk and a more proactive approach to inspection and re-inspection programmes. Having a clear understanding of potential demand, enables the Authority to remain flexible and move resources according to need.</p> <p>New Management Information System (MIS)</p> <p>Significant work has been undertaken with West Midlands Fire and Rescue Authority in developing an open source MIS. The system should be functional in the near future.</p> <p>There is ongoing liaison between both authorities regarding this provision of the MIS which forms part of the G2D project. When available, the software will provide reports that consider dynamic risk indicators thus permitting the RBIP to accurately reflect the current risk in buildings across the Authority's area. The Authority will then be in a position to better match resources to risk, monitor and evaluate effectiveness of Business Communities in South Wales.</p> <p>There are proposals to develop a Building a compliance based risk profiling inspection strategy with Cardiff Metropolitan University. The objective of this initiative is to improve the MIS, by identifying higher risk commercial premises; including the more vulnerable and complex residential buildings.</p>	

Issue date	Brief description	Conclusions	Proposals for improvement
Reviews by inspection and regulation bodies			
No reviews by inspection and regulation bodies have taken place during the time period covered in this report.			

Appendix 1

Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake a forward-looking annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. Improvement authorities (defined as local councils, national parks, and fire and rescue authorities) have a general duty to 'make arrangements to secure continuous improvement in the exercise of [their] functions'.

The annual improvement assessment considers the likelihood that an authority will comply with its duty to make arrangements to secure continuous improvement. The assessment is also the main piece of work that enables the Auditor General to fulfil his duties. Staff of the Wales Audit Office, on behalf of the Auditor General, produce the annual improvement report. The report discharges the Auditor General's duties under section 24 of the Measure, by summarising his audit and assessment work in a published annual improvement report for each authority. The report also discharges his duties under section 19 to issue a report certifying that he has carried out an improvement assessment under section 18 and stating whether (as a result of his improvement plan audit under section 17) he believes that the authority has discharged its improvement planning duties under section 15.

The Auditor General may also, in some circumstances, carry out special inspections (under section 21), which will be reported to the authority and Ministers, and which he may publish (under section 22). An important ancillary activity for the Auditor General is the co-ordination of assessment and regulatory work (required by section 23), which takes into consideration the overall programme of work of all relevant regulators at an improvement authority. The Auditor General may also take account of information shared by relevant regulators (under section 33) in his assessments.

Appendix 2

Annual Audit Letter

Reference: 273A2017-18

Date issued: 30 November 2017

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

Dear Councillor Davies

Annual Audit Letter – South Wales Fire and Rescue Authority 2016-17

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

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

It is the Authority's responsibility to:

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

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

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

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

On 27 September 2017 I issued an unqualified audit opinion on the 2016-17 accounting statements confirming they present a true and fair view of the Authority's and the Pension Fund's financial position and transactions. My report is contained within the Statement of Accounts. The key matters arising from the accounts audit were reported to the members of the Fire Authority on 25 September through my Audit of Financial Statements Report¹. The most important audit matters were:

- a significant number of errors in the financial statements and their compliance with the CIPFA Code of Practice.
- the lack of a clear audit trail and supporting documentation in key areas such as the year-end financial ledger and pension payments.
- the Fire Fighter Pension Fund accounted for pension payments relating to May 2016-April 2017 in the 2016-17 accounting statements, instead of those relating to April 2016-March 2017. As a result, there were unadjusted misstatements in the accounting statements. However, these did not impact on the audit opinion.

I issued a certificate confirming that the audit of the accounts has been completed on 27 September 2017.

¹ www.southwales-fire.gov.uk

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

My consideration of the Authority's arrangements to secure economy, efficiency and effectiveness has been based on the audit work undertaken on the accounts as well as placing reliance on the work completed under the Local Government (Wales) Measure 2009. The Auditor General will highlight areas where the effectiveness of these arrangements has yet to be demonstrated or where improvements could be made when he publishes his Annual Improvement Report.

As a result of the issues identified during the audit and reported to the Authority on 25 September 2017, we had to carry out some additional work. These issues centred on the quality of the accounting statements and the supporting records.

Consequently, fees of £3,711 will be charged in addition to the fee estimate of £57,022 set out in the 2017 Audit Plan. The fee estimate for 2017-18 will be set within the fee-scale parameters for the fire and rescue authorities, which are to be set out in the Wales Audit Office's published Fee Scheme 2018-19.

Yours sincerely



Mark Jones

For and on behalf of the Auditor General for Wales

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

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