



WALES AUDIT OFFICE  
SWYDDFA ARCHWILIO CYMRU

# Annual Improvement Report 2014-15

## 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 Steve Barry and Ron Price 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.

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# Summary report

## Purpose of this report

- 1 Each year, the Auditor General is required to audit the improvement planning and reporting arrangements of Welsh councils, fire and rescue authorities and national park authorities, and to assess whether each authority will meet statutory continuous improvement duties<sup>1</sup>. This work has been undertaken on behalf of the Auditor General by staff of the Wales Audit Office. [Appendix 1](#) provides more information about the Auditor General's powers and duties.
- 2 This Annual Improvement Report (AIR) summarises the audit work undertaken at South Wales Fire and Rescue Authority (the Authority) since the last such report was published in June 2014.
- 3 Taking into consideration the work carried out during 2014-15, the Auditor General will state in this report whether he believes that the Authority is likely to make arrangements to secure continuous improvement for 2015-16.
- 4 This statement should not be seen as a definitive diagnosis of organisational health or as a prediction of future success. Rather, it should be viewed as providing an opinion on the extent to which the arrangements currently in place are reasonably sound insofar as can be ascertained from the work carried out.
- 5 We want to find out if this report gives you the information you need and whether it is easy to understand. You can let us know your views by e-mailing us at [info@audit.wales](mailto:info@audit.wales) or writing to us at 24 Cathedral Road, Cardiff, CF11 9LJ.

<sup>1</sup> Duties and requirements contained within the Local Government (Wales) Measure 2009 (the Measure).

## Performance audit work in 2014-15

- 6 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 the Authority's own mechanisms for review and evaluation. For 2014-15, we undertook improvement assessment work under the following themes: use of resources; governance; and performance.
- 7 The work carried out since the last AIR is set out below:

Project name	Brief description	When the work was carried out
Annual 'Improvement Plan' Audit	Review of the Authority's published plans for delivering on improvement objectives.	June 2014
Financial Planning Assessment	Review of the Authority's financial position and how it is budgeting and delivering on required savings.	November 2014
Annual 'Assessment of Performance' Audit	Review of the Authority's published performance assessment, including testing and validation of performance information.	November 2014
Data Quality Review	Assessment of the reliability of information and the effectiveness of its use in managing performance.	November 2014
Delivering with Less – Workforce Re-configuration	Assessment of how the Authority is managing the delivery of services in the context of reduced resources.	March 2015

- 8 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 Measure during 2015-16.

## Headlines – a summary of key findings

- 9 The table below summarises the key findings of reports issued since the last AIR by the Wales Audit Office and the outcome of the review of the Welsh Language Scheme by the Welsh Language Commissioner (WLC).

Audit of accounts	We issued an unqualified audit opinion on the accounting statements and the Pension Fund's financial position and transactions on 29 September 2014. This means the Authority complied with its responsibilities relating to financial reporting and use of resources and the accounts present a true and fair view of the Authority's financial position.
Improvement planning and reporting audits	We issued audit certificates stating that the Authority had discharged its duties under the Measure (see <a href="#">Appendices 2 and 3</a> ).
Financial planning assessment	The Authority has effective financial management arrangements.
Use of resources	Efficiency savings have been achieved by re-configuration of the workforce and effective programme management has enabled the Authority to manage associated risks.
Reliability and use of performance information	Improvement planning at the Authority is supported by well-embedded systems that produce accurate management information although there are some gaps in relation to equality.
WLC – Review of Welsh Language Scheme	The Authority is working positively on its Welsh Language Scheme to improve its Welsh language service.

- 10 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:
- a 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;
  - b make formal recommendations for improvement – if a formal recommendation is made, the Authority must prepare a response to that recommendation within 30 working days;
  - c conduct a special inspection and publish a report and make recommendations; and
  - d recommend to Ministers of the Welsh Government that they intervene in some way.
- 11 During the course of the year, the Auditor General did not make any formal recommendations. However, lower-priority issues, known as proposals for improvement, are contained in our other reports and are referred to in the table below. We will continue to monitor proposals for improvement during the course of our improvement assessment work.

## Proposals for improvement

Proposals for improvement	
P1	Develop current arrangements by: <ul style="list-style-type: none"> <li>• establishing a clear policy around charging for services and income generation;</li> <li>• clarifying links between improvement objectives and financial plans; and</li> <li>• agreeing a written policy on the use of reserves.</li> </ul>
P2	The Authority should review the overall cost and savings in making the changes supported by the work of the Fire Cover Review.
P3	The Authority should ensure it plans for the impact on senior staff resources when implementing change.

## Detailed report

The Authority manages its finances well, has implemented changes that have improved its use of resources and has adequate arrangements to address future challenges





- 12 The Authority serves 1,484,570 people (census 2011) and comprises 24 members representing the councils covering the area: Blaenau Gwent (one member), Bridgend (two members), Caerphilly (three members), Cardiff (five members), Merthyr Tydfil (one member), Monmouthshire (two members), Newport (two members), Rhondda Cynon Tâf (four members), Torfaen (two members) and the Vale of Glamorgan (two members). The number of representatives from each constituent council is determined by the population of that area.
- 13 During the past year, the Authority has completed its first Fire Cover Review (FCR), to ensure its resources were correctly located according to the risk within its communities. The Authority has also been responding to the financial challenges faced by public sector services whilst ensuring compliance with its statutory responsibilities. Later in this report, we identify some of the ways in which this has been done. More details about the performance of the services and its plans for the next five years can be found on [its website](#).

**Exhibit 1: Actual revenue expenditure 2011-12 to 2013-14**

	2011-12	2012-13	2013-14
Revenue out-turn (£,000)	69,502	69,124	71,847*
Per head population	£47	£46	£48

\*Includes £1,534,000 one-off costs associated with industrial action.

Source: Welsh Government Statistics Wales

- 14 Whilst the figures in [Exhibit 1](#) suggest an increase in expenditure between 2011-12 and 2013-14 when account is taken of inflationary pressures in real terms expenditure reduced overall by £276,000 over the period. Staff costs shown in the Authority's statements of accounts for 2011-12, 2012-13 and 2013-14 have reduced by £1,894,000 over the period. Applying the same 'real terms' analysis to the expenditure per head of population, the increase from £47 per head of population in 2011-12 to £48 per head of population actually represents a £1 reduction per head of population in real terms over the period.
- 15 The Authority set a budget of £69,955,985 for 2014-15.

## The Authority has effective financial management arrangements

### The Authority complied with its responsibilities relating to financial reporting

- 16 On 5 January 2015, the Auditor General issued an Annual Audit Letter to the Authority. The letter summarises the key messages arising from his statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor and his reporting responsibilities under the Code of Audit Practice. The Auditor General issued an unqualified opinion on the Authority's accounting statements confirming that they present a true and fair view of the Authority's and the Pension Fund's financial position and transactions. The Annual Audit Letter can be found in [Appendix 4](#) of this report.

### The Authority has a good track record of effective budgetary control and securing arrangements to operate within its financial constraints

- 17 Between 2011-12 and 2013-14, the Authority operated effective budgetary control, with timely assessments of the options that the Authority could implement to maintain a balanced budget. In comparison with 2011-12, by 2014-15 the Authority had reduced its budget by £1.2 million (1.7 per cent) in cash terms. Taking the need to account for inflation and other budget pressures, this reduction, in real terms, amounted to savings of £4.8 million (6.4 per cent). Budgetary control arrangements are supported by detailed guidance and monitoring arrangements at officer, member and executive level. Financial forecasting is well developed and accurate, and is subject to detailed and effective scrutiny and challenge at Authority meetings.
- 18 A willingness to consider radical change in service provision has been demonstrated by the Authority. After a substantial period in which little change to the location of stations and appliances occurred, the Authority embarked on a series of strategic transformation projects under the general heading of 'Fire Cover Review'. The purpose of these projects was to consider the most effective ways to maintain an effective risk-based service provision within a diminishing budget. This is being done by identifying optimum station locations and crewing arrangements to accurately match resources against risk. This has been, and will continue to be a challenging process, but one that has been handled effectively with mutual support between officers and members. The Authority has consulted widely on proposed changes to service provision and handled that process of change management effectively.
- 19 In the period covered by this report, the Authority has set a balanced budget with few variations in any of the budget headings. The greatest element of cost relates to employee costs, and prudent budgeting around this area has given the Authority scope to make underspends against original budget figures. Low levels of pay increase, agreed through national negotiation, have also enabled the Authority to plan and agree budgets effectively.

- 20 Savings have been made in other areas related to service provision and employee costs. For example, the service has changed crewing arrangements in Barry, and the provision of aerial appliances. Savings have been made through not filling posts immediately as retirements occur due to inherent time lags in the recruitment processes and the service has run with some under-provision of Retained Duty System (RDS) staff during 2012-13 and 2013-14 due to recruitment difficulties in some locations. Some other small-scale savings have also been secured through changes to leased vehicle arrangements, slippage and savings on the capital programme and subsequent capital charges, and in pension costs.
- 21 Since mid-2013, the Authority has faced challenges in a national dispute primarily relating to the government's proposed changes to pension arrangements for firefighters. This has required the Authority to put in place arrangements to maintain services during these periods of industrial action, which has placed an additional burden on the Authority, both financially and operationally. The Authority has managed this challenge effectively through the use of additional auxiliary firefighters and initially the use of some military fire cover. The ongoing dispute remains a challenge.

**The Authority's plans and arrangements to deliver 2014-15 savings are fit for purpose, are effectively managed and are likely to be achieved but the medium-term outlook remains challenging**

- 22 The Authority has an effective corporate framework for financial planning and exercises clear financial management and control. Through its Finance, Audit and Performance Management Committee (FAPM) and Full Authority it demonstrates a good level of scrutiny, debate and challenge on financial issues. Early consideration of spending options has taken place with effective dialogue between the Authority and its constituent local authorities. This has enabled the Authority to set a realistic and achievable budget for 2014-15, although the medium-term outlook remains challenging.
- 23 The Authority has developed asset management plans for land and property; ICT; kit and equipment; personal issue equipment; people; fleet and vehicles; and minor assets to assist in the consideration of future service provision and to align its employee costs and provision to its property estate. This will be an important part of the Authority's strategy moving forward, and the Authority is continuing a dialogue with communities and its constituent local authorities explaining the rationale and potential impact of changes in service provision.

## An effective medium-term financial plan is in place to support strategic decision making

- 24 A clear vision and aim for the service is in place, with coherent and clear improvement objectives. The Authority has a medium-term financial plan in place which was agreed in November 2013. This contains key performance indicators and sensitivity analysis relating to key elements of the budget.
- 25 Whilst the Authority has set a minimum level of general reserves at £3 million, there is no separate written policy on the use of reserves. The level of reserves is discussed and considered but existing financial arrangements would be strengthened with greater clarity about the future use and policy on reserves.
- 26 Experienced and effective finance and budget managers are in place. Internal timekeeping around the presentation of financial information is well handled and works well throughout the Authority. The Authority has taken account of the financial challenges and made reasonable assumptions in setting its budget for 2014-15, supported with sound data and information.

## Efficiency savings have been achieved by re-configuration of the workforce and effective programme management has enabled the Authority to manage associated risks

### The Authority has made efficiency savings through workforce changes over the past three years

- 27 As reported in our financial planning assessment of December 2014, the Authority has been successful in setting, agreeing and maintaining accurate out-turns in its financial budgetary management for the last few years. It has been able to do this in times of budgetary pressure through changes to crewing arrangements, reviews of tactical managers, operational crewing reviews of all second appliances and reviews of middle managers. This has not been at the expense of meeting its statutory responsibilities. The Authority has maintained an effective service to the communities in South Wales throughout this period with an increased emphasis on prevention work.
- 28 As is the case with other fire authorities in Wales, the largest proportion of expenditure relates to employee pay. The service has a mix of whole-time duty, and retained (part-time on-call) staff to deliver its operational response services. Staff costs shown in the Authority's statements of accounts for 2011-12, 2012-13 and 2013-14 have reduced by £1,894,000<sup>2</sup> in real terms since 2011-12. The most significant reductions have been in the cost of uniformed whole-time and uniformed retained staff. In overall terms, the staff establishment reduced from 1,746 employees in 2011-12 to 1,681 in 2013-14.
- 29 Senior staff identified that it had been many years since aspects of fire cover had been analysed and challenged across the whole of the South Wales area. There was anecdotal evidence that in some places there was apparent over-provision of fire cover, with consequent resource implications, yet this had not been tested in a rigorous risk-based way.
- 30 It was agreed that the Fire Cover Review (FCR) process would be carried out in three phases to enable any identified changes in fire cover to be implemented in a controlled way, especially where changes in one area had implications for adjoining areas of South Wales. On 23 September 2013, having completed the first phase, the Authority authorised officers to commence public and partner consultation on the proposals for Phase 2 of the FCR for the Blaenau Gwent, Monmouthshire, Newport and Torfaen local authority areas.

### Project planning and management were well documented and a sound evidence base supported decision making

- 31 For this review, we sought evidence that the change process had been managed using formal, documented project management principles. The advantage of adopting such an approach is that it enables the Authority to demonstrate that risks have been managed effectively, that lessons to be learned can be captured and built into future planning, and that the results of implementation can be evaluated against original intentions.

<sup>2</sup> As measured by the Treasury Gross Domestic Product deflators published April 2015.

- 32 A well-defined project management approach to this significant process was established by the service. Acceptable levels of increased risk were established at the outset to form the parameter of the review and shape the way in which options for changes in fire cover were considered.
- 33 Consultation arrangements with communities, individuals, councils and local politicians were put in place; the FRA seconded from an external organisation to support this aspect of the process and provide the relevant skills it did not have itself. As each phase of the FCR was undertaken, the Authority learned lessons on how to adjust the consultation process to get the maximum impact. For example, moving display stands to different locations within a high street, having more uniformed officers on the street asking for input from the public, and engaging in public meetings.
- 34 The consultation process was carried out in a structured way and was adapted as issues were raised by the public, and as the skills of staff involved developed. The quality and extent of consultation were beneficial in enabling the Authority to understand the critical issues relevant to the communities potentially affected by the FCR changes.
- 35 A sound evidence base was used to support decision making. The quality of the data and supporting information was tested through the extensive external challenge which the FCR proposals received. The framework used for collation of relevant evidence to support decision making was the National Fire Service Emergency Cover (FSEC) toolkit. The toolkit is a tool that enables fire and rescue services to assess the risks from fire and other incidents and to allocate responses appropriate to that risk and predict the effectiveness of risk reduction strategies employed.
- 36 Consideration of equality issues was incorporated in the FCR assessments and review process. These were included in summary form in reporting to the Authority during the process of endorsing proposed changes. Equality impact assessments were carried out and the results included in the risk assessment evaluation.
- 37 The Authority also made extensive use of a wide range of other information to support the FCR process, ranging from site-specific information to available information about the local population and local demand for the service.
- 38 The FCR led to a proposal to close Blaina Fire Station (a retained duty station) being made to the FRA on 23 September 2013. The accompanying report was detailed and comprehensive. Because the proposed closure of a local station is of significant interest, the FRA undertook a further period of additional consultation. Throughout this period, the strength of the evidence base was tested and proved able to provide assurance to Authority members responsible for decision making that implementing the proposals would not increase the risk of death or injury from fire in the Blaina area. On 22 September 2014, the closure of Blaina Fire Station was approved by the Authority with closure scheduled for March 2015.

- 39 Effective communication and interaction with workforce representatives took place during the implementation of the changes. In order to take proposals forward in a positive way, the Authority had regular meetings and interaction with union representatives. This has enabled the Authority to work with employees to ensure that a number of options could be presented to those affected by the closure and changes.
- 40 Staff have been offered four options. These include new fast-track arrangements to apply to join the ranks of full-time firefighters within the service, redeployment to other retained duty stations (subject to location and turn out time), relocation (where location is a challenge, with financial support available) or, as a last resort, redundancy. Around 16 staff are potentially affected by the changes and the process of establishing preferred options is currently underway.

### Post-project evaluation has identified aspects that went well and lessons for the future

- 41 As part of the programme management process, a post-implementation review was undertaken; together with this report, a number of lessons for the future can be identified:
- a The extent of engagement necessary with stakeholders resulting from the proposals to close a local station was greater than originally anticipated. Proper engagement is essential in such projects but it needs to be recognised that this places additional demands on staff time with a potential impact on other areas of responsibility.
  - b The Authority had not calculated the overall cost of the implementation of the FCR project and proposals. Whilst many costs of such a review would be regarded as part of the discharge of professional obligations, additional hours and resources to drive the proposals forward proved necessary and it would be beneficial to future FCR work if such implications were captured.
  - c Additional costs were incurred for a variety of unanticipated aspects such as additional arrangements necessary for managing public meetings; extra work on dealing with the additional scrutiny of proposals and supplementary local consultation when station closure was identified as the preferred option.
  - d Station closure was a high-profile issue and generated a high level of external scrutiny. Good communications with staff to ensure consistency and clarity of messages are essential. Managing the external perception of what the Authority was seeking to achieve is a lesson that the Authority has learned in subsequent negotiations in relation to changes under the later stages of the FCR.
- 42 The Authority is also planning to provide feedback to Authority members about the changes once the Blaina Fire Station has closed.

## Improvement planning at the Authority is supported by well-embedded systems that produce accurate management information although there are some gaps in relation to equality

- 43 We carried out a review of a sample of performance measures and operational data systems. The purpose of the review was to:
- a test systems and arrangements that support the production of performance management information, including national strategic, core and local performance indicators that are used to support improvement reporting and planning;
  - b verify and confirm the accuracy of submissions made to the Welsh Government in respect of national strategic and core indicators and associated data returns; and
  - c review how the Authority identifies trends and changes in performance to inform improvement planning and reporting.
- 44 Although there is not a formal written timetable for completion of the annual national strategic and core indicators, we found that staff were clear about the timing of the submission and were clear about roles and responsibilities. Activities are co-ordinated effectively by the Service Performance and Communications Team (SP&C). Key milestones are monitored by SP&C staff to ensure they are met, including analysis of cross-border incident information and coroner findings regarding fire-related death figures.

### Some gaps existed in equality information

- 45 There is limited information on equality and diversity covering all of the protected characteristics as set out in the Equality Act 2010. Some information is available and collected in relation to incident data, and information relating to staff is maintained by HR. However, in neither area is this data fully comprehensive; officers have recognised the challenges in ensuring full coverage and are continuing to identify opportunities that enable easier collection of such data.
- 46 National strategic and core indicators for 2013-14 are correctly stated. To arrive at our conclusions, we tested:
- a Eleven national strategic indicators, of which 11 were found to be correct.
  - b Fifteen core data and/or local indicators and found that 15 were correct.
  - c Reviewed processes for producing associated data returns for HR, workforce and non-domestic property database information. The Authority has some challenges in correctly stating the number of properties within South Wales and is working to refine the database.
- 47 The Authority used existing guidance from the various fire circulars in an accurate way. However, in one area – fire-related injuries – the Authority identified it has recorded and reported the figure incorrectly since 2009. Published figures have been overstated, because the Authority misinterpreted guidance, and has counted ‘first aid given at scene’ within all their injury figures. The Welsh Government is arranging to publish corrected figures and a review of definitions to give clarity is planned for the future.



- 48 The Authority's Internal Audit service examined the core performance indicators for 2013-14. Substantial assurance was reported to the Authority's FAPM on 15 September 2014 with no urgent or important matters identified. Two recommendations included in the 2012-13 internal audit report have been effectively implemented.

#### Data is used well to inform improvement planning and support performance reporting

- 49 The Authority uses a balanced range of management information to identify improvement areas and monitor its performance across a full range of its activities. Performance information is used to support judgements, strategies and business planning with regular reporting to the Authority which makes referrals for further analysis to FAPM if this is considered necessary.

## The Authority is working positively on its Welsh Language Scheme to improve its Welsh language service

- 50 The role of the WLC was created by the Welsh Language (Wales) Measure 2011. New powers to impose standards on organisations came into force through subordinate legislation on 31 March 2015. The WLC will continue to review Welsh language schemes by virtue of powers inherited under the Welsh Language Act 1993.
- 51 The WLC works with all authorities in Wales to inspect and advise on the implementation of language schemes. It is the responsibility of authorities to provide services to the public in Welsh in accordance with the commitments in their language schemes. Every authority is committed to providing an annual monitoring report to the WLC outlining its performance in implementing the language scheme. The WLC analyses every monitoring report, provides a formal response and collects further information as required.
- 52 The WLC reported that a 'Mystery Shopper' survey of the service and a Welsh language thematic review of three departments was conducted. The review discovered that some public forms were not available bilingually and a plan was implemented to resolve this. A review has been initiated of all other departments' Welsh language provision in order to prepare for the introduction of the Welsh Language Standards. The Welsh Language Officer is included in internal consultations on new policies or procedures. There was an increase in the number of Welsh speakers who cover reception but Welsh speakers were not appointed to two of the 'Welsh essential' posts in Fire Control. The Authority explained that this was because no Welsh speakers met the 'control' requirements of the posts. Welsh speakers within the workforce were trained to mentor learners and help them to become more confident in their Welsh language skills. The service continues to try and reach its target of ensuring that all its signs are bilingual. It has committed to completing this work by the end of March 2015.

# Appendix 1 – Status of this report

The Local Government (Wales) Measure 2009 (the Measure) requires the Auditor General to undertake an annual improvement assessment, and to publish an annual improvement report, for each improvement authority in Wales. This requirement covers local councils, national parks, and fire and rescue authorities.

This report has been produced by staff of the Wales Audit Office on behalf of the Auditor General to discharge his duties under section 24 of the Measure. 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.

Improvement authorities are under a general duty to ‘make arrangements to secure continuous improvement in the exercise of [their] functions’. Improvement authorities are defined as local councils, national parks, and fire and rescue authorities.

The annual improvement assessment is the main piece of work that enables the Auditor General to fulfil his duties. The improvement assessment is a forward-looking assessment of an authority’s likelihood to comply with its duty to make arrangements to secure continuous improvement. It also includes a retrospective assessment of whether an authority has achieved its planned improvements in order to inform a view as to the authority’s track record of improvement. The Auditor General will summarise his audit and assessment work in a published annual improvement report for each authority (under section 24).

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 – Audit of South Wales Fire and Rescue Authority’s 2014-15 Improvement Plan

## Certificate

I certify that I have audited South Wales Fire and Rescue Authority’s Improvement Plan in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Authority has discharged its duties under section 15(6) to (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

## Respective responsibilities of the Authority and the Auditor General

Under the Measure, the Authority is required to prepare and publish an Improvement Plan describing its plans to discharge its duties to:

- make arrangements to secure continuous improvement in the exercise of its functions;
- make arrangements to secure achievement of its improvement objectives; and
- make arrangements to exercise its functions so that any performance standard specified by Welsh Ministers is met.

The Measure requires the Authority to publish its Improvement Plan as soon as is reasonably practicable after the start of the financial year to which it relates, or after such other date as Welsh Ministers may specify by order.

The Authority is responsible for preparing the Improvement Plan and for the information set out within it. The Measure requires that the Authority has regard to guidance issued by Welsh Ministers in preparing and publishing its plan.

As the Authority’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit of the Improvement Plan, to certify that I have done so, and to report whether I believe that the Authority has discharged its duties to prepare and publish an Improvement Plan in accordance with statutory requirements set out in section 15 and statutory guidance.

## Scope of the Improvement Plan audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information, or whether the Improvement Plan published by the Authority can be achieved. Other assessment work that I will undertake under section 18 of the Measure will examine these issues. My audit of the Authority's Improvement Plan, therefore, comprised a review of the plan to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the plan complied with the requirements of the legislation, and that the Authority had regard to statutory guidance in preparing and publishing its plan.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Huw Vaughan Thomas  
**Auditor General for Wales**

CC: Lesley Griffiths, Minister for Local Government and Government Business  
Lisa Williams, Performance Audit Lead

# Appendix 3 – Audit of South Wales Fire and Rescue Authority’s assessment of 2013-14 performance

## Certificate

I certify that I have audited South Wales Fire and Rescue Authority’s (the Authority) assessment of its performance in 2013-14 in accordance with section 17 of the Local Government (Wales) Measure 2009 (the Measure) and my Code of Audit Practice.

As a result of my audit, I believe that the Authority has discharged its duties under sections 15(2), (3), (8) and (9) of the Measure and has acted in accordance with Welsh Government guidance sufficiently to discharge its duties.

## Respective responsibilities of the Authority and the Auditor General

Under the Measure, the Authority is required to annually publish an assessment which describes its performance:

- in discharging its duty to make arrangements to secure continuous improvement in the exercise of its functions;
- in meeting the improvement objectives it has set itself;
- by reference to performance indicators specified by Welsh Ministers, and self-imposed performance indicators; and
- in meeting any performance standards specified by Welsh Ministers, and self-imposed performance standards.

The Measure requires the Authority to publish its assessment before 31 October in the financial year following that to which the information relates, or by any other such date as Welsh Ministers may specify by order.

The Measure requires that the Authority has regard to guidance issued by Welsh Ministers in publishing its assessment.

As the Authority’s auditor, I am required under sections 17 and 19 of the Measure to carry out an audit to determine whether the Authority has discharged its duty to publish an assessment of performance, to certify that I have done so, and to report whether I believe that the Authority has discharged its duties in accordance with statutory requirements set out in section 15 and statutory guidance.

## Scope of the audit

For the purposes of my audit work I will accept that, provided an authority meets its statutory requirements, it will also have complied with Welsh Government statutory guidance sufficiently to discharge its duties.

For this audit I am not required to form a view on the completeness or accuracy of information. Other assessment work that I will undertake under section 18 of the Measure may examine these issues. My audit of the Authority's assessment of performance, therefore, comprised a review of the Authority's publication to ascertain whether it included elements prescribed in legislation. I also assessed whether the arrangements for publishing the assessment complied with the requirements of the legislation, and that the Authority had regard to statutory guidance in preparing and publishing it.

The work I have carried out in order to report and make recommendations in accordance with sections 17 and 19 of the Measure cannot solely be relied upon to identify all weaknesses or opportunities for improvement.

Huw Vaughan Thomas  
**Auditor General For Wales**

CC: Leighton Andrews, Minister for Public Services  
Steve Barry, Manager

# Appendix 4 – Annual Audit Letter

Huw Jakeway  
Chief Fire Officer  
South Wales Fire and Rescue Service Headquarters  
Forest View Business Park  
Llantrisant  
CF72 8LX

Dear Huw

## **Annual Audit Letter – South Wales Fire Authority 2013-14**

This letter summarises the key messages arising from my statutory responsibilities under the Public Audit (Wales) Act 2004 as the Appointed Auditor 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 29 September 2014, 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 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 members of the Audit Committee in my Audit of Financial Statements report on 15 September 2014, and a more detailed report will follow in due course.



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 as part of the Improvement Assessment 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.

I issued a certificate confirming that the audit of the accounts has been completed on 29 September 2014.

The financial audit fee for 2013-14 is currently expected to be in line with the agreed fee set out in the Annual Audit Outline.

Yours sincerely

**Anthony Barrett, Appointed Auditor**

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