

# AWDURDOD TÂN AC ACHUB CANOLBARTH A GORLLEWIN CYMRU



## MID AND WEST WALES FIRE AND RESCUE AUTHORITY

NOTE: THESE MINUTES ARE SUBJECT TO CONFIRMATION BY THE PERFORMANCE, AUDIT AND SCRUTINY COMMITTEE AT ITS NEXT MEETING

### COFNODION CYFARFOD Y PWYLLGOR ADOLYGU AC ARCHWILIO PERFFORMIAD MINUTES OF THE PERFORMANCE AUDIT AND SCRUTINY COMMITTEE

DYDD LLUN, 23 OCTOBER 2017  
MONDAY, 23 HYDREF 2017

YSTAFELL CAER, PENCADLYS Y GWASANAETH TÂN, CAERFYRDDIN  
CAER SUITE, FIRE SERVICE HEADQUARTERS, CARMARTHEN

10.00 – 12.30

### **73% PRESENOLDEB/ATTENDANCE**

Presennolyn y Cyfarfod/Present at Meeting:

CHAIR	Councillor D E Williams
IS-GADEIRYDD/DEPUTY CHAIR:	
AELODAU/MEMBERS:	Cyng/Cllrs: K Curry, J Curtice, L Frayling, P James, R Lewis, A Llewelyn, K Madge, G Tanner, J Warman, G Walker
YMDDIHEURIADAU/APOLOGIES:	T Hennegan, K Laurie-Parry, T Van-Rees (apologies received post meeting)
YN BRESENNOL /IN ATTENDANCE:	S Murphy, R Thomas, I Cray, K Jones, S Jenkins, C Flannery, C Williams, C Jackson, K Davies, S Mansbridge, R Rees-Evans (observer), H Pugh (Carmarthenshire County Council), M Jones (Wales Audit Office), A Butler (WAO)

## **1 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors T Hennegan, K Laurie-Parry and T Van-Rees (apologies received post meeting).

## **2 DECLARATION BY MEMBERS OF ANY PERSONAL OR PREJUDICIAL INTERESTS**

All Members present declared that they had a personal interest in any business relating to, or affecting their own Constituent Authority.

## **3 CHAIR'S ANNOUNCEMENTS AND PERSONAL MATTERS**

The Chair reported that Mr D Daycock, Clerk/Monitoring Officer was recuperating following a recent operation. Members extended their best wishes to Mr D Daycock for a speedy recovery.

A warm welcome was extended to Mr Steven Murphy of Carmarthenshire County Council who would be undertaking the role of Clerk/Monitoring Officer for the meeting.

## **4 TO CONFIRM AND SIGN AS A TRUE RECORD THE MINUTES OF THE PERFORMANCE AUDIT AND SCRUTINY COMMITTEE HELD ON 24 JULY 2017**

The minutes of the Performance, Audit and Scrutiny Committee meeting held on 24 July 2017 were confirmed as a true record of proceedings, subject to the following amendments:

Page 2, Paragraph 2 to read 'to consolidate the company's *accounts*'.

Page 2, Paragraph 3 to read: 'Mr M Jones also reported that while Rescue 365 was not required to have its accounts audited under Companies House regulations, it would be good practice to do so, which the WAO may raise as a recommendation when it reports on the 2015-16 audit. Mr M Jones went on to say that should Rescue 365 decide to have its annual accounts audited, the company should look to procure and appoint auditors'.

### MATTERS ARISING

There were no matters arising.

## **5 TO RECEIVE AND NOTE AN INTERNAL AUDIT REPORT ON VAT, CREDITORS, DEBTORS, PAYROLL AND MAIN ACCOUNTING 2016/17**

Ms H Pugh of Carmarthenshire County Council provided Committee with an outline of findings arising from the reviews of the VAT, Creditors, Debtors, Payroll and Main Accounting undertaken in line with the Internal Audit Programme for 2016/17.

Attention was drawn to Appendix 4 of the report, relating to the VAT review, which had concluded fundamental weaknesses in the controls surrounding VAT processes. Members were provided with a synopsis of the risk areas identified, all of which had been considered by the Executive Leadership Team and were being addressed with a comprehensive action plan in place outlining the measures already taken and/or part of ongoing development work.

Of particular concern to Members was the lack of resilience within the Department to deal with the processing of VAT invoices. Furthermore, Members enquired whether any previous audits relating to VAT had been undertaken and sought assurances that all recommendations were being implemented within the timeframes stipulated. The Interim Section 151 Officer duly confirmed that sufficient controls were now in place regarding VAT recording and reclaiming processes. It was noted that some issues remained with the finance corporate system, however these were being captured by staff and dealt with accordingly. Members were further informed that an Action Plan had been agreed with the HMRC to prevent, as far as possible, any further failings in respect of VAT returns. It was emphasised that regular and enhanced auditing of VAT processes had also strengthened controls to prevent a recurrence of the issue.

In response to a query, the Interim Section 151 Officer confirmed that all eligible outstanding monies had been recovered from the HMRC and no penalties had been incurred. Ms A Butler of the Wales Audit Office highlighted that the Statement of Accounts for 2015/16 showed a disparity of £100k whereby the Authority claimed £6.2m in VAT returns and was reimbursed for £6.1m. It was however clarified that this reconciliation difference was attributable to a number of items, including coding errors and ineligible VAT claims accumulated over many years. The Interim Section 151 Officer duly reiterated that all eligible VAT monies had been recovered by the Authority.

Following concerns raised by a Member regarding the presentation of figures within the Statement of Accounts, the Interim Section 151 Officer clarified that the VAT monies had been reflected in the Accounts as a debtor accrual. Mr M Jones of the Wales Audit Office made an observation that a number of Authorities gave consideration to management accounts within Committee meetings which outlined the debtors and creditors position and enabled Members to scrutinise the figures accordingly. A number of Members expressed the view that enhanced accounting information should be considered by Members and the Interim Section 151 Officer clarified that while income and revenue expenditure was currently presented to the Resource Management Committee, she would evaluate possible creditors and debtors information. The Acting Clerk/Monitoring Officer highlighted that any additional information presented to Members in this regard would need to be within the Committee's Terms of Reference. It was agreed that this matter would be considered by way of a report at a future meeting.

The Temporary Director of Resources highlighted that the Authority was in regular dialogue with the HMRC and assured Members that enhanced processes and system resilience was now in place within the Finance Department with sufficient training provided to members of staff.

A Member requested the income figures for the Rescue 365 Community Interest Company, together with the operational resilience and the cost attributed the secondment of officers to the company. Committee was informed that a presentation on Rescue 365 would be provided to Members at a future meeting.

Reference was made to the debtors review set out at Appendix 1 to the report whereby the Temporary Director of Resources provided a synopsis of the Debt Recovery Policy to Members.

### ***RESOLUTION***

***It was RESOLVED that the report be noted.***

## **6 TO RECEIVE AND NOTE THE ANNUAL INTERNAL AUDIT REPORT**

Ms H Pugh from Carmarthenshire County Council presented Committee with the Internal Audit Report for 2015/16 and 2016/17 which provided an opinion by the Head of Internal Audit of the adequacy and effectiveness of the Authority's control environment for the reporting periods.

Members were provided with an overview of the Service Level Agreement between the Authority and Carmarthenshire County Council for the provision of internal audit services. Ms H Pugh drew Members' attention to Appendix 1 of the report relating to the 2015/16 Internal Audit Programme which concluded that, based on the testing sample, the Authority operated a good control environment in respect of fundamental financial systems. A total of 11 recommendations had been made in respect of minor issues or control measures to strengthen existing procedures.

Reference was made to Appendix 2 of the report which concluded that the Authority had an adequate control environment in operation in respect of the fundamental financial systems reviewed. Ms H Pugh assured Members that where weaknesses had been identified through the internal audit review, corrective actions and a timescale for improvement had been agreed with the Executive Leadership Team. Furthermore, it was reported that the number of audit days had been increased from 35 days to 93 days per annum to provide more resources to ensure a robust and fit for purpose audit provision, incorporating a rolling programme over a 3-year period.

### ***RESOLUTION***

***It was RESOLVED that the report be noted.***

## **7 TO RECEIVE AND A VERBAL UPDATE ON THE STATEMENT OF ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

The Interim Section 151 Officer/Treasurer referred to a typographical error on the front cover of the report and clarified to Members that the Wales Audit Office (WAO) had not contributed to the writing of the report.

The Interim Section 151 Officer/Treasurer presented the update on the Statement of Accounts for the financial year ended 31 March 2016 to Members. It was reported that further omissions had been identified to Version 13 of the accounts in relation to the audit of assets which required the Authority to undertake a further valuation of assets from 2008 onwards to ensure that all assets had been accurately accounted for. In response to a query from a Member, the Interim Section 151 Officer/Treasurer emphasised that the error needed to be remedied regardless of the additional audit costs in order to have the most correct sets of accounts going forward. Members were however assured that the Authority would endeavour to keep audit costs to a minimum.

It was explained that the Wales Audit Office's preference would be to certify the 2015/16 Accounts by December 2017 in order to move forward to audit the 2016/17 Accounts, which would then enable statutory deadlines to be met for the 2017/18 Accounts. However, the Interim Section 151 Officer/Treasurer had requested that additional time be provided to ensure that all information was correct and the Wales Audit Office had therefore agreed to return in January 2018 to audit Version 14 of the 2015/16 Accounts.

In response to a query from a Member, Mr M Jones (WAO) provided an overview of costings for the work undertaken until May 2017 and reiterated that it was the Wales Audit Office's preference to conclude matters during the 2017 calendar year. Members were informed that the Auditor General would be issuing a formal letter to the Authority setting out a number of statutory recommendations in line with section 25 of the Public Audit Wales Act to ensure that arrangements were in place for Version 14 of the Accounts to be fit for audit and materially accurate. It was reported that the Authority would be required to meet within a month of receipt of the letter, however the Auditor General had the power to extend this deadline and would therefore not insist on a meeting of the Authority being convened prior to the scheduled meeting on 11 December 2017.

*Councillor A Llewelyn departed the meeting at this point.*

## **RESOLUTION**

***It was RESOLVED that the report be noted.***

### **8 TO RECEIVE AND NOTE THE PERFORMANCE AND IMPROVEMENT PROGRESS REPORT – QUARTER 2 2017/18**

The Temporary Assistant Chief Fire Officer (T/ACFO) presented the Performance and Improvement Progress Report – Quarter 2 2017/18.

Members were provided with an overview of progress made on Performance Indicators for the reporting period 1<sup>st</sup> July 2017 – 30 September 2017 in respect of the number of fire incidents attended, hoax calls received, road traffic collisions, flooding, medical response and fire deaths and injuries. The ACFO addressed a number of Member queries, as follows:

It was confirmed that the Service had robust procedures in place for dealing with Automatic Fire Alarms whereby the Service responded on a risk basis. Members were also provided with an overview of the proactive preventative measures implemented within Universities to educate students.

A discussion ensued regarding flooding, whereby it was reported that the projected decrease of 38.7% was partly attributed to the proactive ongoing work with partners to promote flood awareness in high risk communities, and the progress made in respect of culvert clearing.

Members' attention was drawn to Part 2 of Appendix 1 of the report, whereby the T/ACFO provided Committee with a synopsis of progress made against each of the Authority's 12 improvement objectives, together with an explanation of how each objective enabled the Service to meet its strategic priorities and contributed to meeting the requirements of the Wellbeing of Future Generations (Wales) Act 2015. Members were pleased to note that significant progress had been made within each improvement objective, all of which had been allocated a green status.

A Member commented that detailed information broken down by each Command had previously been provided to the Committee which had been informative and useful to Members and therefore enquired whether such local level information could be reintroduced. The Head of Corporate Communications and Business Development clarified that the information presented to Committee was predicated by the Single Integrated Corporate Plan introduced two years previously to meet statutory requirements. Members were informed that there was an opportunity to review the Authority's Improvement Objectives on an annual basis, however as an interim measure, pertinent information relating to each Command could be provided to Members by each Head of Response, upon request. A request was made by another Member to receive information relating to the number of hours appliances at on-call stations were off the run which could be extracted from the Rappel system. The Temporary Director of Resources clarified that the Chief Fire Officer was responsible for operational matters within the Service. The Acting Clerk/Monitoring Officer further advised that the Committee's remit was to consider the information contained within the Corporate Plan, in line with its Terms of Reference.

Committee Members were provided with a synopsis of the progress made against the Service's corporate projects for Safe, Well and Independent Living (SWAIL), Northern Workshops, Integrated Software Platform, On-Call, Breathing Apparatus and the Compact Appliance, as set out in Part 3 of Appendix 1 of the report.

In response to a query from a Member, the Temporary Director of Resources provided an update on the Hydrogen vehicles being trialled within the Service as part of a successful bid for grant funding to the Welsh Government. It was reported that notwithstanding some supplier related issues in re-fuelling the vehicles, training had been provided to staff and the trials were proving successful for its intended use. A request was made for a final report to be provided to Members on conclusion of the trial.

Reference was made to the Compact Appliance project and in response to queries from Members, the Temporary Corporate Head of Operational Support and Improvement confirmed that the vehicle was being trialled at stations with a higher level of activity, including Tenby and Morryston, in order to test its firefighting capability. The Temporary Corporate Head of Response further informed Members that the trial would inform the Service's vehicle disposition strategy to ensure that resources were matched to risk.

In response to a query from a Member in respect of the SWAIL project, the Temporary Assistant Chief Fire Officer acknowledged the complexities surrounding partnership working, and provided assurances that the Service was driving the project forward to meet its aim of providing safer homes for citizens by reducing the risk from slips, trips and falls.

### **RESOLUTION**

***It was RESOLVED that the Performance, Audit and Scrutiny Committee note the report and progress made to date.***

#### **9 TO RECEIVE AND NOTE THE BUSINESS RISK REGISTER UPDATE REPORT TO SEPTEMBER 2017**

The Temporary Assistant Chief Fire Officer presented the Business Risk Update Report to September 2017 to the Committee.

Members were referred to the Business Risk Register Overview set out at Appendix A, Risk Assessment Matrix for Risk Register at Appendix B, Business Risk Register Decision Log set out at Appendix C and the eight identified risks set out therein.

A summary of the latest considerations by the Business Risk Management Group (BRMG) for each of the risks contained within the Business Risk Register Decision Log was given to Members. It was noted that 2 risks relating to Industrial Relations and Business Continuity/Interruption had been categorised as high risk, 5 risks relating to Regulatory Body Compliance, Change/Risk Management, Attendance Management Procurement and Security had been categorised as medium risk, and 1 risk relating to and Road Risk had been allocated as low risk.

### **RESOLUTION**

***It was RESOLVED that the Performance, Audit and Scrutiny Committee note the report and acknowledge the ongoing progress to both identify and manage matters of business risk affecting the Service.***

#### **10 To resolve, that pursuant to section 100A (4) of the Local Government Act 1972, that the press and public be excluded from the meeting for the reason, that if they were present, it is likely that there would be disclosure to them of**

exempt information within the description of Schedule 12A to the Local Government Act 1972, namely:

**Paragraph 14: Information relating to the financial or business affairs of any particular person (including the Authority holding that information).**

**Paragraph 18: information relating to any action taken to be taken in connection with the prevention, investigation or prosecution of crime.**

**RESOLUTION**

***It was RESOLVED that the press and public be excluded from the meeting, and that it was in the public interest to do so.***

**11 TO RECEIVE AND NOTE A REPORT ON THE JOINT PUBLIC SERVICE CENTRE PROJECT (JPSCP)**

The Temporary Assistant Chief Fire Officer presented a report to Members on the Joint Public Service Centre Project (JPSCP).

**RESOLUTION**

***It was RESOLVED that:***

- i. the progress of the project be noted;***
- ii. a further report be provided containing sufficient information regarding the project's costings surrounding the requirement build element of the project.***

Exclusion of the press and public lifted – open session resumed.

**12 TO CONSIDER ANY OTHER ITEM OF BUSINESS THAT BY REASON OF SPECIAL CIRCUMSTANCES, THE CHAIR DECIDES SHOULD BE CONSIDERED AS A MATTER OF URGENCY PURSUANT TO SECTION 100(B)(4) OF THE LOCAL GOVERNMENT ACT 1972**

*There were no items of any other urgent business, however the Chair did allow a Member to speak on a matter relating to VAT. A request was made and seconded that a report be provided to Members specifying the opportunity cost in relation to the VAT issue. It was requested that a breakdown of costs, including the appointment of additional staff, accountants and auditors etc. be provided to outline the cost to the Authority in rectifying the errors associated with the non-submission of VAT returns. This was agreed by the Interim Section 151 Officer/Treasurer.*

***The meeting closed at 12.30.***