

The report is Not Exempt

The report is for Information

REPORT TO: FIRE AUTHORITY

MEETING DATE: 10 December 2018

SUBJECT: Audit of Financial Statements 2016/17

SUMMARY

<p>The Appointed Auditor is required to give his opinion on the financial statements of the Mid and West Wales Fire and Rescue Authority. As previously reported there have been delays in finalising the financial statements for the year ended 31st March 2017, this work has now been completed. This report considers the Appointed Auditor's statutory ISA260 report for 2016/17.</p>
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RECOMMENDATIONS:

<p>That the Fire and Rescue Authority note the Appointed Auditor's ISA260 report for the financial statements for 2016/17 (attached at Appendix A).</p>

REPORT APPROVAL

Clerk/Monitoring Officer:	Comments: Approved Date: 03.12.18
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Relevant Director:	Comments: Approved Date: 03.12.18
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Section 151 Officer /Treasurer:	Comments: Approved Date: 03.12.18
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Chief Fire Officer/ Deputy Chief Fire Officer	Comments: Approved Date: 03.12.18
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BACKGROUND PAPERS USED IN PREPARATION OF THIS REPORT:
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Mid and West Wales Fire and Rescue Authority Statement of Accounts 2016/17
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Presenting the Report:	Chris Moore Section 151 Officer
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Report Author(s) and Designation	Sarah Mansbridge Head of Finance
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Date original report written	23/11/2018
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Mae'r Adroddiad Heb ei eithrio

Mae'r Adroddiad ER GWYBODAETH

ADRODDIAD I'R: AWDURDOD TÂN

DYDDIAD Y CYFARFOD: 10
Rhagfyr 2018

TESTUN: Archwiliad o Ddatganiadau Ariannol 2016/17

CRYNODEB:

Mae'n ofynnol i'r Archwilydd Penodedig roi ei farn ar ddatganiadau ariannol Awdurdod Tân ac Achub Canolbarth a Gorllewin Cymru. Fel yr adroddwyd yn flaenorol, bu oedi o ran cwblhau'r datganiadau ariannol ar gyfer y flwyddyn a ddaeth i ben ar 31 Mawrth 2017; mae'r gwaith hwn wedi cael ei gwblhau erbyn hyn. Mae'r adroddiad hwn yn ystyried adroddiad ISA260 statudol yr Archwilydd Penodedig ar gyfer 2016/17.

ARGYMHELLION:

Bod yr Awdurdod Tân ac Achub yn ystyried adroddiad ISA260 yr Archwilydd Penodedig am y datganiadau ariannol ar gyfer 2016/17 (wedi'i atodi yn Atodiad A).

CYMERADWYO'R ADRODDIAD

Clerc:	Sylwadau: Cymeradwywyd Dyddiad: 03.12.18
Cyfarwyddwr:	Sylwadau: Cymeradwywyd Dyddiad: 03.12.18
Cyllid/Trysorydd:	Sylwadau: Cymeradwywyd Dyddiad: 03.12.18
Prif Swyddog Tân / Dirprwy Brif Swyddog Tân	Sylwadau: Cymeradwywyd Dyddiad: 03.12.18

PAPURAU CEFNDIR A DDEFNYDDIWYD WRTH BARATOI'R ADRODDIAD HWN:

Yn cyflwyno'r Adroddiad:	Chris Moore Swyddog A151
Awdur(on) yr Adroddiad a'u Swyddi	Sarah Mansbridge Pennaeth Cyllid
Dyddiad yr ysgrifennwyd yr adroddiad gwreiddiol	23/11/2018

**REPORT TO THE FIRE AUTHORITY
10TH DECEMBER 2018
AUDIT OF FINANCIAL STATEMENTS 2016/17**

1 Summary

- 1.1 The Appointed Auditor is required to give his opinion on the financial statements of the Mid and West Wales Fire and Rescue Authority. As previously reported there have been delays in finalising the financial statements for the year ended 31st March 2017, this work has now been completed. This report considers the Appointed Auditor's statutory ISA260 report for 2016/17.

2 National/Wales Position

- 2.1 Under International Auditing Standards (ISA) 260, the External Auditor is required to communicate relevant matters relating to the audit of the financial statements to "those charged with governance". These matters are incorporated into an Audit of Financial Statements Report.

3 Mid and West Wales Fire and Rescue Service Current Position

- 3.1 The Audit of Financial Statements Report for Mid and West Wales Fire and Rescue Authority for the audit year 2016/17 is included as Appendix A. The appendix also includes the full list of all adjustments made to the accounts as a result of the audit.
- 3.2 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view on the financial position of Mid and West Wales Fire and Rescue Authority at 31 March 2017 and its income and expenditure for the year then ended. The Auditor General is also responsible for providing an opinion on the Authority's Fire Fighters' Pension Fund financial statements (the Fire Fighters' Pension Fund).
- 3.3 It is the Auditor General's intention to issue an unqualified audit report on the financial statements.
- 3.4 It is the opinion of the Auditor General that the financial statements:
- give a true and fair view of the financial position of Mid and West Wales Fire and Rescue Authority as at 31st March 2017 and its income and expenditure for the year then ended; and
 - have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2017.
- 3.5 There is one outstanding issue relating to pension overpayments, the details are set out in paragraphs 13 to 17 of Appendix A. The issue does not have a material impact on the financial statements, however, the audit cannot be closed and a certificate issued for 2016/17 due to this outstanding query.

4 Proposal

- 4.1 WAO will update Members on their main findings and summarise the audit work carried out in respect of the 2016/17 financial year and present their Audit of Financial Statements Report which requires the Appointed Auditor to report these key findings to those charged with governance.

5 Financial/Procurement Implications

- 5.1 Financial implications are reflected in the ISA260 report. The amendments noted within the ISA260 are mainly amendments to the notes and have not changed the outturn position of the previously reported. Any subsequent decision in respect of Paragraphs 13 -17 (Pensions) of the ISA260 may have a marginal impact on the future pension expenditure.

6 Risk Assessment/Legal Implications

- 6.1 International Standard on Auditing (ISA) 260 requires the external auditor to report certain matters arising from the audit of the financial statements to those charged with governance of the body.

7 Equality and Diversity Including Welsh Language

- 7.1 Considered not relevant, report for information only.

8 Human Resource and People Development

- 8.1 Considered not relevant, report for information only.

9 Information and Communications Technology (ICT)

- 9.1 Considered not relevant, report for information only.

10 Estates

- 10.1 Considered not relevant, report for information only.

11 Service Delivery

- 11.1 Considered not relevant, report for information only.

12 Fire Authority Governance

- 12.1 Under Article 7 of the Constitution it is for the Performance, Audit & Scrutiny Committee to initially consider the external auditor's report to those charged with governance on issues arising from the audit of accounts. Due to the delay in producing the financial statements and in order not to further lengthen the process the Authority will consider the ISA260 report.

13 Consultation & Communication

- 13.1 WAO and officers of Mid and West Wales Fire and Rescue Service have communicated at length during the audit, culminating in the ISA260 report.

14 Evaluation

- 14.1 Considered not relevant, report for information only.

15 Well-being of Future Generations (Wales) Act 2015

- 15.1 Considered not relevant, report for information only.

16 Data Protection and Privacy Issues

- 16.1 The report does not include personal information concerning individuals other than where information is provided as required under the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2016/17.

17 Recommendations

- 17.1 That the Fire and Rescue Authority note the Appointed Auditor's ISA260 report for the financial statements for 2016/17 (attached at Appendix A).



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Adroddiad ar yr Archwiliad o Ddatganiadau Ariannol – **Gwasanaeth Tân ac Achub Canolbarth a Gorllewin Cymru**

Blwyddyn archwilio: 2016-17

Dyddiad cyhoeddi: Tachwedd 2018

Cyfeirnod y ddogfen: 917A2018-19

Paratowyd y ddogfen hon fel rhan o waith a gyflawnir yn unol â swyddogaethau statudol.

Os gwneir cais am wybodaeth y gallai'r ddogfen hon fod yn berthnasol iddi, tynnir sylw at y Cod Ymarfer a gyhoeddwyd o dan adran 45 o Ddeddf Rhyddid Gwybodaeth 2000. Mae Cod adran 45 yn nodi'r arfer a ddisgwylir gan awdurdodau cyhoeddus wrth ymdrin â cheisiadau, yn cynnwys ymgynghori â thrydydd partïon perthnasol. Mewn perthynas â'r ddogfen hon, mae Archwilydd Cyffredinol Cymru a Swyddfa Archwilio Cymru yn drydydd partïon perthnasol. Dylid anfon unrhyw ymholiadau ynglŷn â datgelu neu ailddefnyddio'r ddogfen hon i Swyddfa Archwilio Cymru yn swyddog.gwybodaeth@archwilio.cymru.

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

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

Roedd y tîm a gyflawnodd y gwaith yn cynnwys Mark Jones, Clare James ac Eleanor Bowdler.

Cynnwys

Mae'r Archwilydd Cyffredinol yn bwriadu cyhoeddi adroddiad archwilio diamod ar eich datganiadau ariannol, ond ni ellir dod â'r archwiliad i ben yn ffurfiol hyd nes y bydd materion sy'n ymwneud â Chronfa Bensiwn y Diffoddwyr Tân wedi'u hystyried. Mae rhai materion i'ch hysbysu amdanynt cyn cymeradwyo'r datganiadau ariannol.

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Adroddiad cryno

Cyflwyniad

- 1 Mae'r Archwilydd Cyffredinol yn gyfrifol am roi barn ynghylch pa un a yw'r datganiadau ariannol yn rhoi darlun gwir a theg o sefyllfa ariannol Awdurdod Tân ac Achub Canolbarth a Gorllewin Cymru (yr Awdurdod) ar 31 Mawrth 2017 a'i incwm a'i wariant ar gyfer y flwyddyn a ddaeth i ben bryd hynny.
- 2 Nid ydym yn ceisio cael sicrwydd llwyr bod y datganiadau ariannol wedi'u datgan yn gywir, ond rydym yn mabwysiadu'r cysyniad o berthnasedd. Wrth gynllunio a chynnal yr archwiliad, rydym yn ceisio nodi camddatganiadau perthnasol yn eich datganiadau ariannol, hynny yw, y rhai hynny a allai gamarwain rhywun sy'n darllen y cyfrifon.
- 3 Y lefelau meintiol a ddefnyddiwn i farnu bod camddatganiadau o'r fath yn berthnasol yw £1.192 miliwn ar gyfer prif ddatganiadau ariannol yr Awdurdod a £0.263 miliwn ar gyfer Cyfrif Cronfa Bensiwn y Diffoddwyr Tân. Gall materion ansoddol penodol megis gofynion cyfreithiol a gofynion rheoleiddio a sensitifrwydd gwleidyddol hefyd effeithio ar b'un a fernir bod eitem yn berthnasol. Ar gyfer y prif ddatganiadau ariannol, rydym yn pennu lefelau perthnasedd is ar gyfer cydnabyddiaeth uwch swyddogion, pecynnau ymadael a buddiannau terfynu, lwfansau'r aelodau a datgeliadau parti cysylltiedig.
- 4 Mae Safon Archwilio Ryngwladol (ISA) 260 yn ei gwneud yn ofynnol i ni gyflwyno rhai materion sy'n deillio o'r archwiliad o'r datganiadau ariannol i'r sawl sy'n gyfrifol am lywodraethu corff mewn da bryd i gymryd camau priodol.
- 5 Mae'r adroddiad hwn yn nodi i'w hystyried, y materion sy'n deillio o'r archwiliad o ddatganiadau ariannol yr Awdurdod ar gyfer 2016-17 y mae angen cyflwyno adroddiad arnynt o dan ISA 260.

Statws yr archwiliad

- 6 Daeth y datganiadau ariannol drafft ar gyfer y flwyddyn a ddaeth i ben 31 Mawrth 2017 i law ar 11 Medi 2018 yn unol â'n disgwyliadau. Rydym bellach wedi cwblhau'r gwaith archwilio i raddau helaeth. Mae un mater i'w ystyried ymhellach sy'n ymwneud â gordaliadau pensiwn (gweler paragraffau 13 i 17). Rydym yn fodlon nad yw'r mater hwn yn cael effaith berthnasol ar y datganiadau ariannol ac y gallwn gyhoeddi barn archwilio. Fodd bynnag, ni allwn ddod â'r archwiliad i ben na chyhoeddi'r dystysgrif ar gyfer 2016-17 eto gan fod ein hymholiadau ar faterion cyfreithlondeb sy'n ymwneud ag ystyriaeth ôl-weithredol yr Awdurdod o Orchymyn Cynllun Pensiwn y Diffoddwyr Tân (Cymru) (Diwygio) 2014 yn mynd rhagddynt o hyd. Mae'r un safbwynt yn berthnasol i Awdurdodau Tân Gogledd a De Cymru o ran eu datganiadau ariannol ar gyfer 2017-18.
- 7 Rydym yn cyflwyno adroddiad i chi ar y materion pwysicaf sy'n deillio o'r archwiliad, y credwn y dylech eu hystyried cyn cymeradwyo'r datganiadau ariannol. Mae'r tîm archwilio eisoes wedi trafod y materion hyn gyda'r Swyddog Adran 151.

Adroddiad archwilio arfaethedig

- 8 Bwriad yr Archwilydd Cyffredinol yw cyhoeddi adroddiad archwilio diamod ar y datganiadau ariannol unwaith y byddwch wedi darparu Llythyr Sylwadau i ni yn seiliedig ar yr hyn a nodir yn **Atodiad 1**.
- 9 Nodir yr adroddiad archwilio arfaethedig yn **Atodiad 2**. Fel y nodir ym mharagraff 6 ac yn Atodiad 2, er ein bod yn bwriadu ardystio'r datganiadau ariannol, ni allwn ddod â'r archwiliad i ben na chyhoeddi'r dystysgrif ar gyfer 2016-17 eto.

Materion pwysig sy'n deillio o'r archwiliad

Camddatganiadau nas cywirwyd

- 10 Ni nodwyd unrhyw gamddatganiadau yn y datganiadau ariannol, nad ydynt wedi cael eu cywiro.

Camddatganiadau a gywirwyd

- 11 Mae camddatganiadau a gywirwyd gan y rheolwyr, ond yr ystyriwn y dylid tynnu eich sylw atynt gan eu bod yn berthnasol i'ch cyfrifoldebau mewn perthynas â'r broses o gyflwyno adroddiadau ariannol. Fe'u nodir gydag esboniadau yn **Atodiad 3**.

Materion pwysig eraill sy'n deillio o'r archwiliad

- 12 Yn ystod yr archwiliad, rydym yn ystyried materion ansoddol a meintiol sy'n berthnasol i'r cyfrifon ac yn cyflwyno adroddiad i chi ar unrhyw faterion pwysig sy'n codi. Roedd un mater pwysig yn codi yn y meysydd hyn eleni:

Rydym yn trafod un mater pwysig, sy'n ymwneud â Chronfa Bensiwn y Diffoddwyr Tân, gyda'r rheolwyr.

- 13 Daeth Gorchymyn Cynllun Pensiwn y Diffoddwyr Tân (Cymru) (Diwygio) 2014 i rym ar 31 Rhagfyr 2014 a gwnaeth ddiwygiadau ôl-weithredol o 1 Gorffennaf 2013 i Orchymyn Cynllun Pensiwn y Diffoddwyr Tân 1992.
- 14 Cyflwynodd y diwygiad bwerau i'r Awdurdod drin dyrchafiadau dros dro fel buddiannau pensiwn ychwanegol, a hynny'n weithredol o 1 Gorffennaf 2013. Fodd bynnag, daeth i'r amlwg yn ystod cyfarfod Bwrdd Cynghori'r Cynllun (Cymru) a gynhaliwyd ar 27 Tachwedd 2017 nad oedd yr Awdurdod wedi arfer y pwerau hyn, ac nad oedd Aelodau'r Awdurdod wedi ystyried p'un a ddylid mabwysiadu'r newid a ganiatawyd gan Orchymyn 2014. Parhaodd yr Awdurdod, o 1 Gorffennaf 2013, i gymhwyso'r rheoliadau blaenorol (a oedd yn caniatáu ar gyfer defnyddio'r gorau o'r 3 blynedd diwethaf wrth gyfrifo'r cyflog terfynol) ac felly cafodd hawliadau pensiwn,

ar gyfer achosion perthnasol, eu camgyfrifo a'u talu'n groes i'r rheoliadau pensiwn. Rydym ar ddeall bod yr Awdurdodau Tân eraill yng Nghymru wedi gweithredu yn yr un modd.

- 15 Ym mis Rhagfyr 2017, penderfynodd yr Awdurdod y dylid trin achosion o ddirchafu diffoddwyr tân am gyfnodau dros dro fel buddiannau pensiwn ychwanegol, o 1 Ionawr 2018 (yn unol â'r gorchymyn diwygio). Mae wrthi'n ystyried ar hyn o bryd p'un a ddylid cymhwyso'r rheoliadau newydd mewn modd ôl-weithredol ai peidio, gan gynnwys p'un a ddylid cymhwyso'r rheoliadau blaenorol at yr unigolion hynny sy'n ymddeol o fewn tair blynedd o'r dyddiad gweithredu (1 Ionawr 2018). Mae goblygiadau ariannol yn gysylltiedig â pheidio â chymhwyso'r newidiadau mewn modd ôl-weithredol, boed yn llawn neu'n rhannol, gan y bydd rhai pensiynau wedi bod yn seiliedig ar gyflog pensiynadwy uwch, neu byddant yn seiliedig ar gyflog pensiynadwy uwch yn y dyfodol. Caiff hyn effaith ar bedwar grŵp o ddiffoddwyr tân. Bydd angen cyflwyno'r effaith ar bob un o'r grwpiau hyn i'r Awdurdod Tân, ynghyd ag unrhyw argymhellion er mwyn sicrhau bod yr aelodau yn meddu ar ddealltwriaeth glir wrth wneud eu penderfyniad.
- 16 At hynny, gan mai Llywodraeth Cymru, ac nid yr Awdurdod, sy'n gyfrifol am gost net Cronfa Bensiwn y Diffoddwyr Tân, mae'n hanfodol bod Llywodraeth Cymru yn ymwybodol o'r goblygiad ariannol y caiff unrhyw benderfyniadau pellach gan yr Awdurdod ar ei chyllideb.
- 17 Yn seiliedig ar ein gwaith hyd yn hyn, rydym wedi penderfynu nad yw'r effaith, ar y Gronfa Bensiwn ac ar brif ddatganiadau'r Awdurdod, yn berthnasol i gyfrifon 2016-17. Fodd bynnag, mae gennym bryderon o ran cyfreithlondeb unrhyw benderfyniad y gellid ei wneud i beidio â chymhwyso'r diwygiad mewn modd ôl-weithredol. Felly, gwnaethom ofyn am gyngor cyfreithiol ar y mater hwn, a rhannwyd y cyngor hwnnw gyda'r Awdurdod ar 9 Hydref 2018. Mae uwch swyddogion wedi ein hysbysu'n rheolaidd am y camau a gymerwyd ganddynt a'u trafodaethau, ac rydym yn disgwyl cyfarfod â nhw maes o law. O ganlyniad, ni fyddwn yn cyhoeddi'r dystysgrif archwilio i ddod â'r archwiliad i ben hyd nes y bydd y gwaith hwn wedi'i gwblhau.

Mae un mater arall, yn ymwneud â chofnodi trafodaethau'r Awdurdod Tân yr ydym am eu hadrodd i chi

- 18 Yn ystod ein harchwiliad, efallai y byddwn yn cynnal gwiriadau i sicrhau y cydymffurfir â Chyfansoddiad yr Awdurdod Tân, yn aml pan fo materion yn codi nad ydynt yn y busnes arferol, neu, lle maent yn ymwneud â meysydd y datganiadau ariannol yr ydym wedi'u pennu, lefel sylweddol is o ddeunydd (maent yn 'ddeunydd o natur'). Yn ystod archwiliad eleni, gwnaethom wneud gwaith o'r fath i sicrhau bod y broses a gymerwyd i gymeradwyo pecyn ymadael uwch swyddog yn cydymffurfio â'r Cyfansoddiad. Daethom i'r casgliad ei fod yn cydymffurfio.
- 19 Oherwydd gofynion cyfrinachedd, roedd trafodaethau ar y mater hwn o fewn cyfarfodydd yr Awdurdod Tân yn 'mewn camera' (sesiwn breifat). Er bod rhai elfennau o'r trafodaethau hyn wedi'u cofnodi'n ddigonol, nodwn fod rhai elfennau

wedi bod yn annigonol. Gall y cofnodion (a dylai) gael eu geirio mewn modd sy'n sicrhau bod unrhyw drafodaethau 'mewn camera' yn cael eu cofnodi'n foddhaol. Dylai swyddogion allu paratoi cofnodion o'r fath mewn modd nad yw'n torri unrhyw faterion cyfrinachedd cyfreithiol

Nid oes unrhyw faterion eraill y mae angen i ni eich hysbysu amdanynt

- 20 Nid oes unrhyw faterion eraill y mae angen i ni eich hysbysu amdanynt. Yn benodol:
- nid oes gennym unrhyw bryderon eraill ynglŷn ag agweddau ansoddol ar eich arferion cyfrifyddu ac adrodd ariannol;
 - ni ddaethom ar draws unrhyw anawsterau pwysig yn ystod yr archwiliad;
 - ni wnaethom drafod na gohebu â rheolwyr am unrhyw faterion pwysig eraill y mae angen i ni eich hysbysu amdanynt;
 - nid oes unrhyw faterion eraill o bwys i'r gwaith o oruchwylio'r broses o gyflwyno adroddiadau ariannol y mae angen i ni eich hysbysu amdanynt;
 - ni nodwyd unrhyw wendidau perthnasol yn eich rheolaethau mewnol;
 - nid oes unrhyw faterion eraill y mae'n ofynnol iddynt, yn ôl safonau archwilio, gael eu cyfleu i'r sawl sy'n gyfrifol am lywodraethu.

Argymhellion yn deillio o'n gwaith archwilio ariannol ar gyfer 2016-17

- 21 Byddwn yn cynnal yr archwiliad o ddatganiadau ariannol 2017-18 maes o law. Felly, rydym wedi cytuno â'r rheolwyr y byddai'n fwy effeithlon ac effeithiol i ni gyflwyno adroddiad ffurfiol ar ein canfyddiadau manwl ar gyfer 2016-17 a'n hargymhellion ar y cyd â'r rheini sy'n deillio o archwiliad 2017-18. Yn y cyfamser, byddwn yn cyfleu ein canfyddiadau ac yn eu trafod gyda'r rheolwyr er mwyn hwyluso camau gweithredu amserol lle y bo'n briodol ac yn ymarferol.

Annibyniaeth a gwrthrychedd

- 22 Fel rhan o'r broses derfynol, mae'n ofynnol i ni roi sylwadau i chi ynghylch ein hannibyniaeth. Rydym wedi cydymffurfio â safonau moesegol ac, yn ein barn broffesiynol, rydym yn annibynnol ac ni chaiff ein gwrthrychedd ei beryglu. Nid oes unrhyw gydberthnasau rhwng Swyddfa Archwilio Cymru a'r Awdurdod sy'n effeithio ar ein gwrthrychedd na'n hannibyniaeth yn ein barn ni.

Atodiad 1

Llythyr Sylwadau Terfynol

Awdurdod Tân ac Achub Canolbarth a Gorllewin Cymru
Pencadlys y Gwasanaeth Tân
Heol Llwyn Pisgwydd
Caerfyrddin
SA31 1SP

Archwilydd Cyffredinol Cymru
Swyddfa Archwilio Cymru
24 Heol y Gadeirlan
Caerdydd
CF11 9LJ

10 Rhagfyr 2018

Sylwadau ar ddatganiadau ariannol 2016-17

Darperir y llythyr hwn mewn perthynas â'ch archwiliad o ddatganiadau ariannol Awdurdod Tân ac Achub Canolbarth a Gorllewin Cymru (gan gynnwys datgeliadau cydnabyddiaeth) ar gyfer y flwyddyn a ddaeth i ben 31 Mawrth 2017 er mwyn mynegi barn ar ba mor wir a theg ydynt a ph'un a ydynt wedi'u paratoi'n briodol.

Rwyf yn cadarnhau hyd eithaf fy ngwybodaeth a'm cred, ar ôl cynnal ymchwiliadau a oedd yn ddigonol yn fy marn i, y gallaf wneud y sylwadau canlynol i chi.

Sylwadau rheolwyr

Cyfrifoldebau

Rwyf wedi cyflawni fy nghyfrifoldebau o ran y canlynol:

- paratoi'r datganiadau ariannol yn unol â gofynion deddfwriaethol a'r cod ymarfer ar gyfrifyddu awdurdodau lleol; yn benodol, mae'r datganiadau ariannol yn rhoi darlun gwir a theg yn unol â hynny;
- cynllunio, gweithredu, cynnal ac adolygu trefniadau rheolaeth fewnol er mwyn atal a chanfod twyll a gwallau.

Gwybodaeth a roddwyd

Rydym wedi rhoi'r canlynol i chi:

- Mynediad llawn i'r canlynol:
 - yr holl wybodaeth rydym yn ymwybodol ohoni sy'n berthnasol i'r broses o baratoi'r datganiadau ariannol megis llyfrau cyfrifon a dogfennaeth ategol, cofnodion cyfarfodydd a materion eraill;
 - gwybodaeth ychwanegol y gwnaethoch ofyn amdani gennym at ddiben yr archwiliad; a
 - mynediad anghyfyngedig i staff yr oedd angen cael tystiolaeth archwilio ganddynt, yn eich barn chi.
- Canlyniadau ein hasesiad o'r risg y gall y datganiadau ariannol fod wedi eu camddatgan mewn modd perthnasol o ganlyniad i dwyll.
- Ein gwybodaeth am dwyll neu dwyll a amheuir yr ydym yn ymwybodol ohoni ac sy'n effeithio ar Awdurdod Tân ac Achub Canolbarth a Gorllewin Cymru ac sy'n ymwneud â:
 - rheolwyr;
 - cyflogeion sydd â rolau pwysig yng nghyd-destun rheolaeth fewnol; neu
 - eraill lle gallai'r twyll gael effaith berthnasol ar y datganiadau ariannol.
- Ein gwybodaeth am unrhyw honiadau o dwyll, neu dwyll a amheuir, sy'n effeithio ar y datganiadau ariannol a roddwyd i ni gan gyflogeion, cyn-gyflogeion, rheoleiddwyr neu eraill.
- Ein gwybodaeth am bob achos hysbys neu achos a amheuir o ddiffyg cydymffurfio â deddfau a rheoliadau y dylid ystyried eu heffeithiau wrth baratoi'r datganiadau ariannol.
- Manylion yr holl bartïon cysylltiedig a'r holl gydberthnasau a thrafodion partïon cysylltiedig rydym yn ymwybodol ohonynt.

Sylwadau ar y datganiadau ariannol

Cofnodwyd pob trafodyn, ased a rhwymedigaeth yn y cofnodion cyfrifyddu ac fe'u hadlewyrchir yn y datganiadau ariannol.

Mae'r rhagdybiaethau arwyddocaol a ddefnyddiwyd i wneud amcangyfrifon cyfrifyddu, gan gynnwys y rheini a fesurwyd ar werth teg, yn rhesymol.

Cyfrifwyd yn briodol am gydberthnasau a thrafodion partïon cysylltiedig ac fe'u datgelwyd yn briodol.

Addaswyd ar gyfer pob digwyddiad neu datgelwyd pob digwyddiad a ddigwyddodd ar ôl y dyddiad adrodd y mae angen ei addasu neu ei ddatgelu.

Datgelwyd pob achos gwirioneddol neu bosibl hysbys o ymglyfreitha a hawliadau y dylid ystyried eu heffeithiau wrth baratoi'r datganiadau ariannol i'r archwilydd, a chyfrifwyd amdanynt a'u datgelu yn unol â'r fframwaith cyflwyno adroddiadau ariannol perthnasol.

Nid oes unrhyw gamddatganiadau perthnasol, gan gynnwys hepgoriadau, yn y datganiadau ariannol. Cywirwyd pob camddatganiad nas cywirwyd a nodwyd yn ystod yr archwiliad.

Trafodwyd y materion sy'n gysylltiedig â gweithredu Gorchymyn Cynllun Pensiwn y Diffoddwyr Tân (Cymru) (Diwygio) 2014 gyda'r rheolwyr. Mae gwaith yn mynd rhagddo ar hyn o bryd gyda'r Awdurdod i ymdrin â materion cyfreithiol a materion cyllid gweddilliol sy'n deillio o'r oedi wrth weithredu'r Gorchymyn.

Rhoddodd y swyddogion perthnasol wybod i ni am y broses a'r penderfyniadau a gymerwyd mewn perthynas ag un o'n uwch swyddogion yn gadael yr Awdurdod Tân, a sail eu pecyn gadael. Gallwn gadarnhau bod Aelodau'r Awdurdod Tân yn cael y cyfle i ofyn cwestiynau am yr allanfa pan gyfarfuant â'r Awdurdod Tân ar 7 Chwefror 2017.

Sylwadau gan Awdurdod Tân ac Achub Canolbarth a Gorllewin Cymru

Cydnabyddwn fod y sylwadau a wnaed gan y rheolwyr, uchod, wedi eu trafod â ni.

Cydnabyddwn ein cyfrifoldeb am baratoi datganiadau ariannol gwir a theg yn unol â'r fframwaith cyflwyno adroddiadau ariannol perthnasol. Cymeradwywyd y datganiadau ariannol gan Awdurdod Tân ac Achub Canolbarth a Gorllewin Cymru ar 10 Rhagfyr 2018.

Rydym yn cadarnhau ein bod wedi cymryd yr holl gamau y dylem fod wedi'u cymryd i sicrhau ein bod yn ymwybodol o unrhyw wybodaeth archwilio berthnasol ac i sicrhau bod y wybodaeth honno wedi'i throsglwyddo i chi. Rydym yn cadarnhau, hyd y gwyddom, nad oes unrhyw wybodaeth archwilio berthnasol nad ydych yn ymwybodol ohoni.

Llofnodwyd gan:

Chris Moore

Swyddog A.151

Awdurdod Tân ac Achub Canolbarth a
Gorllewin Cymru

Dyddiad: 10 Rhagfyr 2018

Llofnodwyd gan:

Y Cyngorydd Rowland Rees-Evans

Cadeirydd

Awdurdod Tân ac Achub Canolbarth a
Gorllewin Cymru

Dyddiad: 10 Rhagfyr 2018

Atodiad 2

Adroddiad archwilio arfaethedig yr Archwilydd Cyffredinol i Awdurdod Tân ac Achub Canolbarth a Gorllewin Cymru

Adroddiad ar yr archwiliad o'r datganiadau ariannol

Barn

Rwyf wedi archwilio datganiadau ariannol

- Awdurdod Tân ac Achub Canolbarth a Gorllewin Cymru; a
- Chyfrif Cronfa Bensiwn y Diffoddwyr Tân.

ar gyfer y flwyddyn a ddaeth i ben 31 Mawrth 2017 o dan Ddeddf Archwilio Cyhoeddus (Cymru) 2004.

Mae datganiadau ariannol Awdurdod Tân ac Achub Canolbarth a Gorllewin Cymru yn cynnwys y Datganiad Symudiadau mewn Cronfeydd wrth Gefn, y Datganiad Incwm a Gwariant Cynhwysfawr, y Fantolen, y Datganiad Llif Arian Parod a'r nodiadau cysylltiedig, gan gynnwys crynodeb o bolisiâu cyfrifyddu pwysig.

Mae datganiadau cyfrifyddu Cronfa Bensiwn y Diffoddwyr Tân yn cynnwys Cyfrif y Gronfa a'r Datganiad Asedau Net.

Y fframwaith adrodd ariannol a gymhwyswyd wrth eu paratoi yw'r gyfraith berthnasol a'r Cod Ymarfer ar Gyfrifyddu Awdurdodau Lleol yn y Deyrnas Unedig 2017 sy'n seiliedig ar y Safonau Adrodd Ariannol Rhyngwladol (IFRS).

Yn fy marn i, mae'r datganiadau ariannol:

- yn rhoi darlun gwir a theg o sefyllfa ariannol Awdurdod Tân ac Achub Canolbarth a Gorllewin Cymru a Chronfa Bensiwn y Diffoddwyr Tân ar 31 Mawrth 2017 ynghyd â'i incwm a'i wariant am y flwyddyn a ddaeth i ben bryd hynny; ac
- wedi'u paratoi'n briodol yn unol â'r gofynion deddfwriaethol a'r Cod Ymarfer ar Gyfrifyddu Awdurdodau Lleol yn y Deyrnas Unedig 2017.

Sail y farn

Cynhaliais fy archwiliad yn unol â'r gyfraith berthnasol a'r Safonau Archwilio Rhyngwladol yn y DU (ISAs (DU)). Caiff fy nghyfrifoldebau o dan y safonau hyn eu disgrifio ymhellach yn adran cyfrifoldebau'r archwilydd am archwilio'r datganiadau ariannol yn fy adroddiad. Rwy'n annibynnol ar yr Awdurdod Tân ac Achub yn unol â'r gofynion moesegol sy'n berthnasol i'm harchwiliad o'r datganiadau ariannol yn y DU, yn cynnwys y Safon Foesegol ar gyfer Adrodd Ariannol, ac rwyf wedi cyflawni fy nghyfrifoldebau moesegol eraill yn unol â'r gofynion hyn. Credaf fod y dystiolaeth archwilio rwyf wedi'i chael yn ddigonol ac yn briodol i ddarparu sail i'm barn.

Casgliadau yn ymwneud â busnes gweithredol

Nid oes gennyf unrhyw beth i'w nodi o ran y materion canlynol y mae Safonau Archwilio Rhyngwladol y DU yn ei gwneud yn ofynnol i mi gyflwyno adroddiad i chi arnynt os bydd yr amgylchiadau canlynol yn berthnasol:

- nid yw'r defnydd o sail gyfrifyddu busnes gweithredol wrth baratoi'r datganiadau ariannol yn briodol; ac
- nid yw'r swyddog ariannol cyfrifol wedi datgelu yn y datganiadau ariannol unrhyw ansicrwydd perthnasol a nodwyd a all fwrw amheuaeth sylweddol ar allu'r Awdurdod Tân ac Achub i barhau i fabwysiadu sail gyfrifyddu busnes gweithredol am gyfnod o 12 mis o leiaf o'r dyddiad pan awdurdodir cyhoeddi'r datganiadau ariannol.

Gwybodaeth arall

Mae'r swyddog ariannol cyfrifol yn gyfrifol am y wybodaeth arall yn yr adroddiad blynyddol a chyfrifon. Mae'r wybodaeth arall yn cynnwys y wybodaeth yn yr adroddiad blynyddol, heblaw am y datganiadau ariannol a'm hadroddiad fel archwilydd arnynt. Nid yw fy marn am y datganiadau ariannol yn cwmpasu'r wybodaeth arall ac, ar wahân i'r graddau a nodir yn benodol yn ddiweddarach yn fy adroddiad, nid wyf yn mynegi unrhyw fath o gasgliad sicrwydd ar hynny.

Mewn cysylltiad â'm harchwiliad o'r datganiadau ariannol, fy nghyfrifoldeb yw darllen y wybodaeth arall er mwyn nodi anghysondebau perthnasol â'r datganiadau ariannol archwiliedig a nodi unrhyw wybodaeth sy'n ymddangos fel petai'n berthnasol anghywir ar sail y wybodaeth a ddaeth i law wrth i mi gyflawni'r archwiliad neu sy'n berthnasol anghyson â'r wybodaeth honno. Os dof yn ymwybodol o unrhyw gamddatganiadau neu anghysondebau perthnasol amlwg, ystyriaf y goblygiadau i'm hadroddiad.

Adrodd ar ofynion eraill

Barn ar faterion eraill

Yn fy marn i, yn seiliedig ar y gwaith a wnaed yn ystod fy archwiliad:

- mae'r wybodaeth a geir yn yr Adroddiad Naratif ar gyfer y flwyddyn ariannol y paratowyd y datganiadau ariannol ar eu cyfer yn gyson â'r datganiadau ariannol ac mae'r Adroddiad Naratif wedi ei baratoi yn unol â'r Cod Ymarfer ar Gyfrifyddu Awdurdodau Lleol yn y Deyrnas Unedig 2017;
- mae'r wybodaeth a roddwyd yn y Datganiad Llywodraethu Blynyddol ar gyfer y flwyddyn ariannol y paratowyd y datganiadau ariannol ar ei chyfer yn gyson â'r datganiadau ariannol ac mae'r Datganiad Llywodraethu Blynyddol wedi'i baratoi yn unol â chanllawiau.

Materion y cyflwynaf adroddiad arnynt drwy eithriad

Yn sgil gwybodaeth a dealltwriaeth o'r Awdurdod Tân ac Achub a'i amgylchedd a gafwyd yn ystod yr archwiliad, nid wyf wedi nodi camddatganiadau perthnasol yn yr Adroddiad Naratif na'r Datganiad Llywodraethu.

Nid oes gennyf unrhyw beth i'w nodi o ran y materion canlynol, y cyflwynaf adroddiad i chi arnynt os bydd yr amgylchiadau canlynol yn berthnasol, yn fy marn i:

- ni chadwyd cofnodion cyfrifyddu digonol;
- nid yw'r datganiadau ariannol yn gyson â'r cofnodion a'r ffurflenni cyfrifyddu; neu

- nid wyf wedi derbyn yr holl wybodaeth ac esboniadau sydd eu hangen arnaf ar gyfer fy archwiliad.

Tystysgrif cwblhau archwiliad

Rwyf wedi cwblhau'r archwiliad o gyfrifon Awdurdod Tân ac Achub Canolbarth a Gorllewin Cymru yn unol â gofynion Deddf Archwilio Cyhoeddus (Cymru) 2004 a Chod Ymarfer Archwilio Archwilydd Cyffredinol Cymru.

Ni ellir cwblhau'r archwiliad yn ffurfiol na rhoi tystysgrif archwilio nes fy mod wedi gorffen ystyried materion sy'n ymwneud â Chronfa Bensiwn y Diffoddwyr Tân. Rwyf yn fodlon na chaiff y materion hyn unrhyw effaith berthnasol ar y datganiadau ariannol.

Cyfrifoldebau

Cyfrifoldebau'r swyddog ariannol cyfrifol am y datganiadau ariannol

Fel yr esbonnir yn fanylach yn y Datganiad o Gyfrifoldebau ar gyfer y Datganiad Cyfrifon a nodir ar dudalen 8, mae'r swyddog ariannol cyfrifol yn gyfrifol am baratoi'r datganiad cyfrifon, sy'n rhoi darlun gwir a theg, ac am y fath reolaeth fewnol ag sy'n angenrheidiol ym marn y swyddog ariannol cyfrifol i allu paratoi datganiadau cyfrifon heb unrhyw gamddatganiadau perthnasol, boed hynny drwy dwyll neu wall.

Wrth baratoi'r datganiad cyfrifon, mae'r swyddog ariannol cyfrifol yn gyfrifol am asesu gallu'r Awdurdod Tân ac Achub i barhau fel busnes gweithredol, gan ddatgelu fel y bo'n gymwys, faterion sy'n ymwneud â'r busnes gweithredol a defnyddio sail cyfrifyddu busnes gweithredol oni thybir nad yw'n briodol.

Cyfrifoldebau'r archwilydd am archwilio'r datganiadau ariannol

Fy amcanion yw cael sicrwydd rhesymol ynghylch p'un a yw'r datganiadau ariannol gyda'i gilydd yn rhydd o gamddatganiad perthnasol, boed hynny drwy dwyll neu wall, a chyhoeddi adroddiad archwilio sy'n cynnwys fy marn. Mae sicrwydd rhesymol yn lefel uchel o sicrwydd, ond nid yw'n gwarantu y bydd archwiliad a gynhelir yn unol â Safonau Archwilio Rhyngwladol y DU bob amser yn canfod camddatganiad perthnasol pan fo'n bodoli. Gall camddatganiadau ddeillio o dwyll neu wall ac fe'u hystyrir yn berthnasol os, yn unigol neu gyda'i gilydd, y gellid disgwyl iddynt yn rhesymol ddylanwadu ar benderfyniadau economaidd defnyddwyr a wneir ar sail y datganiadau ariannol hyn.

Ceir disgrifiad pellach o gyfrifoldebau'r archwilydd am archwilio'r datganiadau ariannol ar wefan y Cyngor Adrodd Ariannol www.frc.org.uk/auditorsresponsibilities. Mae'r disgrifiad hwn yn rhan o'm hadroddiad archwilio.

Anthony J Barrett
Dros ac ar ran Archwilydd Cyffredinol Cymru
11 Rhagfyr 2018

24 Heol y Gadeirlan
Caerdydd
CF11 9LJ

Atodiad 3

Crynodeb o'r cywiriadau a wnaed i'r datganiadau ariannol drafft y dylid tynnu sylw Awdurdod Tân Canolbarth a Gorllewin Cymru atynt

Yn ystod ein harchwiliad, gwnaethom nodi'r camddatganiadau canlynol a gywirwyd gan y rheolwyr, ond yr ystyriwn y dylid tynnu eich sylw atynt gan eu bod yn berthnasol i'ch cyfrifoldebau mewn perthynas â'r broses o gyflwyno adroddiadau ariannol.

Arddangosyn 1: crynodeb o'r cywiriadau a wnaed i'r datganiadau ariannol drafft

Gwerth y cywiriad	Natur y cywiriad	Rheswm dros y cywiriad
Dd/G – nodyn datgelu yn unig £61,836 £14,438	Nodyn 23 Cydnabyddiaeth Uwch Swyddogion Er mwyn cynnwys gwybodaeth sy'n ymwneud â'r swyddog a.151 blaenorol. Er mwyn dileu costau straen pensiwn na ddylid eu cynnwys fel rhan o'r swm cydnabyddiaeth. Er mwyn cynnwys Buddiannau mewn Da Uwch Swyddogion yn y nodyn Cydnabyddiaeth.	Er mwyn sicrhau bod y nodyn Cydnabyddiaeth Uwch Swyddogion wedi'i ddatgan yn gywir a'i fod yn dryloyw.
£69,198	Nodyn 17 Credydwy Roedd rhai o'r balansau o fewn y nodyn credydwy wedi'u dosbarthu'n anghywir.	Er mwyn sicrhau y caiff credydwy eu dosbarthu'n gywir.
£62,000	Nodyn 15 Dyledwy Roedd rhai o'r balansau o fewn y nodyn dyledwy wedi'u dosbarthu'n anghywir.	Er mwyn sicrhau y caiff dyledwy eu dosbarthu'n gywir.
£314,463	Datganiad Cynhwysfawr o Incwm a Gwariant a Chronfa Bensiwn y Diffoddwyr Tân Roedd trafodion a oedd yn ymwneud â 18-20 Gwyliau Pensiwn wedi'u prosesu'n anghywir gan arwain at ddiwygio'r cyfrif endid unigol a datganiad y Gronfa Bensiwn.	Er mwyn sicrhau y caiff gwariant ei adlewyrchu yn y cyfrif cywir.

Gwerth y cywiriad	Natur y cywiriad	Rheswm dros y cywiriad
£170,565	Nodyn 28 Prydlesau Gweithredu Roedd ymrwymiadau prydlesu dyledus wedi'u gorddatgan.	Er mwyn sicrhau y caiff ymrwymiadau prydlesu eu datgan yn gywir.
£684,000	Addasiad y flwyddyn flaenorol Cyfrifwyd cywiriad i gyfrifiad MRP 2015-16 yn anghywir fel addasiad y flwyddyn flaenorol.	Er mwyn sicrhau bod y gwaith cyfrifyddu yn unol â'r cod ymarfer.
£274,209	Nodyn 12 Eiddo, Offer a Chyfarpar Prisiad anghywir ar gyfer ased, gan arwain at ostyngiad wedi'i orddatgan yn y prisiad.	Er mwyn sicrhau y caiff asedau eu cofnodi ar y gwerth cywir.
£amrywiol	Gwnaed amrywiol ddiwygiadau i'r datgeliadau yn y datganiadau ariannol er mwyn cywiro ffigurau cymharol a gwallau mathemategol, ac er mwyn gwella'r gallu i groesgyfeirio a thryloywder.	Er mwyn sicrhau bod y prif ddatganiadau a'r nodiadau wedi'u datgan yn gywir, yn unol â'r cod, a'u bod yn dryloyw ac yn ddealladwy.

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WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Archwilydd Cyffredinol Cymru
Auditor General for Wales

Audit of Financial Statements Report – Mid and West Wales Fire and Rescue Authority

Audit year: 2016-17

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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.

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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.

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

The team who delivered the work comprised Mark Jones, Clare James and Eleanor Bowdler.

Contents

The Auditor General intends to issue an unqualified audit report on your financial statements, but the audit cannot be formally closed until matters relating to the Fire Fighters' Pension Fund have been considered. There are some issues to report to you prior to the financial statements approval.

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Summary report

Introduction

- 1 The Auditor General is responsible for providing an opinion on whether the financial statements give a true and fair view of the financial position of Mid and West Wales Fire and Rescue Authority (the Authority) at 31 March 2017 and its income and expenditure for the year then ended.
- 2 We do not try to obtain absolute assurance that the financial statements are correctly stated but adopt the concept of materiality. In planning and conducting the audit, we seek to identify material misstatements in your financial statements, namely, those that might result in a reader of the accounts being misled.
- 3 The quantitative levels at which we judge such misstatements to be material are £1.192 million for the Authority's main financial statements and £0.263 million for the Fire Fighters' Pension Fund Account. Whether an item is judged to be material can also be affected by certain qualitative issues such as legal and regulatory requirements and political sensitivity. For the main financial statements, we set lower materiality levels for senior officers' remuneration, exit packages and termination benefits, members allowances and related party disclosures.
- 4 International Standard on Auditing (ISA) 260 requires us to report certain matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action.
- 5 This report sets out for consideration the matters arising from the audit of the Authority's 2016-17 financial statements, that require reporting under ISA 260.

Status of the audit

- 6 We received the draft financial statements for the year ended 31 March 2017 on 11 September 2018 in line with our expectations. We have now substantially completed the audit work. There is one outstanding issue relating to pension overpayments (see [paragraphs 13 to 17](#)). We are satisfied that this issue does not have a material impact on the financial statements and that we are able to issue an audit opinion. However, we are not yet able to close the audit and issue the certificate for 2016-17 because of our outstanding enquiries on lawfulness matters relating to the Authority's retrospective consideration of the Fire Fighters' Pension (Wales) Scheme (Amendment) Order 2014. The same position has been taken for North and South Wales Fire Authorities in respect of their 2017-18 financial statements.
- 7 We are reporting to you the more significant issues arising from the audit, which we believe you must consider prior to approval of the financial statements. The audit team has already discussed these issues with the Section 151 Officer.

Proposed audit report

- 8 It is the Auditor General's intention to issue an unqualified audit report on the financial statements once you have provided us with a Letter of Representation based on that set out in [Appendix 1](#).
- 9 The proposed audit report is set out in [Appendix 2](#). As noted in paragraph 6 and set out in Appendix 2, while we do intend to certify the financial statements we are not yet able to close the audit and issue the certificate for 2016-17.

Significant issues arising from the audit

Uncorrected misstatements

- 10 There are no misstatements identified in the financial statements, which remain uncorrected.

Corrected misstatements

- 11 There are misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process. They are set out with explanations in [Appendix 3](#).

Other significant issues arising from the audit

- 12 During the audit, we consider matters both qualitative and quantitative relating to the accounts and report any significant issues arising to you. There were two significant issues arising in these areas this year:

There is one significant matter, relating to the Fire Fighters' Pensions Fund, that we are discussing with management

- 13 The Firefighters Pension (Wales) Scheme (Amendment) Order 2014 came into force on 31 December 2014 and made retrospective amendments from 1 July 2013, to the Firefighters Pension Scheme Order 1992.
- 14 The amendment introduced powers for the Authority to treat temporary promotions as additional pension benefits effective from 1 July 2013. However, it came to light at the Scheme Advisory Board (Wales) meeting held on 27 November 2017 that the Authority had not exercised these powers, in that Authority Members had not considered whether to adopt the change permitted by the 2014 Order. The Authority continued, from 1 July 2013, to apply the previous regulations (which allowed for the best of the last 3 years in final salary calculations) and hence pension entitlements, for relevant cases, were incorrectly calculated and paid

contrary to the pension regulations. We understand that the other Welsh Fire Authorities have taken similar actions.

- 15 In December 2017, the Authority took the decision to treat temporary promotions of firefighters as additional pension benefits, from 1 January 2018 (in accordance with the amendment order). It is currently considering whether to apply the new regulations retrospectively or not, including whether to apply the previous regulations for those who retire within three years of the implementation date (1 January 2018). There are financial implications to not applying the changes retrospectively in full or in part, as some pensions have been or will be, based on inflated pensionable pay. There are four groups of firefighters that are affected. The impact on each of these groups will need to be presented to the Fire Authority alongside any recommendations in order that members have a clear understanding when making their decision.
- 16 Furthermore, as the net cost of the Firefighters Pension Fund (FFPF) falls to Welsh Government, and not the Authority, it is essential that Welsh Government are sighted of the financial implication on its budget of any further decisions by the Authority.
- 17 Based on our work to date, we have established that the impact, on both the FFPF and the Authority's main statements, is not material to the 2016-17 accounts. However, we have concerns over the lawfulness of any decision which might be taken to not apply the amendment retrospectively. We therefore sought legal advice on this matter, which we shared with the Authority on 9 October 2018. Senior officers have kept us informed of their actions and deliberations, and we expect to meet with them soon. As a result, we will not issue the audit certificate to close the audit until this work is concluded.

There is one other matter, relating to the minuting of Fire Authority discussions that we want to report to you

- 18 During our audit we may undertake checks to ensure that the Fire Authority's Constitution is complied with, often where issues arise which are not in the normal course of business, or, where they relate to areas of the financial statements that we have determined have a much lower level of materiality (they are 'material by nature'). During this year's audit we undertook such work to ensure that the process taken to approve a senior officer's exit package was compliant with the Constitution. We have concluded that it was compliant.
- 19 Due to confidentiality requirements, discussions on this issue within Fire Authority meetings were 'in camera' (private session). Whilst some elements of these discussions were adequately minuted, we note that some elements had been inadequate. Minutes can (and should) be worded in such a way to ensure that any 'in camera' discussions are recorded satisfactorily. Officers should be able to prepare such minutes in a way that does not breach any legal confidentiality issues.

There are no other matters that we need to report to you

- 20 There are no other matters that we need to report to you. In particular:
- we have no other concerns about the qualitative aspects of your accounting practices and financial reporting;
 - we did not encounter any significant difficulties during the audit;
 - there were no other significant matters discussed and corresponded upon with management which we need to report to you;
 - there are no other matters significant to the oversight of the financial reporting process that we need to report to you;
 - we did not identify any material weaknesses in your internal controls;
 - there are no other matters specifically required by auditing standards to be communicated to those charged with governance.

Recommendations arising from our 2016-17 financial audit work

- 21 We will be undertaking the audit of the 2017-18 financial statements very shortly. For that reason, we have agreed with management that it would be more efficient and effective to formally report our 2016-17 detailed findings and recommendations alongside those which arise from the 2017-18 audit. Meanwhile we will be communicating and discussing our findings with management to facilitate timely action where appropriate and practical.

Independence and objectivity

- 22 As part of the finalisation process, we are required to provide you with representations concerning our independence. We have complied with ethical standards and, in our professional judgment, we are independent, and our objectivity is not compromised. There are no relationships between the Wales Audit Office and the Authority that we consider to bear on our objectivity and independence.

Appendix 1

Final Letter of Representation

Mid and West Wales Fire and Rescue Authority
Fire Service Headquarters
Lime Grove Avenue
Carmarthen
SA31 1SP

Auditor General for Wales
Wales Audit Office
24 Cathedral Road
Cardiff
CF11 9LJ

10 December 2018

Representations regarding the 2016-17 financial statements

This letter is provided in connection with your audit of the financial statements of Mid and West Wales Fire and Rescue Authority (including remuneration disclosures) for the year ended 31st March 2017 for the purpose of expressing an opinion on their truth and fairness and proper preparation.

I confirm that to the best of my knowledge and belief, having made enquiries as I consider sufficient, I can make the following representations to you.

Management representations

Responsibilities

I have fulfilled my responsibilities for:

- the preparation of the financial statements in accordance with legislative requirements and the code of practice on local authority accounting; in particular the financial statements give a true and fair view in accordance therewith;
- the design, implementation, maintenance and review of internal control to prevent and detect fraud and error.

Information provided

We have provided you with:

- Full access to:
 - all information of which we are aware that is relevant to the preparation of the financial statements such as books of account and supporting documentation, minutes of meetings and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to staff from whom you determined it necessary to obtain audit evidence.
- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- Our knowledge of fraud or suspected fraud that we are aware of and that affects Mid and West Wales Fire and Rescue Authority and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements.
- Our knowledge of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others.
- Our knowledge of all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
- The identity of all related parties and all the related party relationships and transactions of which we are aware.

Financial statement representations

All transactions, assets and liabilities have been recorded in the accounting records and are reflected in the financial statements.

Significant assumptions used in making accounting estimates, including those measured at fair value, are reasonable.

Related party relationships and transactions have been appropriately accounted for and disclosed.

All events occurring subsequent to the reporting date which require adjustment or disclosure have been adjusted for or disclosed.

All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to the auditor and accounted for and disclosed in accordance with the applicable financial reporting framework.

The financial statements are free of material misstatements, including omissions. All uncorrected misstatements identified during the audit were corrected.

The issues associated with the implementation of the Fire Fighters' Pension (Wales) Scheme (amendment) Order 2014 have been discussed with management. Work is currently in progress within the Authority to address residual legal and funding matters arising from the delay in implementing the Order.

The relevant officers kept us informed of the process and decisions taken in regard to one of our senior officers leaving the Fire Authority, and the basis of their exit package. We can confirm that Fire Authority Members were given the opportunity to ask questions about the exit when they met as the Fire Authority on 7 February 2017.

Representations by Mid and West Wales Fire and Rescue Authority

We acknowledge that the representations made by management, above, have been discussed with us.

We acknowledge our responsibility for the preparation of true and fair financial statements in accordance with the applicable financial reporting framework. The financial statements were approved by Mid and West Wales Fire and Rescue Authority on 10 December 2018.

We confirm that we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that it has been communicated to you. We confirm that, as far as we are aware, there is no relevant audit information of which you are unaware.

Signed by:

Chris Moore
S.151 Officer

Mid and West Wales Fire and Rescue
Authority

Date: 10 December 2018

Signed by:

Councillor Rowland Rees-Evans
Chair

Mid and West Wales Fire and Rescue
Authority

Date: 10 December 2018

Appendix 2

Proposed audit report of the Auditor General to the Mid and West Wales Fire and Rescue Authority

Report on the audit of financial statements

Opinion

I have audited the financial statements of

- the Mid and West Wales Fire & Rescue Authority; and
- the Fire Fighters' Pension Fund Account.

for the year ended 31 March 2017 under the Public Audit (Wales) Act 2004.

Mid and West Wales Fire & Rescue Authority's financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, and the related notes, including a summary of significant accounting policies.

The Fire Fighters' Pension Fund's accounting statements comprise the Fund Account and the Net Assets Statement.

The financial reporting framework that has been applied in their preparation is applicable law and the Code of Practice on Local Authority Accounting in the United Kingdom 2017 based on International Financial Reporting Standards (IFRSs).

In my opinion the financial statements:

- give a true and fair view of the financial position of the Mid and West Wales Fire & Rescue Authority and the Firefighters' Pension Fund as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with legislative requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2017.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing in the UK (ISAs (UK)). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Fire & Rescue Authority in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the responsible financial officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Fire & Rescue Authority's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The responsible financial officer is responsible for the other information in the annual report and accounts. The other information comprises the information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated later in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Report on other requirements

Opinion on other matters

In my opinion, based on the work undertaken in the course of my audit:

- the information contained in the Narrative Report for the financial year for which the financial statements are prepared is consistent with the financial statements and the Narrative Report has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017;
- The information given in the Annual Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and the Annual Governance Statement has been prepared in accordance with guidance.

Matters on which I report by exception

In the light of the knowledge and understanding of the Fire & Rescue Authority and its environment obtained in the course of the audit, I have not identified material misstatements in the Narrative Report or the Governance Statement.

I have nothing to report in respect of the following matters, which I report to you, if, in my opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Certificate of completion of audit

I have carried out the audit of the accounts of Mid and West Wales Fire and Rescue Authority in accordance with the requirements of the Public Audit (Wales) Act 2004 and the Auditor General for Wales' Code of Audit Practice.

The audit cannot be formally concluded and an audit certificate issued until I have completed my consideration of matters relating to the Fire Fighters' Pension Fund. I am satisfied that these matters do not have a material effect on the financial statements.

Responsibilities

Responsibilities of the responsible financial officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 8, the responsible financial officer is responsible for the preparation of the statement of accounts, which give a true and fair view, and for such internal control as the responsible financial officer determines is necessary to enable the preparation of statements of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the statement of accounts, the responsible financial officer is responsible for assessing the Fire & Rescue Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Anthony J Barrett
For and on behalf of the Auditor General for Wales
11 December 2018

24 Cathedral Road
Cardiff
CF11 9LJ

Appendix 3

Summary of corrections made to the draft financial statements which should be drawn to the attention of Mid and West Wales Fire Authority

During our audit we identified the following misstatements that have been corrected by management, but which we consider should be drawn to your attention due to their relevance to your responsibilities over the financial reporting process.

Exhibit 1: summary of corrections made to the draft financial statements

Value of correction	Nature of correction	Reason for correction
N/A – disclosure note only	Note 23 Senior Officer Remuneration To include information relating to previous s.151 officer.	To ensure Senior Officer Remuneration note is correctly stated and transparent.
£61,836	To remove pension strain costs which should not be included in remuneration.	
£14,438	To include Senior Officers' Benefits in Kind in Remuneration note.	
£69,198	Note 17 Creditors Some of the balances within creditors note were classified incorrectly.	To ensure creditors are classified correctly.
£62,000	Note 15 Debtors Some of the balances within debtors note were classified incorrectly.	To ensure debtors are classified correctly.
£314,463	Comprehensive Income and Expenditure Statement & Fire Fighters Pension Fund Incorrect processing of transactions relating to the 18-20 Pension Holiday resulting in amendments to the single entity account and the FFPF statement	To ensure expenditure is reflected in correct account.

Value of correction	Nature of correction	Reason for correction
£170,565	Note 28 Operating Leases Leasing commitments due were overstated.	To ensure leasing commitments are correctly stated.
£684,000	Prior year adjustment A correction to the 2015-16 calculation of MRP was incorrectly accounted for as a prior year adjustment.	To ensure accounting is in accordance with the code of practice.
£274,209	Note 12 Property Plant and Equipment Incorrect valuation of an asset resulting in an overstated drop in valuation.	To ensure asset is recorded at correct value.
£various	Various amendments were made to disclosures within the financial statements to correct comparative figures and, arithmetic errors, and to improve cross referencing and transparency.	To ensure primary statements and notes are correctly stated, in accordance with the code, transparent and understandable.

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