

**BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY**  
**BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE**

Director of Legal & Governance, Graham Britten  
Buckinghamshire Fire & Rescue Service  
Brigade HQ, Stocklake, Aylesbury, Bucks HP20 1BD  
Tel: 01296 744441 Fax: 01296 744600



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**Chief Fire Officer and Chief Executive**

Mark Jones

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To: The Members of the Overview and Audit Committee

15 September 2014

Dear Councillor

Your attendance is requested at a meeting of the **OVERVIEW AND AUDIT COMMITTEE** of the **BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY** to be held in Meeting Room 1, Fire and Rescue Headquarters, Stocklake, Aylesbury on **WEDNESDAY 24 September 2014 at 10.00 am** when the business set out overleaf will be transacted.

Yours faithfully

Graham Britten  
Director of Legal and Governance

Chairman: Councillor Watson

Councillors: Bendyshe-Brown, Chilver, Exon, Glover, Huxley, Mallen, Vigor-Hedderly, and Wilson



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# **OVERVIEW AND AUDIT COMMITTEE**

## **TERMS OF REFERENCE**

### **Overview**

1. To review current and emerging organisational issues and make recommendations to the Executive Committee as appropriate.
2. To comment upon proposed new policies and make recommendations to the Executive Committee as appropriate.
3. To review issues referred by the Authority and its other bodies and make recommendations to those bodies as appropriate.
4. To make recommendations to the Executive Committee on:
  - (a) the Electronic Services Delivery Plan;
  - (b) the Brigade Personnel Strategy;
  - (c) Levels of Incident Response;
  - (d) the Corporate Risk Management Policy;
  - (e) the Authority's Information Policy; andother such policies and procedures as are required from time to time

### **Audit**

1. To determine the internal and external audit plans and the Internal Audit Strategy
2. To determine the Internal Audit Annual Plan and Annual Report (including a summary of internal audit activity and the level of assurance it can give over the Authority's governance arrangements).
3. To consider and make recommendations on action plans arising from internal and external audit reports, including arrangements to ensure that processes which deliver value for money are maintained and developed.
4. To consider and make recommendations to the Executive Committee on reports dealing with the management and performance of the providers of internal audit services.
5. To consider and make recommendations on the external auditor's Annual Audit Letter and Action Plan, relevant reports and the report to those charged with governance.
6. To consider specific reports as agreed with the Treasurer, Internal Audit, Monitoring Officer, Chief Fire Officer, or external audit and to make decisions as appropriate.
7. To comment on the scope and depth of external audit work and to ensure it gives value for money.
8. To oversee investigations arising out of fraud and corruption allegations.
9. To determine Insurance matters not delegated to officers, or another committee.
10. To consider and determine as appropriate such other matters as are required in legislation or guidance to be within the proper remit of this Committee.

## **Governance**

1. To:
  - (a) make recommendations to the Authority in respect of:
    - (i) variations to Financial Regulations; and
    - (ii) variations to Contract Standing Orders.
  - (b) receive a report from the Chief Finance Officer/Treasurer when there has been any variation to the Financial Instructions in the preceding twelve month period.
2. To determine the following issues:
  - (a) the Authority's Anti-Money Laundering Policy;
  - (b) the Authority's Whistleblowing Policy; and
  - (c) the Authority's Anti Fraud and Corruption Policy.
3. To determine the Statement of Accounts and the Authority's Annual Governance Statement. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Authority.
4. To consider the Authority's arrangements for corporate governance and make recommendations to ensure compliance with best practice.
5. To monitor the Authority's compliance with its own and other published standards and controls.
6. To maintain and promote high standards of conduct by the Members and co-opted members of the Authority.
7. To assist Members and co-opted members of the Authority to observe the Authority's Code of Conduct.
8. To advise the Authority on the adoption or revision of a code of conduct.
9. To monitor the operation of the Authority's Code of Conduct
10. To deal with cases referred by the Monitoring Officer.
11. To advise on training, or arranging to train Members and co-opted members of the Authority on matters relating to the Authority's Code of Conduct.
12. To monitor the operation of any registers of interest, of disclosures of interests and disclosures of gifts and hospitality in respect of officers or Members

## **Risk**

1. To monitor the effective development and operation of risk management and corporate governance within the Authority.
2. To consider reports dealing with the management of risk across the organisation, identifying the key risks facing the Authority and seeking assurance of appropriate management action.

## **Employees**

1. To be a sounding board to help the Authority promote and maintain high standards of conduct by employees of the Authority.

2. To advise the Executive Committee on the adoption or revision of any policies, codes or guidance:
  - (a) regulating working relationships between members and co-opted members of the Authority and the employees of the Authority;
  - (b) governing the conduct of employees of the Authority; or
  - (c) relating to complaints; andother such policies and procedures as are required from time to time.
3. To monitor the operation of any such policies, codes or guidance mentioned at 2 above.
4. To comment on the training arrangements in connection with any of the above.

### **General**

1. To make such other recommendations to the Executive Committee on the issues within the remit of the Overview and Audit Committee as required.
2. To review any issue referred to it by the Chief Fire Officer, Treasurer, or Monitoring Officer, or any Authority body within the remit of these terms of reference.
3. To consider such other matters as are required in legislation or guidance to be within the proper remit of this Committee.
4. To commission reports from the Chief Fire Officer, the Internal Audit Service, the Monitoring Officer, or such other officer as is appropriate, when the Committee agrees that such reports are necessary.
5. To support the Monitoring Officer and the Treasurer in their statutory roles and in the issue of any guidance by them.
6. To receiving reports from the Monitoring Officer in his/her statutory role or otherwise relating to ethical standards and deciding action as appropriate.
7. To respond to consultation on probity and the ethical standards of public authorities.

## AGENDA

### Item No:

#### 1. Apologies

#### 2. Minutes

To approve, and sign as a correct record, the Minutes of the meeting of the Committee held on 16 July 2014 (Item 2) **(Pages 7 - 10)**

#### 3. Disclosure of Interests

Members to declare any disclosable pecuniary interests they may have in any matter being considered which are not entered onto the Authority's Register, and officers to disclose any interests they may have in any contract to be considered.

#### 4. Questions

To receive questions in accordance with Standing Order S0A7.

#### 5. Corporate Risk Management

To consider Item 5 **(Pages 11 - 20)**

#### 6. Review of Compliments and Complaints 2011/14

To consider Item 6 **(Pages 21 - 26)**

#### 7. Annual Governance Statement 2013/14

To consider Item 7 **(Pages 27 - 40)**

#### 8. Audit Plan 2013/14

To consider Item 8 **(Pages 41 - 62)**

#### 9. Internal Audit Report: Final Audit Report

To consider Item 9 **(Pages 63 - 84)**

#### 10. Date of Next Meeting

To note that the next meeting of the Committee will be held on Wednesday 3 December 2014 at 10.00am.

If you have any enquiries about this agenda please contact: Katie Nellist (Democratic Services Officer) – Tel: (01296) 744633 email: [knellist@bucksfire.gov.uk](mailto:knellist@bucksfire.gov.uk)

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Minutes of the meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 16 JULY 2014 at 10.00 am

**Present:** Councillors Bendyshe-Brown, Chilver, Exon, Huxley, Mallen, Vigor Hedderly, Watson and Wilson

**Officers:** D Skinner (Director of Finance and Assets), G Britten (Director of Legal and Governance), M Gibb (Internal Audit Manager), M Osborne (Head of Service Transformation), K McCafferty (Head of Human Resources), S Gowanlock (Corporate Planning Manager), and K Nellist (Democratic Services Officer)

**Apologies:** Councillor Glover

#### **OA01 ELECTION OF CHAIRMAN**

(Councillor Bendyshe-Brown presiding)

It was moved and seconded that Councillor Watson be elected Chairman of the Committee 2014/15.

RESOLVED –

That Councillor Watson be elected as Chairman of the Committee for 2014/15.

(Councillor Watson in the Chair)

#### **OA02 APPOINTMENT OF VICE-CHAIRMAN**

It was moved and seconded that Councillor Bendyshe-Brown be appointed Vice-Chairman of the Committee 2014/15.

RESOLVED –

That Councillor Bendyshe-Brown be appointed as Vice-Chairman of the Committee for 2014/15.

#### **OA03 MINUTES**

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 12 March 2014, be approved and signed by the Chairman as a correct record.

#### **OA04 CORPORATE RISK MANAGEMENT**

The Committee noted that the risk register was last reviewed by the Overview & Audit Committee on 12 March 2014 and had been regularly reviewed by the Performance Management and Strategic Management Boards most recently in May and June.

No new corporate risks had been identified and scores remain unchanged. Particular attention had been paid to:

- Risk 7.1 (Lapse or breach of information security) – a recent virus attack across the network and the breakdown of CCTV at the Merlin Centre and;
- Risk 14.4 (Staff Availability) – a dynamic risk in light of the recent industrial action.

In relation to Risk 14.4 above, the Chairman asked the Head of Service Transformation to give Members an update on the recent industrial action.

The Head of Service Transformation advised Members that even with the current extended period of industrial action between the Government and the Fire Brigades Union, the Authority's contingency arrangements had remained strong and there had not been a need to elevate this on the risk register. There had been a period of 15 individual strikes which would amount to 30 periods of strike action in total.

The Authority's position on partial performance had not changed but a local agreement had been reached and the start/finish times of one of the night shifts had been changed so that it didn't coincide with the strike period. One of the main drivers around the non-acceptance of partial performance was the associated cost implications for the tax payers of Buckinghamshire and Milton Keynes and by changing the shift start/finish times it became cost neutral to the Service.

Members commended the Chief Fire Officer and his officers on their contingency planning and for reaching a local agreement with regard to partial performance and being cost neutral.

In answer to a question about what action had been taken with regard to risk 7.1 breakdown of information security. A written response would be provided by the Information Governance and Compliance Manager to the Member asking the question and a copy placed in the Members' library.

RESOLVED –

That the Committee Members reviewed the status report on identified corporate risk at Annex C and feedback comments to officers for consideration and attention in future updates/reports.

## **OA05 INTERNAL AUDIT REPORT**

The Internal Audit Manager updated Members on the following audit reports:

### **(A) INTERNAL AUDIT REPORT: FINAL AUDIT REPORTS**

The Internal Audit Manager gave an update on the findings of the finalised Internal Audit reports. Three reports had been finalised, two were attached, Core Financial Controls and Treasury Management, the third report would be reviewed at the next Strategic Management Board and presented to the Committee in September.



The Core Financial Controls had been reviewed and awarded 'substantial' assurance, which was an improvement on the previous year. Some areas for improvement had been identified, one high, three medium and four low recommendations, all of which had been agreed with Management and had already been actioned.

Members noted it was the first year that the management of the treasury function had been the responsibility of the Authority; it had previously been administered by Buckinghamshire County Council. It is also the first year this area had been audited and was found to be well controlled and awarded 'substantial' assurance. There were two medium and one low recommendations, all of which had been agreed with Management and two had already been implemented.

(Councillor Andy Huxley left the meeting)

In answer to a question as to whether the Authority could get better interest rates through Buckinghamshire County Council being a larger Authority. The Director of Finance and Assets assured Members that through the previous arrangements although there was no risk to the Authority, the financial reward was not as great.

(Councillor Andy Huxley re-joined the meeting)

RESOLVED –

That the recommendations raised in the finalised Internal Audit reports are noted.

#### **(B) INTERNAL AUDIT REPORT: UPDATE OF PROGRESS OF AUDIT RECOMMENDATIONS**

The Internal Audit Manager stated the purpose of this paper was to update Members on the progress of the implementation of audit recommendations made as at 30 June 2014.

The Committee noted that out of the 52 recommendations arising from the various audit reports, 35 had been fully implemented and 17 were not yet due to be implemented.

There are no outstanding recommendations at this time.

RESOLVED -

That the progress on the implementation of recommendations be noted.

#### **(C) ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR**

The Committee, as the Committee charged with governance, considered the Annual Report of the Chief Internal Auditor on the internal control environment.

The Committee noted that the Chief Internal Auditor's opinion was that the Fire Authority's system of internal control provides 'reasonable' assurance regarding the effective, efficient and

economic exercise of the Authority's functions. During 2013/14 there had been further improvement to the Authority's system of internal control through the on-going development of policies and procedures covering the key control process.

A question was asked as to whether all planned audits had been completed. Members were advised that all audits had been completed. The ICT strategy was finalised and Asset Management was in the process of being finalised. These two reports would be brought to the Committee later in the year.

In answer to a question regarding the internal audit work plan for next year, the Internal Audit Manager confirmed that this had been brought before the Committee in March this year and an update would follow at the next meeting in September.

A question was asked as to how internal audit would work across shared services in particular the new joint Control Centre. The Internal Audit Manager confirmed that Oxfordshire and Buckinghamshire Councils had a joint audit service but also the Authority would have full scope to request any internal audits required.

In answer to a question as to whether the current internal audit days were sufficient. The Internal Audit Manager responded that in her opinion the level of audit days was about right and it was encouraging to note that the level of assurance had increased. External Audit was also happy with the programme of work.

RESOLVED –

That the contents of the Annual Report be reviewed and noted.

**OA06**

**DATE OF NEXT MEETING**

The Committee noted that the next meeting of the Committee would take place on Wednesday 24 September 2014 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 11.00 AM



# Buckinghamshire & Milton Keynes Fire Authority

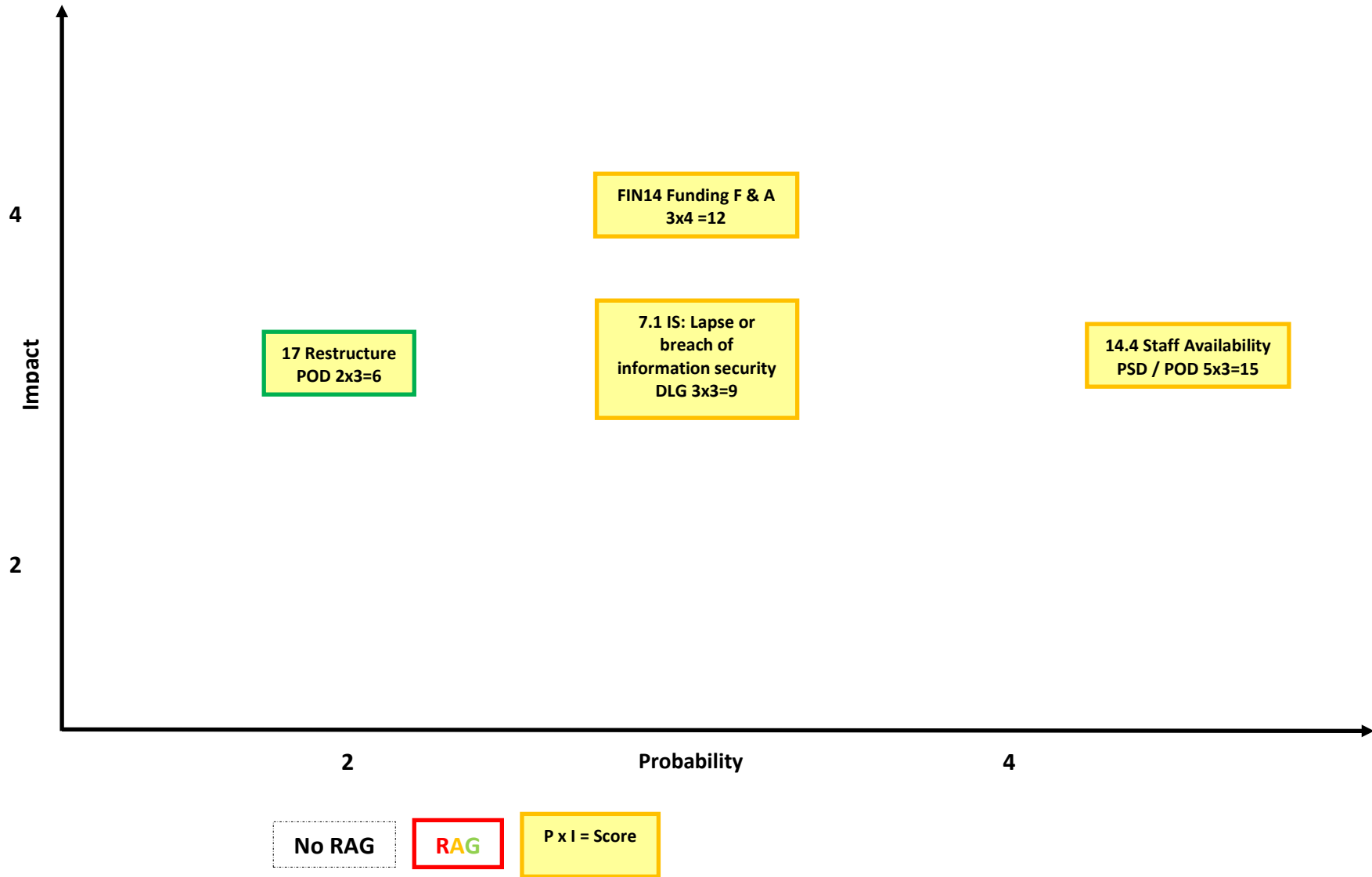
<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	24 September 2014
<b>OFFICER</b>	Mick Osborne, Head of Service Transformation
<b>LEAD MEMBER</b>	Councillor David Schofield, Health and Safety and Corporate Risk
<b>SUBJECT OF THE REPORT</b>	<b>Corporate Risk Management</b>
<b>EXECUTIVE SUMMARY</b>	<p>This report provides an update on the current status of identified corporate risks. Risk registers are maintained at project, departmental and directorate levels. Corporate risks are those that have been escalated from these levels for scrutiny by the Strategic Management Board (SMB), because of their magnitude, proximity or because the treatments and controls require significant development.</p> <p>The Corporate Risk Register was last reviewed by the Overview and Audit Committee at its 16 July 2014 meeting. Since then it has been regularly reviewed by the Performance Management (PMB) and Strategic Management Board (SMB), most recently at the 17 July 2014 PMB and 2 September 2014 SMB.</p> <p>No new corporate risks have been identified or escalated from Directorate Risk Registers. However one change to the distribution of Corporate Risks was approved by SMB:</p> <ul style="list-style-type: none"> <li>• The probability risk score for 14.4 (Staff Availability) has been increased from 4 to 5 (extremely likely) in the absence of any material progress between the Government and FBU towards a resolution of the pension dispute.</li> </ul> <p>The current distribution of corporate risks relative to probability and potential impact is shown at Annex A.</p> <p>Changes to the corporate risk ratings over the last 12 month period are shown in graphical form at Annex B.</p> <p>Detailed assessments of identified corporate risks are shown in the Corporate Risk Register Report at Annex C.</p>
<b>ACTION</b>	Information.
<b>RECOMMENDATIONS</b>	It is recommended that Committee Members:

	<ul style="list-style-type: none"> <li>i. Review the status report on identified corporate risks at Annex C, and,</li> <li>ii. Feedback comments to officers for consideration and attention in future updates / reports.</li> </ul>
<b>RISK MANAGEMENT</b>	The development, implementation and operation of effective corporate risk management structures, processes and procedures are considered critical to assure continuity of service to the public, compliance with relevant statutory and regulatory requirements and the successful delivery of the Authority's strategic aims, priorities and plans.
<b>FINANCIAL IMPLICATIONS</b>	No direct financial implications arising from the presentation of this report. It is envisaged that the further development of the Authority's corporate risk management framework will be undertaken from within agreed budgets.
<b>LEGAL IMPLICATIONS</b>	None directly arising from this report. Any legal consequences associated with the crystallisation of individual risks are detailed in the Risk Register report at Annex C.
<b>HEALTH AND SAFETY</b>	Development of the framework does not impact directly on the legal compliance to health and safety, however if risks are not appropriately identified then this may present Health and Safety risks.
<b>EQUALITY &amp; DIVERSITY</b>	No direct implications from the presentation of this report. However risks to achieving the Authority's equality, diversity and inclusion objectives or compliance with relevant statutes or regulations are identified assessed and managed via this process and are currently monitored within the People and Organisational Development Risk Register.
<b>USE OF RESOURCES</b>	<p><b>Communication with Stakeholders</b></p> <p>Senior managers and principal officers are key stakeholders in the development of the corporate risk management framework and have an active role in its development at every stage. The lead Member will also be involved in the development of the framework with particular responsibility for determining the reporting arrangements for the Authority.</p> <p>As with all policy frameworks, all employees will be informed of the changes in the process and will receive any training necessary to support their role in the process.</p> <p><b>System of internal control</b></p>

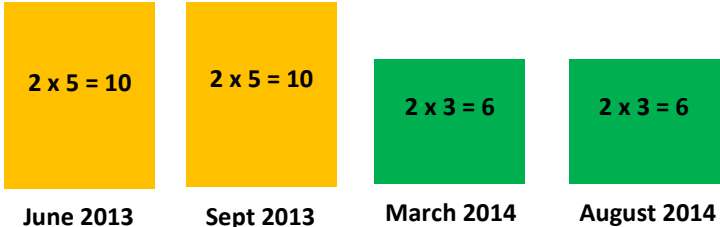
	<p>The development of the risk management framework complements the governance framework and business processes as a critical cog in the system of internal control and makes better use of our people resources by giving them clearly defined areas of responsibility.</p> <p>Risk registers are maintained at Project, Directorate and Corporate levels. Directorate risks are regularly reviewed within Directorates and formally at their management team meetings. An escalation process is in place to enable risks to be elevated to Corporate level. Corporate risks are monitored by the Performance Management Board and the Strategic Management Board with CFA Member scrutiny exercised via the quarterly Overview and Audit Committee meetings.</p> <p><b>The Medium Term Financial Strategy</b></p> <p>Financial risks are captured at Directorate and Corporate levels. Any implications for medium term financial planning are included in the individual risk assessments.</p> <p><b>The balance between spending and resources</b></p> <p>The corporate risk management process is funded from within agreed budgetary resources. Any budgetary impacts associated with risk recorded in the risk registers are identified in the individual risk assessments and dealt with via the budget management and planning processes.</p> <p><b>The management of the asset base</b></p> <p>The asset management implications of recorded corporate and directorate risks are captured in the individual risk assessments together with details of the controls and mitigating actions.</p> <p><b>Environmental</b></p> <p>Any environmental impacts associated with risks captured in the corporate and directorate risk registers are identified in the individual risks assessment together with details of the controls and mitigating actions.</p>
<p><b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b></p>	<p>A formal policy for the management of Corporate Risk was approved by the Authority in August 2006 and implemented with effect from 31 January 2007 (OC57: Corporate Risk Management Policy).</p> <p>Further development of this policy and framework was reported to members at the 15 September 2010 CFA meeting (see Annex A and item 8 of 15 September CFA Papers:  <a href="http://bucksfire.gov.uk/files/8114/0681/3588/150910.PDF">http://bucksfire.gov.uk/files/8114/0681/3588/150910.PDF</a></p> <p>CFA Members were last updated on the status of the Authority’s Corporate Risks at the 16 July 2014 Overview &amp; Audit Committee:</p>

	<a href="http://bucksfire.gov.uk/files/6214/0620/6312/ITEM_7CORPORATERISKMANAGEMENT.pdf">http://bucksfire.gov.uk/files/6214/0620/6312/ITEM_7CORPORATERISKMANAGEMENT.pdf</a>
<b>APPENDICES</b>	<p>Annex A: Distribution of Corporate Risks at 2 September 2014 SMB.</p> <p>Annex B: 12 Month View of Changes to Corporate Risks</p> <p>Annex C: Corporate Risk Register Report</p>
<b>REPORT ORIGINATOR AND CONTACT</b>	<p>Stuart Gowanlock, Corporate Planning Manager</p> <p><a href="mailto:sgowanlock@bucksfire.gov.uk">sgowanlock@bucksfire.gov.uk</a></p> <p>01296 744435</p>

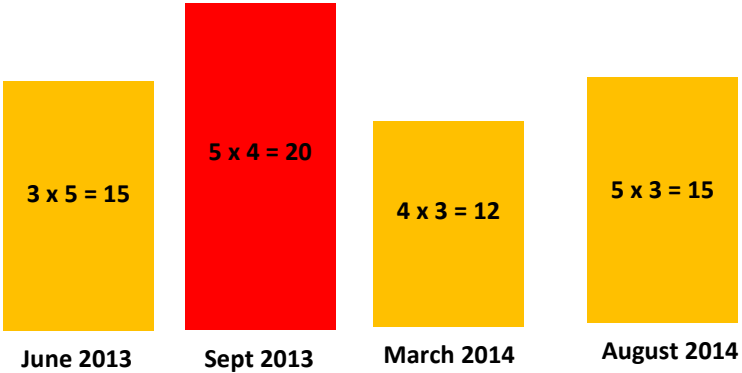
# Annex A: Corporate Risk Map – 2 September SMB Review



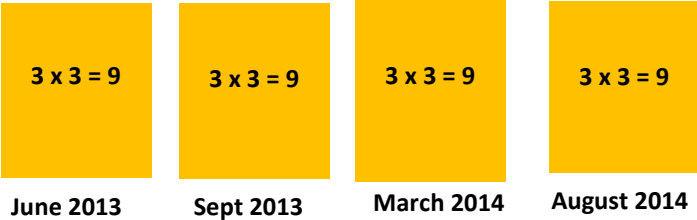
**Restructure**



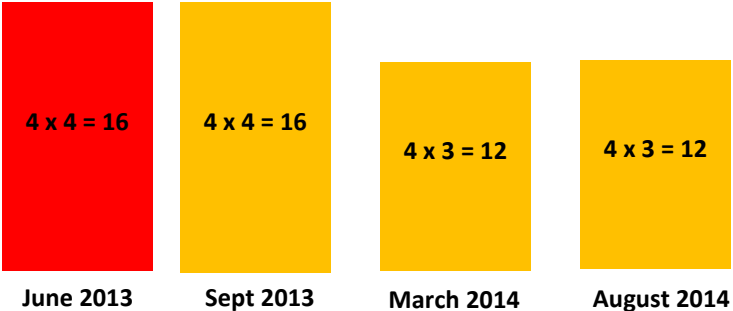
**Staff Availability**



**Lapse or Breach of Information Security**



**Risk to Funding**





Corporate Risks

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level H/M/L	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
<b>CRR 007 Lapse or breach of Information Security</b>	GB	1. Fine of up to £500,000 per breach from the Information Commissioner’s Office (ICO) 2.Reputational damage 3. Reduced opportunities for joint working	3	3	9	M	Various, see sample below: •Specialist information roles •Information Governance Strategy •Training package for information security/data protection •Retention & Disposal Schedules •External archive for physical assets •ICT Strategy •EDMS for Policies and procedures. • Reminders to staff not to open suspicious e-mail attachments.	A	<ul style="list-style-type: none"> <li>There are a wide range of information security issues and treatments to reduce the likelihood of lapses and breaches. These are identified in a separate information risk register and risk owners identified so that treatments are managed at directorate level.</li> </ul> <p><b><u>2 September 14 SMB</u></b></p> <ul style="list-style-type: none"> <li>The recent increase in the threat of international terrorism, from substantial to severe, means that there is a stronger likelihood of cyber terrorist attacks. Even though the Authority’s anti-virus system helps to prevent malicious activity on its computer network and staff are periodically reminded not to open suspicious email (to help prevent the organisation becoming a victim of cyber espionage or cyber exploitation) 'lone actors' continue to pose a threat to UK organisations (a lone actor is someone who has not received training from terrorist organisations but is inspired and motivated by extremist ideological materials available online and has developed the capability to carry out attacks and select targets completely independently of established terrorist groups). Therefore the risk should remain at 3 x 3.</li> </ul>

**Corporate Risk Register – as at 2 September 2014 SMB Review**

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
<b>CRR 014.4 Staff Availability</b> <b>Emerging risks of 1/ industrial action due to pension change or pay dispute; 2/ Staff inability to get to work due to external factors e.g. Pandemic Flu, disruption to fuel supplies etc. 3/ Retirements proceeding more quickly than anticipated.</b>	JT / DO'D / MO / LS	Potential detrimental effects on service delivery to the community and our reputation.  Failure to discharge statutory duties.  Loss of critical knowledge / skills / capacity.	(2)	(5)	(10)	(M)	<ul style="list-style-type: none"> <li>• Full business continuity plan in place</li> <li>• Peer review of the business continuity arrangements</li> <li>• Bank System</li> <li>• Flexi-Duty System Pilot</li> <li>• Staff Transfer Procedure</li> </ul>	<b>A</b>	<u><b>18 February 14 SMB</b></u> SMB approved the changes to the risk rating recommended by PMB and also agreed a change to the RAG status from red to amber to reflect the effectiveness of the risk controls. <u><b>27 May 14 SMB</b></u> The impact of future strike action was discussed and it was agreed that this would continue to be monitored. SMB agreed to leave risk CRR 014.4 Staff Availability as amber. <u><b>17 July 14 PMB</b></u> Risk to contingency resourcing in the event of further industrial action during the August holiday period due to leave arrangements. Review of risk score and mitigation recommended at 29 July 14 SMB in light of any further developments between the Government and FBU and any indications of further industrial action. <u><b>2 September 14 SMB</b></u> Probability score for further industrial action raised to 5 (Extremely Likely).
			(5)	(5)	(25)	(H)			
			(3)	(5)	(15)	(H)			
			(4)	(5)	(20)	(H)			
			(3)	(5)	(15)	(H)			
			(5)	(4)	(20)	(H)			
(4)	(3)	(12)	(M)						
			<b>5</b>	<b>3</b>	<b>15</b>	<b>H</b>			
<b>CRR 017 Fit for purpose restructure / organisational change programme</b>	LS	Change programme impacting on our ability to maintain day to day service. The possibility of employee relations issues arising from the organisation restructure, and the potential performance management difficulties. Other consequences potentially include legal challenge, loss of experience/resilience/ corporate knowledge, reputation etc.	(5)	(5)	(25)	(H)	<ul style="list-style-type: none"> <li>• SMT owned &amp; reviewed change programme in place</li> <li>• Communication &amp; consultation plans in place supported by management training</li> <li>• Phased delivery of change prog.</li> <li>• Pre- and post-change EIA</li> <li>• Leadership and first-line management training</li> <li>• Processes and procedures well documented</li> <li>• HR, Finance, ICT resources</li> <li>• External communications / PR</li> <li>• Scenario planning</li> <li>• BCP &amp; negotiation strategy in place.</li> </ul>	<b>G</b>	Each element of the organisational change programme includes a people impact risk assessment and learns from initial programmes are built into current procedures.  Some aspects of the change programme will have significantly lower risk scores and levels. <u><b>18 February 14 SMB</b></u> SMB agreed a reduction to the impact score associated with this risk from 5 to 3, and RAG status to green, to reflect improvements to the controls associated with this risk arising from the experience of implementing significant organisational changes / re-structures.
			(2)	(5)	(10)	M			
			2	3	6	L			

**Corporate Risk Register – as at 2 September 2014 SMB Review**

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level HML	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
<b>Fin 14 – Funding</b>	DS/JM	<ul style="list-style-type: none"> <li>If funding settlements for 2015/16+ follow the two-year trend and not the four-year trend, we would need to find an additional £2million worth of savings over and above the current MTFP between 2015/16-2017/18</li> </ul>	(4) 3	(4) 4	(16) 12	H M	<ul style="list-style-type: none"> <li>A funding pressures reserve (approx. £2million by 31.03.2013) has been created, but this would be quickly exhausted without a dramatic altering of service provision and/or an increase in Council Tax to offset the reduction in Government funding</li> </ul>	<b>A</b>	<p><b>30 July 13 SMT:</b> Reduce RAG rating to amber following announcement of government funding settlement.</p> <p><b>6 February 14 PMB:</b> Reduction in risk score to 12 recommended in light of:</p> <ul style="list-style-type: none"> <li>robust MTFP process and CFA in a position to approve a balanced budget at the 19 February meeting;</li> <li>Initiation of reviews and planning activities to address savings requirements in future years.</li> </ul> <p><b>18 February 14 SMB:</b> SMB approved the reduction to the probability score associated with this risk from 4 to 3 as recommended by PMB.</p>

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## Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview & Audit Committee
<b>DATE OF MEETING</b>	24 September 2014
<b>OFFICER</b>	Graham Britten, Director of Legal and Governance
<b>LEAD MEMBER</b>	Councillor David Watson (Chairman, Overview & Audit Committee)
<b>SUBJECT OF THE REPORT</b>	<b>Review of Compliments and Complaints 2011/14</b>
<b>EXECUTIVE SUMMARY</b>	<p>The purpose of this report is to advise on any trends and corrective action taken to reduce or remove the problem that led to a complaint being made and to identify opportunities to improve public perception of the services Buckinghamshire &amp; Milton Keynes Fire Authority (BMKFA) provide.</p> <p>The last complaints report was received by the Overview &amp; Audit Committee at its meeting on 26 June 2013 and included data for the financial years 2010/11, 2011/12 and 2012/13. To continue to provide three years of rolling data this report covers the financial years 2011/12, 2012/13 and 2013/14.</p> <p>Since 2013 BMKFA has been working to identify and record anything that could be considered a concern or complaint and, as a consequence, the number of complaints has risen from ten in 2012/13 to thirty-three in 2013/14 – although fifteen of these complaints were not upheld.</p> <p>The number of written compliments received has continued to fall - although Station Managers and Administrators report that the numbers of verbal compliments received are high.</p> <p>This report also includes data from the "After the Incident" survey for which monitors 'user' experiences of our emergency service provision. The survey runs from 1 April to 31 March each year and captures the perceptions of those experiencing an incident in the home or in non-domestic premises.</p>
<b>ACTION</b>	Information and decision.
<b>RECOMMENDATIONS</b>	It is recommended that the report be noted.
<b>RISK MANAGEMENT</b>	Complaints are rigorously investigated to ensure that standards of performance and behaviour, and the

	<p>perception of the public of staff performance and behaviour, remain high and BMKFA does not experience reputational damage.</p> <p>All personal data has been removed from the statistics and the remaining anonymised report has no residual information risk.</p>
<b>FINANCIAL IMPLICATIONS</b>	<p>The cost of complaint investigation and any corrective actions are covered within existing budgets. The only record of costs arising from complaints in the period 2013/14 was £255.00 in carpet cleaning.</p>
<b>LEGAL IMPLICATIONS</b>	<p>BMKFA is a public authority, complaints against which may be subject to investigation by the Local Government Ombudsman or, for complaints made under the Freedom of Information Act 2000, Environmental Information Regulations 2004 or Data Protection Act 1998, the Information Commissioner. The Ombudsman and the Information Commissioner will usually decline investigation until the public authority's internal complaints procedure has been exhausted and it is therefore important that there is a complaints procedure in place that it is understood by the public and the authority.</p> <p>During the period 2013/14 no complaints were investigated by the Ombudsman or the Information Commissioner.</p>
<b>HEALTH AND SAFETY</b>	<p>Any complaint with Health and Safety implications is investigated at the time the complaint is made.</p>
<b>EQUALITY AND DIVERSITY</b>	<p>Fair treatment of complainants is monitored to ensure complainants are facilitated in making their complaint and, before a complaint is closed, in trying to collect information as to whether they are satisfied with how the complaint was resolved.</p>
<b>USE OF RESOURCES</b>	<p>See financial implications.</p> <p><b>Communication with stakeholders</b> Any planned changes to the complaints procedure is influenced by internal and external stakeholders to ensure that the process is robust.</p>
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	<p><b>Background</b></p> <p>Data used to inform this report is extracted from the complaints register. The complaints register is a summary of reports generated in the making and investigating of complaints, compiled from information recorded on written complaints.</p> <p>OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY on WEDNESDAY 26 JUNE 2013 Agenda</p>

	<p>Item 7</p> <p><a href="http://bucksfire.gov.uk/files/3514/0633/2179/OA260613.pdf">http://bucksfire.gov.uk/files/3514/0633/2179/OA260613.pdf</a></p>
<b>APPENDICES</b>	Appendix A – Compliments and Complaints Report.
<b>TIME REQUIRED</b>	10 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	<p>Gerry Barry, Information Governance &amp; Compliance Manager</p> <p>gbarry@bucksfire.gov.uk</p> <p>01296 744442 or mobile 079207 10637</p>

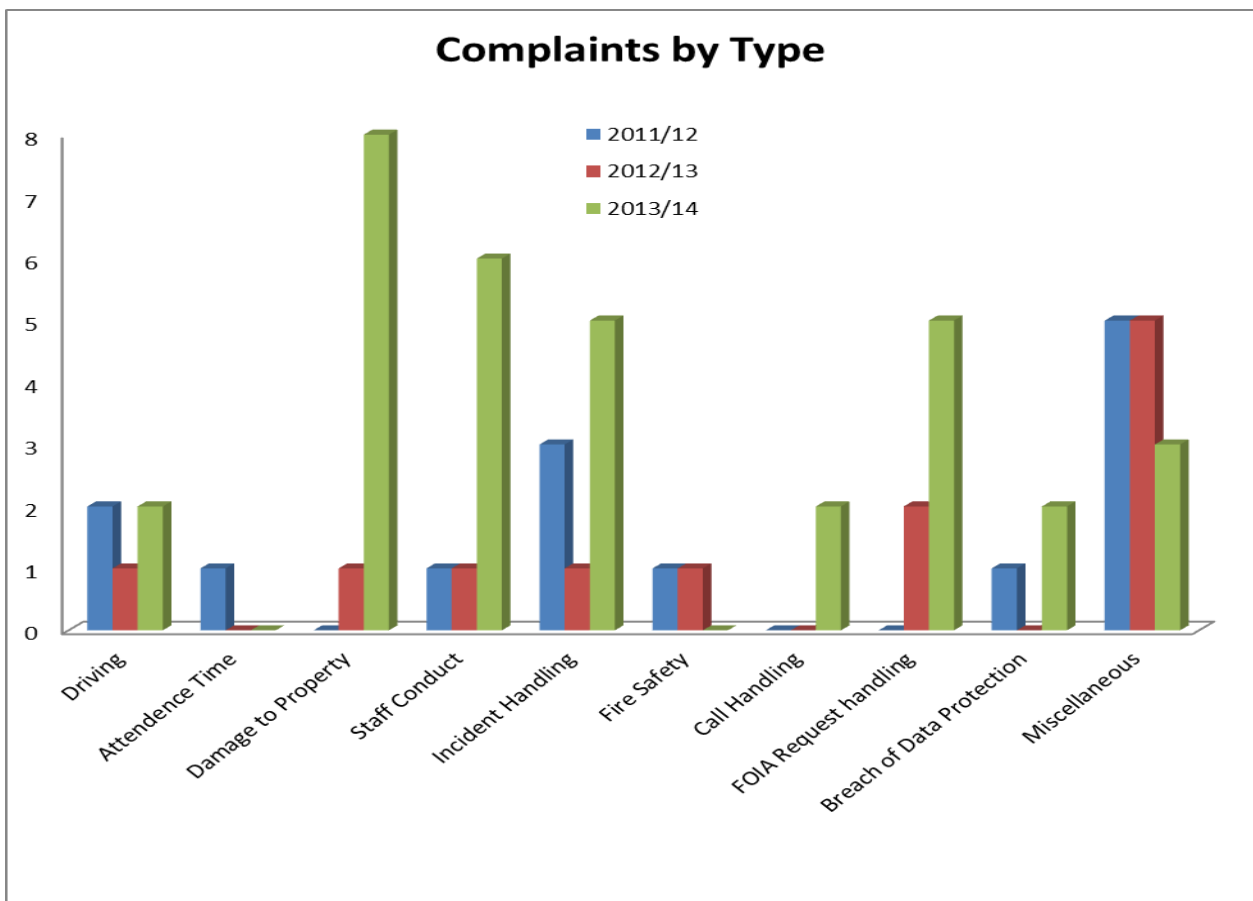
## Appendix A Compliments & Complaints Received

2011/12 – 2013/14

### 1. Background & Purpose

- 1.1 This report includes three years of complaints and satisfaction survey (“After the Incident”) data for the period 2011/12 - 2013/14 to enable the committee to review the numbers and types of complaints received, emerging trends and corrective action initiatives. Many compliments are made verbally and therefore not captured or recorded.
- 1.2 As noted last year, the type of complaints received by the service is changing and becoming more varied with greater awareness of information rights legislation. From the graph below you will note that we received five complaints about the handling of Freedom of Information requests, compared to two in 2012/13. We also received two complaints about the handling of personal information – one of which was upheld and a member of staff was given additional training to ensure the mistake was not repeated. A complaint was also received about a sign for inconsiderate parking being unattractive. These signs are only put as a temporary measure and are removed after a couple of weeks. As no further complaints have been received about these signs no action has been taken.

Although the number of complaints about property damage has risen to eight in 2013/14 three of these were not upheld and only one was as a result of carelessness by a member of staff who made the necessary repairs to a resident’s wall.





## 2. Benchmarking

- 2.1 As in previous years different Fire and Rescue Services (FRS) record and publish reports on complaints and compliments at different times of the year and in different ways, making the data unreliable for benchmarking. It was also noted that fewer FRS were publishing statistics regarding the number of complaints received. Therefore, data from the "After the Incident Survey" has been included again this year to enable the compliments and complaints data to be seen in the context of 'user' experience both locally and nationally. The "After the Incident Survey" runs from 1 April to 31 March each year and monitors 'user' experiences of our emergency service provision – i.e. those who experience incidents in the home or in a non-domestic setting. This is compared to previous year performance (2011/12) and with other participating FRS.

### Incidents in the Home

Indicator Group	2013/14			2012/13			2011/12		
	BMFKA	National	Rank	BMFKA	National	Rank	BMFKA	National	Rank
Satisfaction with initial contact	97	97	11	98	97	4	98	97	13
Satisfaction with service at scene	99	98	9	99	99	7	99	98	3
<b>Satisfaction with overall service</b>	<b>98</b>	<b>98</b>	<b>12</b>	<b>100</b>	<b>98</b>	<b>1</b>	<b>99</b>	<b>98</b>	<b>3</b>

ORS Final Benchmarking Report for Buckinghamshire Fire & Rescue Service, June 2014.

- 2.2 Owing to concerns about the accuracy of the results for FRSs which achieved low numbers of responses, FRSs who achieved fewer than 50 responses for Incidents in the Home or 50 responses for Non-domestic Incidents have been allocated their individual scores but have **not** been ranked against other FRSs. For 2013/14, as for 2012/13, BMFKA did not receive the minimum 50 responses to receive a ranking for non-domestic incidents.

### Non-Domestic Incidents

Indicator Group	2013/14			2012/13			2011/12		
	BMFKA	National	Rank	BMFKA	National	Rank	BMFKA	National	Rank
Satisfaction with initial contact	99	97	-	<b>96</b>	<b>96</b>	-	96	96	11
Satisfaction with service at scene	97	97	-	<b>99</b>	<b>97</b>	-	97	97	4
<b>Satisfaction with overall service</b>	<b>99</b>	<b>97</b>	-	96	97	-	<b>97</b>	<b>97</b>	<b>11</b>

ORS Final Benchmarking Report for Buckinghamshire Fire & Rescue Service, June 2014.

### **3. Performance**

Since 2013 BMKFA has been working to identify and record anything that could be considered a concern or complaint and, as a consequence, the number of complaints has risen from ten in 2012/13 to thirty-three in 2013/14 – although fifteen of these were not upheld. During the course of operational incidents it is sometimes necessary to force an entry and, whilst people do understand this, they often raise a complaint so that they can understand the process of making an insurance claim.

### **4. Cost of Corrective Action**

- 4.1 The cost to the Authority in investigating complaints is often significantly more than the cost of the corrective action. For example, where it is claimed that we have caused damage to a grass verge, and send a member of our property team to tidy the area and re-seed the grass, the corrective action may take an hour whereas the investigation may have taken several hours.
- 4.2 The data collection for complaints is continuously under review and, although we are unable to minimise the time needed to investigate a complaint, we do try to ensure that public money is not spent when there is no evidence of the authority being financially liable.

### **5. Damage to Property**

In the period 2013/14 BMKFA paid £255.00 to clean carpets in two houses where it was proven that staff had tracked dirt in on their shoes. In 2012/13 there was an incident of damage to doors. There was no property damage reported in the period 2011/12.

### **6. Process Development**

- 6.1 *Was the Complainant Satisfied?*  
We continue to try to gather feedback from complainants to determine if they are satisfied with how their complaint was handled. In 2013/14 sixteen of the thirty-three complainants advised they were satisfied with the handling of their complaints (even though in six instances the complaint was not upheld) of the other seventeen only one advised they were unsatisfied with the handling of their and that they would be taking this to the Information Commissioner. However no complaints had to be resolved by the Ombudsman or the Information Commissioner.

# Buckinghamshire & Milton Keynes Fire Authority



<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	24 September 2014
<b>OFFICER</b>	Graham Britten, Director of Legal and Governance David Skinner, Director of Finance and Assets
<b>LEAD MEMBER</b>	Councillor David Watson (Chairman, Overview & Audit Committee)
<b>SUBJECT OF THE REPORT</b>	<b>Annual Governance Statement 2013/14</b>
<b>EXECUTIVE SUMMARY</b>	<p>The purpose of this report is to present the 2013/14 Annual Governance Statement (appended as an Annex to the report). This contains the progress on the implementation of the recommendations of the 2012/13 Annual Governance Statement and to highlight recommendations for 2014/15.</p> <p>The Annual Governance Statement has been based upon the six core principles of good governance set out in the CIPFA/SOLACE guidance (2007, revised and updated 2012):</p> <ol style="list-style-type: none"> <li>1. Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.</li> <li>2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.</li> <li>3. Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.</li> <li>4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.</li> <li>5. Developing the capacity and capability of members and officers to be effective.</li> <li>6. Engaging with local people and other stakeholders to ensure robust public accountability.</li> </ol>
<b>ACTION</b>	Decision.
<b>RECOMMENDATIONS</b>	<ol style="list-style-type: none"> <li>1. That the Annual Governance Statement be approved.</li> <li>2. That the progress on the implementation of recommendations of the previous Annual Governance Statement (Appendix A to the Annual Governance</li> </ol>

	Statement) be acknowledged. 3. That the priorities of the 2014-15 Statement (Appendix B to the Annual Governance Statement) be agreed.
<b>RISK MANAGEMENT</b>	Any risk implications of completion or non-completion of the recommendations are included in the relevant report.
<b>FINANCIAL IMPLICATIONS</b>	There are no direct financial implications arising from the report.
<b>LEGAL IMPLICATIONS</b>	Regulation 4(3) of the Accounts and Audit (England) Regulations 2011 requires the Committee to approve an annual governance statement which must accompany the statement of accounts.
<b>HEALTH AND SAFETY</b>	There are no direct Health & Safety implications arising from the report.
<b>EQUALITY AND DIVERSITY</b>	There are no direct equality and diversity implications arising from this report.
<b>USE OF RESOURCES</b>	<b>Communication and consultation</b> The officers with responsibility for the areas audited have been responsible for supplying the information and responses necessary for this report. <b>Progress monitoring</b> Further updates will be provided at future committee meetings.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	Report to Overview and Audit Committee of the Buckinghamshire and Milton Keynes Fire Authority held on 25 September 2013, Item 8. <a href="http://bucksfire.gov.uk/files/3514/0633/2179/OA260613.pdf">http://bucksfire.gov.uk/files/3514/0633/2179/OA260613.pdf</a> CIPFA / SOLACE 'Delivering Good Governance in Local Government - Guidance Note for English Authorities' <a href="http://www.solace.org.uk/knowledge/reports_guides/goodgovernance-England-2007-02.pdf">http://www.solace.org.uk/knowledge/reports_guides/goodgovernance-England-2007-02.pdf</a>
<b>APPENDICES</b>	Annex - Annual Governance Statement 2013/14. Appendix A to Annex – Progress of Annual Governance Statement 2012/13. Appendix B to Annex – Recommendations for Priorities for 2014/15.
<b>TIME REQUIRED</b>	15 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	Graham Britten, Director of Legal and Governance <a href="mailto:gbritten@bucksfire.gov.uk">gbritten@bucksfire.gov.uk</a> David Skinner, Director of Finance and Assets <a href="mailto:dskinner@bucksfire.gov.uk">dskinner@bucksfire.gov.uk</a>

# Annual Governance Statement 2013/14

## Scope of Responsibility

Buckinghamshire & Milton Keynes Fire Authority is responsible for maintaining a sound system of internal control that supports the achievement of its policies, aims and objectives whilst safeguarding the public funds and organisational assets. There is also a responsibility for ensuring that the Authority is administered prudently and economically and that resources are applied efficiently and effectively, which includes arrangements for the management of risk.

Buckinghamshire & Milton Keynes Fire Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework '*Delivering Good Governance in Local Government*'. This statement explains how Buckinghamshire & Milton Keynes Fire Authority has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2011 in relation to the review of its systems of internal control and the publication of an annual statement on its governance.

## The Purpose of the Governance Framework

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievements of the strategic objectives of Buckinghamshire & Milton Keynes Fire Authority, to evaluate the likelihood of those risks being realised and the impact should they occur, and to manage them efficiently, effectively and economically. The system of internal control has been in place for the year ended 31 March 2013 and up to the date of approval of the Statement of Accounts.

## Annual Governance Statement

The Corporate Governance Framework is available as a publication on our website, in our Policies and Procedures section: [Policies](#)

## The Governance Framework

The governance framework derives from six core principles of good governance set out in the CIPFA/SOLACE guidance which was updated in 2007. The six core principles which underpin good governance are:

1. *Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area*

The Public Safety Plan 2012-17 sets out the detailed future improvements of the services provided by the Authority to the community within the constraints that it faces whilst managing risk. The community was consulted and actively

## Annual Governance Statement 2013/14

encouraged to engage in debating the issues and priorities set out in the plan, allowing the public to hold the Authority accountable for its decisions and actions in an open and transparent manner. The Public Safety Plan is available on our website at: [Public safety plan](#)

A fundamental element of the Public Safety Plan is ensuring service delivery is linked closely to local requirements. A service delivery directorate plan covers the Milton Keynes and Buckinghamshire Area, supported by individual Station Plans. Since the recent re-structure operational staff work within the same teams as their protection and prevention colleagues leading to a more joined-up approach. This has led to notable achievements in helping the most vulnerable people in our communities through the “safeguarding” procedures; working collaboratively internally as well as with local authorities to improve the lives of those most in need of support, and those who most often fall through society’s “safety nets”.

A new 2015–20 Public Safety Plan is under development and will be presented to the Fire Authority for approval in December 2014 following a public consultation. The new plan will supersede the existing 2012-17 plan and take effect from April 2015.

### *2. Members and officers working together to achieve a common purpose with clearly defined functions and roles*

The respective roles and responsibilities for members and officers are set out in the Combination Order (the statutory instrument that formed the Fire Authority in 1997). There are two ordinary committees of the Fire Authority: The Executive Committee, and the Overview & Audit Committee. There are terms of reference for each committee and the role of the lead members has been developed over recent years.

Members of the Fire Authority are also members of either Buckinghamshire County Council or Milton Keynes Council. Some members may also be members of district councils with which we may be working, or voluntary agencies. Members are reminded of their responsibility to declare interests at each meeting. There is a scheme of delegation from the Authority to the Chief Fire Officer and statutory officers. The Chief Fire Officer is also the Chief Executive of the Authority.

The Authority’s Member: Officer Protocol sets out the respective obligations and expectations and contains a reminder of the Authority’s core values. These can be found at the following link: [Member: Officer Protocol](#)

The Authority approved and adopted its current Pay Policy Statement in February 2014 setting out its policies on the remuneration of its chief officers, the remuneration of its lowest paid employees and the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers. This is reviewed at least annually.

## Annual Governance Statement 2013/14

The Authority has identified and recorded all partnership arrangements. All partnerships are the subject of formal agreements ensuring that these articulate legal status; respective liabilities and obligations; governance and audit; dispute resolutions and exit provisions. A review of partnership arrangements has been undertaken.

In Buckinghamshire & Milton Keynes Fire Authority the Chief Finance Officer and Monitoring Officer are both members of the Strategic Management Board, helping to develop and implement strategy and to resource and deliver the organisation's strategic objectives. All material business decisions are taken by the Strategic Management Board (SMB) or by Members. Papers submitted for decision-making purposes must be referred to the Chief Finance Officer and the Monitoring Officer for financial and legal scrutiny prior to any decision being taken. The Chief Finance Officer, supported by the Chief Fire Officer leads the promotion and delivery of good financial management so that public money is safeguarded and used appropriately, economically, efficiently and effectively. This is achieved by a finance team that is suitably resourced, professionally qualified and suitably experienced.

In June 2013 the Authority phased out its externalised committee administration service to enable a more effective, responsive, and corporately beneficial control of committee processes and member support through a dedicated Democratic Services Officer.

A member induction and support programme was put in place which enabled the Authority to assimilate seven new members appointed from its constituent councils in June 2013.

There are nominated lead Members for various work streams and departments. This collaborative approach ensures levels of trust, confidence and awareness constantly improve for the benefit of the public and the service.

*3. Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.*

All senior, middle and supervisory managers have attended a 'Leadership and Management Development Programme' (LMDP) to ensure they understood the values of the organisation and the corporate objectives, as well as equipping managers with the tools necessary to lead the service through change.

Although all staff have job descriptions, this programme has helped explain to all managers the expectations the organisation has in terms of behaviours and not just team and individual outputs.

The programme identified management and leadership behaviours which have been incorporated into the Authority's performance management system (appraisal process). Outcomes from the 2013/14 appraisals were analysed. These included delivery against objectives, career development needs and any identified behavioural gaps. A range of specific behaviours were identified across middle and supervisory management as requiring training: for example

## Annual Governance Statement 2013/14

influence and impact and organisational awareness. These are incorporated into the 2014/15 Authority-wide training needs analysis (TNA).

The outcomes of the LMDP were evaluated in October 2013 to determine the impacts of a significant investment and to inform future leadership and management development requirements.

The maintenance and promotion of high standards of its Members is within the purview of the Overview and Audit Committee.

To ensure legal compliance and to avoid a conflict of interest arising, the Authority retains a panel of ten "Independent Persons" shared amongst five other authorities for the purposes of assisting both an individual member and the Authority itself in the event of an allegation being made that a member has breached the Authority's Code of Conduct.

<http://bucksfire.gov.uk/files/3314/0732/6551/10CODEOFCONDUCT.pdf>

#### *4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk*

To support the service there are structured meetings at all levels within the service, with appropriate delegated authority. Timelines are in place so that SMB and Member meetings will be followed by Directorate and then team meetings to ensure the flow of information throughout the whole organisation. Although this is an evolving process, the culture is steadily changing so that minutes from meetings are available both internally and externally through the website.

Further developments to improve the effectiveness and transparency of decision making within the Service were made following the launch of new internal, officer 'boards' aligned to the Authority committee structure. These comprise:

- A Strategic Management Board, which replaced the previous senior officer meetings and focuses on strategic direction, strategic risk and acts as a gateway to the Fire Authority;
- A Performance Management Board which focuses on in year performance against agreed targets and budgets;
- A Business Transformation Board which focuses on strategic change and project portfolio management.

All Directorates have their own risk registers which are regularly reviewed at Directorate meetings. Corporate risks are reviewed quarterly by the Performance Management Board, monthly by the Strategic Management Board and by Members at each Overview and Audit Committee meeting. An audit of the Authority's corporate risk management processes is scheduled to take place in 2014/15, the findings from which will be used to inform their further development.



## Annual Governance Statement 2013/14

In addition to the development of performance software to improve service delivery, the integrated HR and Finance (SAP) HR system has improved controls identified as weaknesses in previous audits; for example staff absence recording.

This improved control has supported managers significantly improve attendance levels. It also ensures that the management and administration of employee benefits and payments are linked to establishment control through an integrated system with the approved budgets and the financial ledger. The data extraction process from the HR (SAP) system has also improved the provision of management information to support decision making on issues related to workforce planning.

Whilst the technology helps to manage the data it is imperative that quality assurance is in place to ensure open and transparent decisions are made at all levels. For example, the service has undertaken an Equal Pay Audit, the outcomes of which were reported to members. A separate review of the terms and conditions for support services staff was also undertaken and outcomes approved in May 2014.

We have entered into a new shared service arrangement with Royal Berkshire Fire Authority for procurement. The new team are working on the implementation of Contract Management (CMF) and Supplier Relationship (SRF) Frameworks. New software under a national initiative is being piloted and this, alongside the existing electronic ordering technology will ensure a continued and more effective proactive, open and transparent approach to procuring supplies and services. Contract Standing Orders for both Fire Authorities have been aligned to ensure the most cost effective outcome is achieved; all contracts with an estimated value in excess of £50k have to go through a full tender process. Those procedures are kept under regular review to ensure that best value to the taxpayer can be demonstrated.

### *5. Developing the capacity and capability of members and officers to be effective*

When the organisation underwent a re-structure with the arrival of the current senior management team, a great deal of attention was paid to ensuring the reporting lines were relevant and appropriate. A number of policies are in place to support and underpin the "fit for purpose" structure.

These policies have empowered managers to take responsibility and be accountable for their staff issues with HR advice as required.

A key part of the performance monitoring continues to be an individual performance management (appraisal) system which ensures that strategic aims are translated into individual objectives creating a "Golden Thread" throughout the service. This is an evolving process with particular challenges in applying this process to the retained duty system staff who have very limited time available.

## Annual Governance Statement 2013/14

The performance management system also identified training and development needs and these are aggregated into a service wide Training Needs Analysis., The service increasingly benefits from more efficient and effective menu driven training delivery more aligned to budget planning timetables.

With the organisational re-structure there was the opportunity to address gaps in the overall monitoring of performance. The Performance and Evaluation team analyse, audit and review capabilities across the service.

This team is currently reviewing and introducing more robust methodology to evaluate operational performance through station reviews, operational debriefs, incident monitoring, the management of an exercise programme as well as establishing lines of communication with other FRSs to learn from their experiences. The team continue to work alongside the Organisational Development department to ensure that any areas which are identified from incidents and exercises are included in technical and practical assessments within the Development Centre (ADC) process.

SMB has engendered a collegiate approach with Members through holding "Member Workshops" where future options are aired and discussed with Members before a narrower range of formal proposals are taken forward.

### *6. Engaging with local people and other stakeholders to ensure robust public accountability*

In terms of the organisational structure, committee meetings are accessible to the public and the dates are published on the website as are the agendas and committee papers, minutes and decisions.

At a more local, direct level there are many examples of how we engage with the public and ensure public accountability:

- The service regularly reviews its partnerships to ensure they are appropriate and effective for both the organisation and the public.
- Memoranda of Understanding with other fire and rescue authorities and the police when carrying out fire investigation to improve collaborative working and ensure a more consistent approach to the way we investigate fires / arson.
- BMKFRS is a key stakeholder at a strategic level on both the Safer Stronger Bucks Partnership Board and the Safer MK Partnership. Officers are also engaged and involved in practitioner groups and fora where appropriate, ensuring public engagement and safety initiatives are focussed, effective and measured, whilst working with partner organisations with similar goals and objectives.

## Annual Governance Statement 2013/14

### Review of effectiveness

Buckinghamshire & Milton Keynes Fire Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment. The service has used an internal checklist process this year to quantify the degree of understanding and compliance with the governance arrangements in each section of the service. The results of the checklist have fed into the action plan for 2014/15 set out in Appendix A.

In addition, the Chief Internal Auditor's annual report, and comments made by the external auditors (Ernst & Young) the Operational Assessment and other review agencies and inspectorates (referred to earlier), the Overview & Audit Committee are all sources providing scrutiny and recommendations upon which the management have drawn to compile the action plan.

Audits undertaken and assurance opinion:

Audit assignments	Level of assurance that risks material to the achievement of the system's objectives are adequately managed and controlled.			
	Days	Adequacy of controls	Adequacy of compliance	Overall Assurance
Core Financial Controls	30	Substantial	Substantial	Substantial
Treasury Management	10	Substantial	Substantial	Substantial
Fleet Management	5	Reasonable	Reasonable	Reasonable
Control Centre	5	Reasonable	Reasonable	Reasonable
ICT Strategy	10	Reasonable	Reasonable	Reasonable
Asset Management System	10	Reasonable	Reasonable	Reasonable
Follow Ups	10			
Corporate work/Audit Management	10			
<b>Total</b>	<b>90</b>			

## Annual Governance Statement 2013/14

It is a management responsibility to develop and maintain the internal control framework and to ensure compliance. It is the responsibility of Internal Audit to form an independent opinion on the adequacy of the system of internal control.

This opinion should be used as a key strand of the assurance framework which management use to develop their Annual Governance Statement.

The role of the internal audit service is to provide management with an objective assessment of whether systems and controls are working properly. It is a key part of the Authority's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:

- The Fire Authority can establish the extent to which they can rely on the whole system; and
- Individual managers can establish the reliability of the systems and controls for which they are responsible.

This is presented as the Chief Internal Auditor's opinion:

### Opinion on the Fire Authority's Internal Control Environment Summary

In my opinion the system of internal control provides **reasonable** assurance regarding the effective, efficient and economic exercise of the Authority's functions. During 2013/14 there has been further improvement to Bucks & Milton Keynes Fire Authority's system of internal control through the on-going development of policies and procedures covering the key control processes. This demonstrates a positive direction of travel towards very strong and effective internal control and risk management that will facilitate the effective exercise of the Authority's functions.

The audit activity in 2013/14 has demonstrated that the Authority continues to improve and develop corporate governance, and remains focused on creating a strong system of internal control. This can be evidenced by the continued strengthening of key control processes through the on-going development of policies and procedures and has resulted in improved opinion on a couple of the higher-risk audits carried out during the year.

A summary of our assignment outcomes and work completed during the year is shown in the table above. It can be seen that all areas now have as a minimum 'reasonable' assurance with core financial controls and treasury management achieving 'substantial' assurance opinion.

## Annual Governance Statement 2013/14

### Conclusion

As a result of the extensive work undertaken by the management team in reviewing internal structures and reviewing roles and responsibilities as well as the introduction of new systems and processes, working together with the Chief Internal Auditor, the External Auditors and our own Audit Committee a plan (see Appendix B) is in place to address the weaknesses identified and ensure continuous improvement of the governance system is in place. Appendix A: sets out progress against the delivery of the 13/14 Annual Governance Statement action plan.

Further to the Chief Internal Auditor's comments, we propose over the coming year to take steps set out in Appendix B to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.



11/09/2014

Signed: ..... Date.....

Councillor Adrian Busby - Chairman of the Buckinghamshire & Milton Keynes Fire Authority



11/09/2014

Signed: ..... Date.....

Mark Jones - Chief Executive and Chief Fire Officer of the Buckinghamshire & Milton Keynes Fire Authority

## Annual Governance Statement

### Appendix A

#### Significant Governance Issues addressed in 2013/14

	Issue	Action Plan	Lead Officer	RAG Status	Progress	Target Completion Date
1.	<b>Control and management of corporate assets</b>	Further progress ongoing for implementation of asset management system.	Director of Finance and Assets	Green	Completed.	April 2014
2.	<b>Thames Valley Fire Control project</b>	Project board and Member board established. Managerial responsibilities in place, project being monitored up to cut over.	Chief Operating Officer	Green	Completed.	April 2014
3.	<b>Human Resources Review</b>	To be carried out to ensure that organisational structure and service provision is fit for purpose going forward.	Director POD	Green	<p>Detailed HR review progressed September 2014 through to implementation of a revised structure and service delivery model from February 2014, involving employees in helping to shape the requirements, improve efficiency and effectiveness, customer service and value for money.</p> <p>A joint external review of HR and Finance was also undertaken in May and June 2014; a key focus was on the robustness of the improvement plans to deliver high quality services at reduced costs, externally benchmarked.</p>	February 2014

### Annual Governance Statement

4.	<b>Performance Management</b>	<p>To ensure that Appraisals are carried out within prescribed timescales.</p> <p>Recent evidence of personnel not complying with reasonable managerial instruction. To be addressed following outcomes of discipline hearings.</p> <p>Ensure that the framework, policy and procedures are fit for purpose.</p>	Director POD	Green	<p>Guidance note to managers in place and training given. Reports on completed appraisals given to Performance Management Board (PMB).</p> <p>Procedures in place and training given to all managers in respect of case management (discipline and grievances)</p> <p>Guidance relating to driving compliance now in place.</p> <p>Overarching policies agreed in principle and specific procedures in place.</p> <p>A review of the 2013/2014 performance management system (appraisal) is completed and the report presented to the end-September 2014 Strategic Management Board (SMB).</p>	June 2014
5.	<b>Review of Internal Officer Governance.</b>	New meeting structure to be introduced September 2013.	Director of Legal and Governance	Green	New meeting structure launched as planned in September and now embedded. Complete.	September 2013
6.	<b>Review of Partnership Arrangements</b>	A review of the Partnership Framework was completed and Members have approved a new strategic partnership policy	Director of Finance and Assets	Green	Completed March 2013 (formally received and approved at Executive Committee on 14 May 2014)	March 2013

## Annual Governance Statement

### Appendix B

#### Significant Governance Issues to be addressed in 2014/15

	<b>Issue</b>	<b>Action Plan</b>	<b>Lead Officer</b>	<b>Target Date</b>
1	Performance Management System (Appraisal) needs to be fully embedded.	Regular Performance reporting at Performance Board Agree generic On Call objectives and enhance as part of the On Call review.	Head of Human Resources	October 2014 Fully embedded June 2015
2	Review of firefighters pensions administration and oversight.	Review the current administration of the firefighters pension fund and look at securing increased professional expertise and knowledge of the complicated rules governing the scheme. Potentially to move provision of administration from current provider.	Director of Finance and Assets	April 2015
3	Capacity of the organisation to manage change and business as usual.	Corporate Planning process to be reviewed to ensure all day to day activity and business change plans can be accommodated within organisational capacity.	Head of Service Transformation	February 2015
4	Thames Valley Fire Control Service.	A Joint Committee of Members and a tripartite officers' coordination group to oversee the Thames Valley Fire Control Service.	Director of Legal and Governance	December 2014
5	Corporate Risk Management Policy. This has not been formally reviewed since 2010.	Our corporate risk management functions and process were recently reviewed by Internal Audit. The Corporate Risk Management Policy will be reviewed and updated in light of any recommendations made by the auditors with a view to it being approved by the CFA's Overview and Audit Committee.	Corporate Planning Manager	March 2015





# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	24 September 2014
<b>OFFICER</b>	David Skinner, Director of Finance and Assets
<b>LEAD MEMBER</b>	Councillor Andy Dransfield
<b>SUBJECT OF THE REPORT</b>	<b>Audit Plan 2013/14</b>
<b>EXECUTIVE SUMMARY</b>	The audit plan sets out how the appointed auditor intends to carry out their responsibilities as auditor. The purpose of the report is to provide the Committee with a basis to review the proposed approach for the 2013/14 audit.
<b>ACTION</b>	Information.
<b>RECOMMENDATIONS</b>	Members are asked to note the content of the report.
<b>RISK MANAGEMENT</b>	The results of the audit give reassurance regarding entries in the accounts and value for money arrangements.
<b>FINANCIAL IMPLICATIONS</b>	No direct impact.
<b>LEGAL IMPLICATIONS</b>	The audit should be carried out in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Standing Guidance, auditing standards and other professional requirements.
<b>HEALTH AND SAFETY</b>	No direct impact.
<b>EQUALITY AND DIVERSITY</b>	No direct impact.
<b>USE OF RESOURCES</b>	No direct impact.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	None.

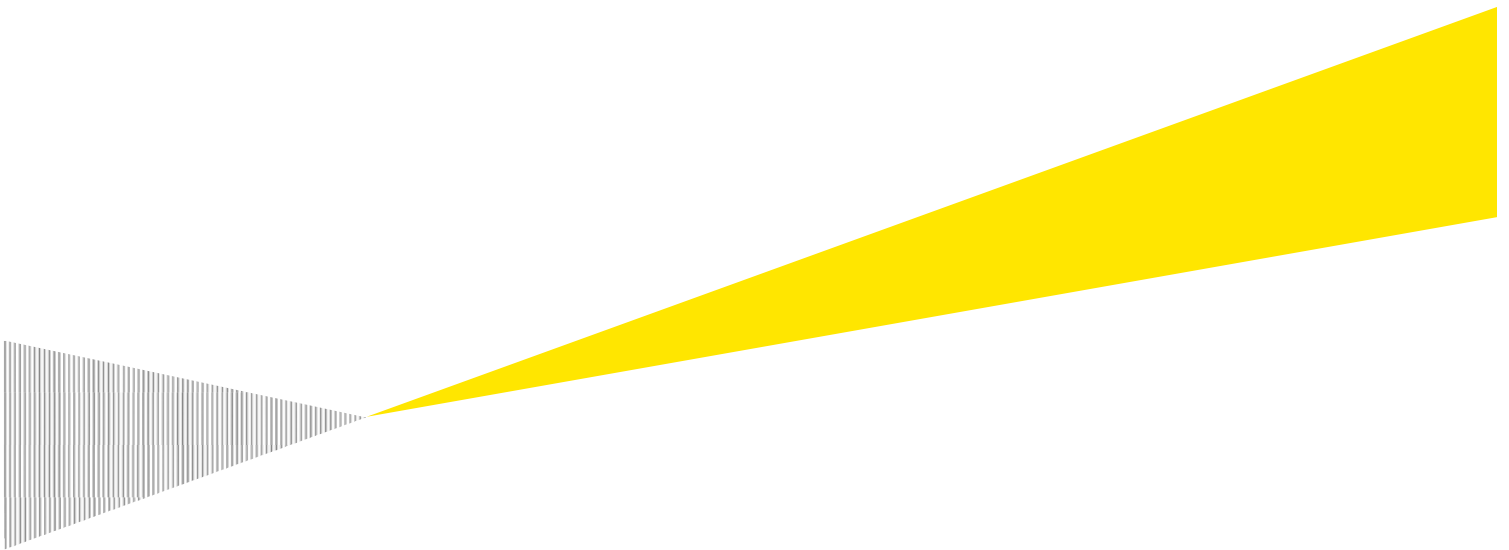
<b>APPENDICES</b>	Annex A: Bucks Fire 13-14 Audit Plan
<b>TIME REQUIRED</b>	10 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	Mark Hemming <a href="mailto:mhemming@bucksfire.gov.uk">mhemming@bucksfire.gov.uk</a> 01296 744687

# Buckinghamshire and Milton Keynes Fire Authority

Year ending 31 March 2014

Audit Plan

March 2014



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Overview and Audit Committee  
Buckinghamshire and Milton Keynes Fire Authority  
Southfields Road  
Kempston  
Bedford  
MK427NR

March 2014

Ref: BMKFA/14-15 Annual Audit Fee  
Your ref:

Direct line: 01582 643186

Email: mwest@uk.ey.com

Dear Members,

## **Audit Plan Buckinghamshire and Milton Keynes Fire Authority (Authority)**

We are pleased to attach our audit plan which sets out how we intend to carry out our responsibilities as auditor. The purpose of this report is to provide the Overview and Audit Committee with a basis to review our proposed audit approach and scope for the 2013-14 audit, in accordance with the requirements of the Audit Commission Act 1998, the Code of Audit Practice, the Standing Guidance, auditing standards and other professional requirements, but also to ensure that our audit is aligned with the Overview and Audit Committee's service expectations.

This report summarises our assessment of the key risks which drive the development of an effective audit for the Authority, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this report with you as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully



Mick West  
Director  
For and behalf of Ernst & Young LLP

Enc

cc  
Councillor D Watson      Chair of the Overview and Audit Committee  
David Skinner              Director of Finance and Assets

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

# 1. Overview

## 1.1 Context for the audit

This audit plan covers the work that we plan to perform in order to provide the Authority with:

- ▶ An audit opinion on whether the Authority financial statements give a true and fair view of its financial position as at 31 March 2014 and of the income and expenditure for the year then ended
- ▶ An audit opinion on whether the firefighters' pension fund financial statements give a true and fair view of the financial transactions of the fund during the year ended 31 March 2014 and the amount and disposition of the fund's assets and liabilities as at 31 March 2014, other than liabilities to pay pensions and other benefits after the end of the scheme year
- ▶ A conclusion on the arrangements to secure economy, efficiency and effectiveness

We will also review and report to the National Audit Office ('NAO'), to the extent and in the form required by them, on your Whole of Government Accounts return.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements
- ▶ Developments in financial reporting and auditing standards
- ▶ The quality of systems and processes
- ▶ Changes in the business and regulatory environment
- ▶ Management's views on all of the above

By considering these inputs, our audit is focused on the areas that matter. And by focusing on the areas that matter, our feedback is more likely to be relevant to the Authority.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.



## **1.2 Our process and strategy**

### **1.2.1 Financial statement audit**

We will apply the concept of materiality in planning and performing our audit, in evaluating the effect of any identified misstatements and in forming our opinions. We carry out an initial assessment of materiality using the financial statements for 2012-13 but will update this when we receive the draft and final financial statements. Our audit is designed to identify errors above materiality.

We aim to rely on the Authority's internal controls in key processes to the fullest extent allowed by auditing standards. We identify the controls we consider important. Where control failures are identified we look for alternative assurance which may involve additional audit work. We report significant deficiencies in internal control to the Overview and Audit Committee.

To the fullest extent permissible by auditing standards, we will seek to place reliance on the work of internal audit wherever possible.

Mick West is the Ernst & Young Director for the audit. Graham West is the Manager and Rama Karia the team leader. All have significant public sector audit experience.

There has been no change to the scope of the audit compared to previous audits.

### **1.2.2 Arrangements for securing economy, efficiency and effectiveness (value for money conclusion)**

We adopt an integrated audit approach such that our work on the financial statement audit feeds into our consideration of the arrangements in place for securing economy, efficiency and effectiveness.

## 2. Financial statement risks

We consider the key strategic and operational risks, and the financial statement risks facing the Authority, identified through our knowledge of its operations, and discussion with officers and the Overview and Audit Committee. We assess how these impact on our audit approach and set out below the key areas of focus for our audit of the financial statements. A significant risk is an identified and assessed risk of material misstatement that, in an auditor's judgment, requires special audit consideration. We identified no significant risks.

### Significant risks (including fraud risks)      Our audit approach

#### Risk description

No significant risks have been identified      ▶ n/a

### Other financial statement risks      Our audit approach

#### Risk of misstatement due to fraud and error

Management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has put in place a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages
- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud
- ▶ Determining an appropriate strategy to address those identified risks of fraud
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks

We will consider the results of the National Fraud Initiative and may make reference to it in our reporting.

### 3. Economy, efficiency and effectiveness

Our value for money conclusion focuses on whether there are proper arrangements in place to secure:

- ▶ Financial resilience
- ▶ Economy, efficiency and effectiveness in the use of resources

For 2013-14 we will meet our value for money duty by:

- ▶ Performing a risk assessment at planning stage
- ▶ Reviewing the Authority's arrangements for characteristics of proper arrangements for the above criteria
- ▶ Performing any additional risk-based work necessary to discharge our value for money responsibilities
- ▶ Performing a risk assessment at the conclusion of the audit

We have not identified any significant risks in our work so far which includes:

- ▶ Discussions with officers
- ▶ Discussions with internal audit
- ▶ Reviewing reports and minutes
- ▶ Reviewing the risk register
- ▶ Our financial statements audit planning
- ▶ Attending the Overview and Audit Committee

At the date of this report we have identified no significant risks that require us to undertake any additional specific risk-based work.

## 4. Our audit process and strategy

### 4.1 Objective and scope of our audit

Under the Audit Commission's Code of Audit Practice (the Code), dated March 2010, our principle objectives are to review and report on, to the extent required by the relevant legislation and the requirements of the Code, the:

- ▶ Authority and firefighters' pension fund financial statements
- ▶ Arrangements for securing economy, efficiency and effectiveness in the use of resources

We issue a two-part auditor's report covering both of these objectives.

#### 4.1.1 Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We will also review and report to the National Audit Office ('NAO'), to the extent and in the form required by them, on your Whole of Government Accounts return.

#### 4.1.2 Arrangements for securing economy, efficiency and effectiveness

The Code sets out our responsibility to satisfy ourselves that the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In arriving at our conclusion, to the fullest extent possible we will place reliance on the reported results of the work of other statutory inspectorates in relation to corporate or service performance. In examining the Authority's corporate performance management and financial management arrangements we have regard to the following criteria and areas of focus specified by the Audit Commission:

- ▶ Arrangements for securing financial resilience – whether the Authority has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future.
- ▶ Arrangements for securing economy, efficiency and effectiveness – whether the Authority is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

### 4.2 Audit process overview

Our financial statements audit involves:

- ▶ Assessing the key internal controls in place and testing the operation of these controls
- ▶ Review and re-performance of the work of internal audit
- ▶ Reliance on the work of other auditors where appropriate
- ▶ Reliance on the work of experts for property valuations and pensions
- ▶ Substantive tests of detail of transactions and amounts.

### 4.2.1 Processes

Our initial assessment across the Authority has identified the following key processes where we will seek to test key controls:

- ▶ Accounts payable
- ▶ Cash and bank
- ▶ Payroll

### 4.2.2 Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of financial data, in particular in respect of payroll and journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests
- ▶ Give greater likelihood of identifying errors than random sampling techniques

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Overview and Audit Committee.

### 4.2.3 Internal audit

We will review internal audit plans and the results of work undertaken. We will reflect the findings from these reports, together with reports from other work completed in the year, in our detailed audit plan, where issues are raised that could impact the year-end financial statements.

### 4.2.4 Mandatory procedures

In addition to the key areas of emphasis outlined we have to perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline the procedures we will undertake during the course of our audit.

***Mandatory procedures required by auditing standards on:***

- ▶ Addressing the risk of fraud and error
- ▶ Significant disclosures included in the financial statements
- ▶ Entity-wide controls
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements
- ▶ Auditor independence.

***Procedures required by the Code on:***

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement
- ▶ Reviewing and reporting on the Whole of Government accounts return, in line with the instructions issued by the NAO

- ▶ Reviewing, and where appropriate, examining evidence that is relevant to the Authority's corporate performance management and financial management arrangements and reporting on these arrangements

### **4.3 Materiality**

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with the Authority its expectations regarding our detection of misstatements in the financial statements.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

ISA (UK & Ireland) 450 (revised) requires us to record all misstatements identified except those that are "clearly trivial". All uncorrected misstatements found above this level will be presented in our year-end report.

### **4.4 Fees**

The Audit Commission has published a scale fee for all authorities. The scale fee is defined as the fee required by auditors to meet statutory responsibilities under the Audit Commission Act in accordance with the Code of Audit Practice 2010. The indicative fee scale for the audit of the Authority is £41,839, which is unchanged from 2012-13.

### **4.5 Your audit team**

The engagement team is led by the Director, Mick West. He is supported by Graham West who has significant public sector audit experience who is responsible for the day-to-day direction of audit work, and who is the key point of contact for the finance team.

### **4.6 Timetable of communication, deliverables and insights**

We have set out below a timetable showing the key stages of the audit, including the value for money conclusion work and the Whole of Government Accounts (WGA); and the deliverables we have agreed to provide through 2014. These dates are determined to ensure our alignment with the Audit Commission's rolling calendar of deadlines.

We will provide a report to the Overview and Audit Committee in September 2014, incorporating the outputs from our year-end procedures. From time to time matters may arise that require immediate communication and we will discuss them with the Authority as appropriate.

Following the conclusion of our audit we will prepare an annual audit letter in order to communicate to the Authority and external stakeholders, including members of the public, the key issues arising from our work.

Audit phase	Timetable	Overview and Audit Committee timetable	Deliverables
High level planning	<b>December 2013</b>	Overview and Audit Committee	Audit fee letter
Risk assessment and setting of scopes	<b>December 2013 - March 2014</b>	Overview and Audit Committee	Audit plan
Testing of routine processes and controls	<b>January - March 2014</b>	Overview and Audit Committee	Interim findings
Year-end audit	<b>July - September 2014</b>	Overview and Audit Committee	Report to those charged with governance  Auditor's report including our opinions on the Authority and firefighters' pension fund financial statements; the conclusion as to whether the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources; and the audit completion certificate
	<b>November 2014</b>		The report to the NAO on WGA  Annual audit letter

## 5. Independence

### 5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> <li>▶ The principal threats, if any, to objectivity and independence identified by Ernst &amp; Young (Ernst &amp; Young) including consideration of all relationships between the you, your affiliates and directors and us</li> <li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review</li> <li>▶ The overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within Ernst &amp; Young to maintain objectivity and independence</li> </ul>	<ul style="list-style-type: none"> <li>▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed</li> <li>▶ Details of non-audit services provided and the fees charged in relation thereto</li> <li>▶ Written confirmation that we are independent</li> <li>▶ Details of any inconsistencies between APB Ethical Standards, the Audit Commission’s Standing Guidance and your policy for the supply of non-audit services by Ernst &amp; Young and any apparent breach of that policy</li> <li>▶ An opportunity to discuss auditor independence issues</li> </ul>

In addition, during the course of the audit, we are required to communicate whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted.

We ensure that the total amount of fees that Ernst & Young and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.



## 5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. However we have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective.

### 5.2.1 Self interest threats

A self interest threat arises when Ernst & Young has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard 4.

At the time of writing we have undertaken no non-audit services, there are no long outstanding fees and there are no other self interest threats.

### 5.2.2 Self review threats

Self review threats arise when the results of a non-audit service performed by Ernst & Young or others within the Ernst & Young network are reflected in the amounts included or disclosed in the financial statements. There are no self review threats at the date of this report.

### 5.2.3 Management threats

Partners and employees of Ernst & Young are prohibited from taking decisions on behalf of management of the Authority. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work. There are no management threats at the date of this report.

### 5.2.4 Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise. There are no other threats at the date of this report.

### 5.2.5 Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that Ernst & Young is independent and the objectivity and independence of Mick West, your audit engagement director and the audit engagement team have not been compromised.

## 5.3 Other required communications

Ernst & Young has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within Ernst & Young for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 29 June 2012 and can be found here: [UK 2013 Transparency Report](#)

## Appendix A Fees

	Planned Fee 2013-14	Actual Fee 2012-13
<b>Total Audit Fee – Code work</b>	<b>£41,839</b>	<b>£41,839</b>

---

The agreed fee presented above is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables
- ▶ We are able to place reliance, as planned, on the work of internal audit
- ▶ The level of risk in relation to the audit of accounts is consistent with that in the prior year
- ▶ No significant changes being made by the Audit Commission to the use of resources criteria on which our conclusion will be based
- ▶ Our financial statements opinions and use of resources conclusion being unqualified
- ▶ Appropriate quality of documentation is provided by the audited body
- ▶ An effective control environment is in place
- ▶ We have no significant issues to report to the NAO on Whole of Government Accounts

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed in advance where possible with the Authority.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

## Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to those charged with governance of audited clients. These are detailed here:

Required communication	Reference
<p><b>Planning and audit approach</b></p> <p>Communication of the planned scope and timing of the audit including any limitations.</p>	Audit plan
<p><b>Significant findings from the audit</b></p> <ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the auditor's report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	Report to those charged with governance
<p><b>Misstatements</b></p> <ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ In writing, corrected misstatements that are significant</li> </ul>	Report to those charged with governance
<p><b>Fraud</b></p> <ul style="list-style-type: none"> <li>▶ Enquiries of those charged with governance to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ A discussion of any other matters related to fraud</li> </ul>	Report to those charged with governance
<p><b>Related parties</b></p> <p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Report to those charged with governance

Required communication	Reference
<p><b>External confirmations</b></p> <ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Report to those charged with governance
<p><b>Consideration of laws and regulations</b></p> <ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of those charged with governance into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that those charged with governance may be aware of</li> </ul>	Report to those charged with governance
<p><b>Independence</b></p> <p>Communication of all significant facts and matters that bear on Ernst &amp; Young's objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>For listed companies, communication of minimum requirements as detailed in the ethical standards:</p> <ul style="list-style-type: none"> <li>▶ Relationships between Ernst &amp; Young, the audited body and senior management</li> <li>▶ Services provided by Ernst &amp; Young that may reasonably bear on the auditors' objectivity and independence</li> <li>▶ Related safeguards</li> <li>▶ Fees charged by Ernst &amp; Young analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees</li> <li>▶ A statement of compliance with the ethical standards</li> <li>▶ Those charged with governance should also be provided an opportunity to discuss matters affecting auditor independence</li> </ul>	<p>Audit plan</p> <p>Report to those charged with governance</p>
<p><b>Going concern</b></p> <p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	Report to those charged with governance

Required communication	Reference
<b>Significant deficiencies in internal controls identified during the audit</b>	Report to those charged with governance
<b>Fee Information</b>	Audit plan
▶ Breakdown of fee information at the agreement of the initial audit plan	Report to those charged with governance
▶ Breakdown of fee information at the completion of the audit	Annual audit letter if considered necessary

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# Buckinghamshire & Milton Keynes Fire Authority

<b>MEETING</b>	Overview and Audit Committee
<b>DATE OF MEETING</b>	24 September 2014
<b>OFFICER</b>	Maggie Gibb, Audit Manager Mick Osborne, Head of Service Transformation
<b>LEAD MEMBER</b>	Councillor David Watson (Chairman, Overview & Audit Committee)
<b>SUBJECT OF THE REPORT</b>	<b>Internal Audit Report: Final Audit Reports</b>
<b>EXECUTIVE SUMMARY</b>	<p>The purpose of this paper is to update Members of the Overview and Audit Committee on the findings of the finalised Internal Audit reports.</p> <p>One report has been finalised since the last meeting.</p> <p>The report is attached in full for the Committee's information. Two reports have been issued in draft since the last meeting, Corporate Governance and Risk Management (2014/15), and will be finalised ahead of the next Committee meeting.</p> <p>This report includes one annex:</p> <p>A: ICT Strategy 2013/14 Final Report</p> <p>The recommendations have all been agreed with management and suitable deadline dates for implementation have been identified. Internal Audit will monitor implementation of the recommendations as they fall due.</p>
<b>ACTION</b>	Information.
<b>RECOMMENDATIONS</b>	That Members note the recommendations raised in the finalised Internal Audit reports.
<b>RISK MANAGEMENT</b>	There are no risk implications arising from this report.
<b>FINANCIAL IMPLICATIONS</b>	The audit work is contained within the 2013–14 budget.

<b>LEGAL IMPLICATIONS</b>	There are no legal implications arising from this report.
<b>HEALTH AND SAFETY</b>	There are no health and safety implications arising from this report.
<b>EQUALITY AND DIVERSITY</b>	There are no equality and diversity implications arising from this report.
<b>USE OF RESOURCES</b>	<b>Communication and progress monitoring</b> All audits, follow up reports and further updates will be submitted to this Committee.
<b>PROVENANCE SECTION &amp; BACKGROUND PAPERS</b>	Internal Audit Plan 2013/14 Internal Audit reports taken to Overview and Audit Committee
<b>APPENDICES</b>	Annex A - ICT Strategy 2013/14 Final Report
<b>TIME REQUIRED</b>	10 minutes.
<b>REPORT ORIGINATOR AND CONTACT</b>	Maggie Gibb – Internal Audit Manager <a href="mailto:mgibb@buckscc.gov.uk">mgibb@buckscc.gov.uk</a>



# AUDIT AND RISK MANAGEMENT

## INTERNAL AUDIT REPORT

# BUCKINGHAMSHIRE & MILTON KEYNES FIRE AUTHORITY

## ICT Strategy

March 2014





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### Audit Control:

<b>Closing meeting:</b>	TBC
<b>Draft report:</b>	25 February 2014
<b>Management responses:</b>	24 March 2014
<b>Final report:</b>	25 March 2014

<b>Auditors:</b>	Rebekah Ibberson Maggie Gibb	Principal Auditor Risk & Insurance Manager
<b>Report Distribution:</b>		
Draft Report	David Tate David Skinner	Knowledge & Information Services Manager Director of Finance and Assets
Final Report as above plus:		Chief Fire Officer Chair, Bucks and Milton Keynes Fire Authority Ernst & Young

## 1. Executive Summary

### 1.1 Overall Audit Opinion

In our opinion **Reasonable** assurance can be provided that relevant risks are effectively identified, managed and controlled.

### 1.2 The overall audit assurance is made up of three supporting judgements:

- a) Our assurance on the adequacy of the risk management techniques employed within the auditable area is **reasonable**. This relates to the extent to which relevant risks have been identified, monitored and managed.
- b) Our assurance on the adequacy of the existing control framework to reduce identified risks to an acceptable level is **reasonable**.
- c) Our assurance on the adequacy of compliance with the existing control framework is **reasonable**.

### 1.3 Following the strategic review, carried out by Cronin Management Consultancy, of Property, Fleet and ICT (June 2012), the business transformation programme for ICT was launched and endorsed in August 2012. An interim ICT Strategy is in place to deliver phase 1 of the Business Transformation Programme October 2012 – March 2013, with a view to updating the strategy by March 2013 and thereafter on an annual basis.

The timescales in the ICT strategy and document itself have not been reviewed in light of the delays in staffing the Knowledge & Information Service and changes in service priorities.

In last year's ICT Strategy audit, the overall audit opinion was Limited. Since then and following the Cronin's review, the ICT service has undergone a restructure with the development of the Knowledge and Information Service (KIS). Despite delays in resourcing KIS, the service have made substantial progress in embedding the new operational model, and are working through the delivery of the authorities priorities as detailed in the ICT Strategy.

### 1.4 In addition to the findings summarised below, we also found the following example of good practice

- The interim ICT Strategy dated March 2013 has been remodelled to deliver the business transformation programme.

### 1.5 Some areas for improvement were identified. Both High recommendations are listed below:

- A monitoring tool should be utilised by the Board to monitor all project activity.

- A Project Management Lead should be in place that provides overall project and programme co-ordination.
- Progress reports should be utilised for all current ICT projects to report on progress against planned timescales and budget, project status (RAG), achievement of milestones, and risks/issues arising.
- The ICT risk register should be reviewed on a more regular basis, at least quarterly.
- The format of the risk register requires review to ensure it meets the Corporate standard, and furthermore, the volume of risks to be included should be reviewed to ensure it is sufficiently focused on the key ICT risks.
- A Data Quality Policy should be in place, approved and made available to relevant personnel.

1.6 Recommendations summary:

In order to provide an assurance on the extent to which the risks identified are managed, our review focussed on the main business objectives within the ICT Strategy.

Progress in implementing these recommendations will be tracked and reported to the Overview & Audit Committee.

Area	Risk	Recommendations		
		High	Medium	Low
ICT Strategy	Timeframes for deliverables are not built into the ICT Strategy.		1	
	There is no overarching monitoring tool to monitor project activity.		1	
	There is no Project Management lead for ICT projects.	1		
	Progress reports are not utilised to monitor ICT projects.	1		
	The person responsible for budgets is not up-to-date.		1	
	ICT risk register is not regularly reviewed and fit for purpose.	1		
Information Governance	Approval of key changes to the organisational structure is not clearly documented in the minutes.			1
Data Quality	There is no Data Quality Policy in place.	1		
<b>TOTAL</b>		<b>4</b>	<b>3</b>	<b>1</b>



The detailed findings are summarised in Section 3 of this report. All findings have been discussed with the Knowledge & Information Services Manager, where relevant, who have agreed the recommendations and produced an action plan to implement them.

- 1.7 There were no aspects of this audit which were considered to have value for money implications for the Authority or which indicated instances of over control. Any relevant findings will have been included in the findings and recommendations section of this report.

## 2. Background

- 2.1 The audit review of ICT Strategy formed part of the agreed audit programme for 2013/14. The review was carried out during quarters 3 and 4.
- 2.2 The ICT Strategy and Implementation area was categorised as high risk as part of the audit needs assessment exercise based on its relative importance to the achievement of the Authority’s corporate objectives. The Authority’s objective for the area is to review the Strategy to provide independent assurance over the controls put in place by Senior Management. The objective of our audit was to evaluate the area with a view to delivering reasonable assurance as to the adequacy of the design of the internal control system and its application in practice. A summary of the scope of this review can be seen in Appendix A.
- 2.3 The outcome of the previous ICT Strategy audit can be summarised as:

Date of last audit:	March 2012	
Overall last audit opinion:	Limited	
Number of recommendations agreed with Management last audit:	High	5
	Medium	3
	Low	2
Follow Up at March 2012: Number of recommendations implemented by Management since last audit:	High	4
	Medium	2
	Low	2
<b>Follow Up at March 2014: Number of recommendations outstanding:</b>	High	1
	Medium	1

The outstanding recommendations have been restated in this report.

- 2.4 The outcome of the previous audits in ICT and followed up in the March 2012 ICT Strategy and still outstanding can be summarised as:

Audit name	ICT Health Check Follow Up	
Date of last audit:	December 2010	
Overall last audit opinion:	Limited	
Number of recommendations outstanding:	High	1
	Medium	2
<b>Follow Up at March 2014: Number of recommendations outstanding:</b>	Medium	2



Audit name	ICT Governance Follow Up	
Date of last audit:	June 2011	
Overall last audit opinion:	Limited	
Number of recommendations outstanding:	High	4
<b>Follow Up at March 2014: Number of recommendations outstanding:</b>	High	2 <i>These will be followed up as part of the Asset Management Audit</i>

### 3. Recommendations and Action Plan

The control description column details the actual controls that should be established to mitigate identified risk. The Findings & Consequences column details the results of analysis and tests carried out.

The priority of the findings and recommendations are as follows:

- High** immediate action is required to ensure that the objectives for the area under review are met.
- Medium** action is required within six months to avoid exposure to significant risks in achieving the objectives for the area under review.
- Low** action advised within 9 months to enhance control or improve operational efficiency.

	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
<b>Key Risk Area</b>		<b>ICT Strategy</b>			
1	Timeframes for deliverables are built into the ICT Strategy.	<p>Following the strategic review of Property, Fleet and ICT reported on the June 2012, the business transformation programme for ICT was launched and endorsed in August 2012. An interim ICT Strategy is in place to deliver phase 1 of the Business Transformation Programme October 2012 – March 2013, with a view to updating the strategy by March 2013 and thereafter on an annual basis.</p> <p>It was intended that the ICT Strategy was to be a dynamic document to be updated annually.</p>	ICT Strategy and project deliverables and timeframes to be reviewed and updated.	Medium	<p><b>Recommendation Agreed:</b> Yes</p> <p><b>Response:</b> An updated ICT Strategy has been produced and will be submitted to the March 2014 Business Transformation Board prior to being tabled at the April Strategic Management Board and the May Executive Committee. It was scheduled to be submitted to the boards a month earlier, but the April Executive Committee was cancelled.</p>





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ICT Strategy – Internal Audit Report**

	<b>Control description</b>	<b>Findings &amp; Consequences</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Management Response and Action Plan</b>
		<p>The ICT Strategy has not been updated or reviewed since endorsement, and the subsequent restructuring of ICT to the Knowledge and Information Service in July 2013.</p> <p>The delivery of the strategy has been impacted by delays in recruiting staff to the Knowledge and Information Management structure.</p> <p>The timeframes for the ICT Strategy and projects were adjusted, but as appointments never materialised these have not been re-adjusted again. Once the ICT structure is fully staffed then the adjustments to timeframes should be made.</p> <p>Where the ICT Strategy has not been reviewed on an annual basis there is a risk that the framework for project deliverables and timeframes is not in alignment, is out-of-date, or not fit-for-purpose.</p>			<p><b>Who to be actioned by:</b> Knowledge and Information Service Manager</p> <p><b>When to be actioned by:</b> March 2014</p>
2	A work plan has been developed to prioritise	A work plan has been developed to prioritise ICT projects and is	The work plan, Gantt charts or similar monitoring	Medium	<b>Recommendation Agreed:</b> Partially

	<b>Control description</b>	<b>Findings &amp; Consequences</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Management Response and Action Plan</b>
	ICT projects.	<p>utilised by the Knowledge &amp; Information Services Manager to plan resources.</p> <p>Audit noted that the Business owner, Project Manager and tracking of the delivery of projects to project timescales are not populated on the spread sheet. Projects are monitored individually by Project Managers and reported to the Board. There is no overarching monitoring tool utilised by the Board to monitor all ICT projects.</p> <p>Where there is no overarching monitoring of the strands of project activity, there is a risk that the delivery of the ICT Strategy may slip.</p>	<p>tool should be utilised by the Board as an overarching monitoring tool to monitor all project activity. It should clearly detail the Business Owner and Project Manager for all projects.</p>		<p><b>Response:</b> Current project/programme co-ordinating resource levels restrict the amount of time available to undertake this activity significantly beyond what is currently being done. There is a recognition that more needs to be done in this area and how we resource this is being discussed by the Business Transformation Board along with recommendation 3.</p> <p><b>Who to be actioned by:</b>  Knowledge and Information Service Manager</p> <p><b>When to be actioned by:</b>  Progress to be reviewed June 2014</p>
3	There is a Project Management lead for ICT projects.	<p>There is no Project Management lead for ICT projects across the authority. Individual projects are managed by Project Leads who report individually on progress to</p>	<p>A Project Management Lead should be identified who provides overall project and programme co-ordination.</p>	High	<p><b>Recommendation Agreed:</b> Yes</p> <p><b>Response:</b> This is currently under discussion at the Business</p>

	<b>Control description</b>	<b>Findings &amp; Consequences</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Management Response and Action Plan</b>
		<p>the Board. There is no Project Management Lead who monitors the overall governance, progress and slippage of ICT projects.</p> <p>The Knowledge and Information Services Manager has identified and raised the gap in a Project Management Lead to the Board, but there is currently no interim or permanent solution to this issue.</p> <p>Where there is no Project Management lead/co-ordination/monitoring in place, there is a risk that project deliverables may slip, and there is no effective governance to highlight/address the issue which may impact on the delivery of the ICT Strategy.</p>			<p>Transformation Board</p> <p><b>Who to be actioned by:</b></p> <p>Knowledge and Information Service Manager</p> <p><b>When to be actioned by:</b></p> <p>Progress to be reviewed June 2014.</p>
4	<b>Expected control:</b> Standard project methodology is utilised to monitoring ICT projects.	Standard project methodology is not followed for monitoring ICT projects. Gantt charts or a similar tool (as developed by the KIS Manager, see finding 2) are not utilised to monitor all ICT projects across the authority and the amount of work done and completed in relation to the amount planned for those	<p>See recommendation in finding 2.</p> <p>Progress reports should be utilised for all current ICT projects to report on progress against planned timescales and budget, project status (RAG), achievement of milestones, and</p>	High	<p><b>Recommendation Agreed:</b> Partially</p> <p><b>Response:</b> Progress reports are utilised for ICT projects where their size and complexity warrants it and examples of this have been provided during the Audit. It is Management's view that to apply this level of</p>

	<b>Control description</b>	<b>Findings &amp; Consequences</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Management Response and Action Plan</b>
		<p>periods.</p> <p>Furthermore, we noted that project progress reports are not provided to the Business Transformation Board detailing progress on each current ICT project. As such, it is not possible to ascertain progress/slippage on project milestones, deliverables and timescales.</p> <p>Despite the projects reviewed at the time of audit not being “large” projects, and not of a sufficient size to warrant the application of full project methodology, there is an absence of overarching project monitoring mechanism to mitigate the risk stated below.</p> <p>Where progress reports are not utilised, there is a risk that the overarching governance of projects is weak and may result in inadequate challenge should projects slip, overspend, and/or do not deliver project objectives.</p>	risks/issues arising.		<p>project reporting to all projects, including smaller/less complex projects would be disproportional. Never the less, management accept that the Service would benefit from greater levels of project reporting. As noted in the findings, this is related to recommendation 2 and also relates to recommendation 3.</p> <p><b>Who to be actioned by:</b></p> <p>Knowledge and Information Service Manager</p> <p><b>When to be actioned by:</b></p> <p>Progress to be reviewed June 2014.</p>
5	Budgets are in place for capital projects.	From review of the ICT revenue and capital budgets we noted that two of the revenue cost centres, in the person	The person responsible field will be updated with the cost centre manager.	Medium	<p><b>Recommendation Agreed:</b> Yes</p> <p><b>Response:</b></p>



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	<b>Control description</b>	<b>Findings &amp; Consequences</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Management Response and Action Plan</b>
		<p>responsible field had an officer who has now left the authority and requires updating. One of these cost centres is overspent.</p> <p>Where the cost centre manager in SAP is not up-to-date there is a risk that there is no clear accountability and monitoring of the budgets.</p>			<p>This will be done</p> <p><b>Who to be actioned by:</b> Knowledge and Information Service Manager</p> <p><b>When to be actioned by:</b> April 2014</p>
6	ICT risk register is in place.	<p>From review of the ICT risk register we noted that it does not follow the same format as the Corporate risk register in terms of the following:</p> <ul style="list-style-type: none"> <li>- Frequency of review: the ICT risk register is reviewed every 6 months, whereas the Corporate risk register is reviewed monthly at Strategic Management Board and quarterly at the Performance Management Board and CFA Overview and Audit Committee.</li> <li>- Format: unlike the Corporate risk register, the ICT risk register does not state the</li> </ul>	<p>The ICT risk register should be reviewed on a more regular basis, at least quarterly.</p> <p>The format of the risk register requires review to ensure it meets the Corporate standard, and furthermore, the volume of risks to be included should be reviewed to ensure it is sufficiently focused on the key ICT risks.</p>	High	<p><b>Recommendation Agreed:</b> Yes</p> <p><b>Response:</b> This will be done</p> <p><b>Who to be actioned by:</b> Knowledge and Information Service Manager</p> <p><b>When to be actioned by:</b> April 2014</p>

	<b>Control description</b>	<b>Findings &amp; Consequences</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Management Response and Action Plan</b>
		<p>responsibility/owner of the risk, the consequences if the risk occurs, and the risk RAG rating.</p> <ul style="list-style-type: none"> <li>- Volume of risks: the Corporate risk register has 4 risks, and the ICT risk register has 152, which is unwieldy.</li> </ul> <p>Where the ICT risk register is not being reviewed on a regular basis, there is a risk that new and emerging risks may not be identified and appropriately mitigated for, and actions taken to reduce current risks is not effective. This may impact on the delivery of the ICT Strategy.</p>			
	<b>Key Risk Area</b>	<b>Information Governance</b>			
7	Minutes are available of the Business Transformation Programme Board.	<p>From review of the minutes of the Business Transformation Programme Board we found no evidence of the Knowledge and Information Service structure being approved.</p> <p>Where decisions are not clearly documented there is a risk that approval of strategic decisions is not clear and may be subject to future challenge.</p>	Approval of key changes to the organisational structure is clearly documented in the minutes.	Low	<p><b>Recommendation Agreed:</b> Yes</p> <p><b>Response:</b> BTPB were fully sighted on the proposals but the decision to approve a new structure rested with SMB due to the multi disciplinary and multi directorate impact.</p> <p><b>Who to be actioned by:</b></p>



**Buckinghamshire and Milton Keynes Fire Authority  
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	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
					Director of Finance and Assets  <b>When to be actioned by:</b>  Actioned
<b>Key Risk Area</b>		<b>Data Quality</b>			
8	<b>Expected control:</b> There is a Data Quality Strategy in place.	A Data Quality Guide was put in place in November 2011 as an interim measure until the introduction of a Data Quality Strategy. To date, the resources to develop a Data Quality Strategy has not been in place to complete this work  Where there is no Data Quality Strategy in place the expectations and ownership for data quality throughout the organisation are not clear.	Each department will document their processes for managing data and detail the measures they have in place to ensure data quality. This work will feed into an overall Data Quality Strategy.	High	<b>Recommendation Agreed:</b> Yes  <b>Response:</b> This may be addressed as part of the Information Governance Strategy rather than a stand-alone Data Quality Strategy.  <b>Who to be actioned by:</b> Information Governance & Compliance Manager  <b>When to be actioned by:</b> July 2014
<b>Key Risk Area</b>		<b>Follow Up previous audit recommendations</b>			
<b>Previous audit name: ICT Strategy audit March 2012</b>					
9	The strategy document does not address all relevant aspects.	<b>Re-stated finding</b> Objectives specified in the strategy document do not have “SMART” characteristics. For some objectives it is not clear what actions should be taken to	<b>Re-stated recommendation</b> Objectives should be reviewed to ensure they are appropriately specific and quantitative so that	Medium	<b>Recommendation Agreed:</b> No  <b>Response:</b> A new ICT Strategy was developed in 2012/2103

	<b>Control description</b>	<b>Findings &amp; Consequences</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Management Response and Action Plan</b>
		<p>ensure they are achieved. Examples are: "ICT systems will be compatible. The number of systems in use will be the minimum necessary. Systems will be more stable and access faster."</p> <p>This will result in difficulty in setting targets and measuring achievement against agreed strategy objectives. Effective monitoring may not be possible. Objectives should be reviewed to ensure they are appropriately specific and quantitative so that achievement against them can be monitored.</p>	achievement against them can be monitored.		<p>which sets out the a series of projects aimed at addressing:</p> <ul style="list-style-type: none"> <li>- 34 key issues</li> <li>- 38 Strategic Business Requirements</li> </ul> <p>49 desired outcomes</p> <p>Spanning 'strategy', 'Customers', 'People', 'Processes' and 'Technology'.</p> <p>It is management's view that this provides sufficiently clear objectives from a high level strategic perspective and that these objectives are sufficiently measurable.</p> <p><b>Recommendation will be withdrawn due to compensating control.</b></p>
10	IT Service performance is not monitored.	<p><b>Re-stated finding</b></p> <p>Performance monitoring is undertaken to monitor the number of ICT service desk calls in breach of the SLA. This does not include the length of time elapsed before a call has been resolved.</p>	<p><b>Re-stated recommendation</b></p> <p>Directorate management should identify key performance indicators for ICT, instigate processes to measure actual performance and provide reports that will enable</p>	High	<p><b>Recommendation Agreed:</b> Partially</p> <p><b>Response:</b> Formal monitoring and reporting of ICT service performance does take place and the management information used to do this</p>



	<b>Control description</b>	<b>Findings &amp; Consequences</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Management Response and Action Plan</b>
		<p>Performance monitoring is yet to be developed for all of the Knowledge &amp; Information Services deliverables, due to delays in staffing and embedding the new KIS working model. Furthermore, formal KPI's are yet to be developed for Directorates to be monitored by senior management</p> <p>There is a risk that there is no formal monitoring or reporting carried out of service quality / performance. Services may fail to meet required standards. Actions required to bring services to the required level may not be taken.</p>	senior management to monitor key areas of ICT performance.		<p>has been provided during the Audit. Management accept that new KPI's could be developed and reported against. The last post to be filled from the June 2013 KIS restructuring is the post of KIS Customer Services manager. This post will start in March 2014 and, with the KIS Manager, will consider what improvements could be made to ICT performance measures.</p> <p><b>Who to be actioned by:</b> Knowledge and Information Service Manager and the KIS Customer Services Manager</p> <p><b>When to be actioned by:</b> Dec 2014</p>
<b>Previous Audit Name : ICT Health Check Follow up December 2010</b>					
11	There is a lack of segregation of duties within the ICT Department.	<p><b>Re-stated finding</b> Management should ensure that controls are implemented to compensate for the lack of segregation of duties within the ICT Department. These could include formal reviews of system logs or the review of work</p>	<p><b>Re-stated recommendation</b> The logging server was included in the ICT Strategy and approved as part of the 2011/12 Capital programme. The server has now been procured</p>	Medium	<p><b>Recommendation Agreed:</b> Yes</p> <p><b>Response:</b> The logging server will be operational following work currently being undertaken</p>

	<b>Control description</b>	<b>Findings &amp; Consequences</b>	<b>Recommendation</b>	<b>Priority</b>	<b>Management Response and Action Plan</b>
		<p>performed by technicians on a sample basis.</p> <p><b><u>Management update:</u></b> There is now a segregation of duties in place for IT procurement. The logging server system is in the ICT Strategy but has not yet been procured.</p>	<p>but not yet implemented.</p> <p><b><u>Audit update:</u></b> The logging server system should be utilised and form part of operational business activity.</p>		<p><b>Who to be actioned by:</b> Dave Thexton</p> <p><b>When to be actioned by:</b> June 2014</p>
12	There is no approved ICT SLA agreement in place.	<p><b><u>Re-stated finding</u></b> Management should review and update the existing ICT SLA in conjunction with relevant stakeholders to ensure that the agreement is up to date and meets the needs of the business. Once the agreement has been agreed, it should be formally approved and distributed to relevant personnel.</p> <p><b><u>Management update:</u></b> There is a draft SLA under consultation but this has not yet been agreed.</p>	<p><b><u>Re-stated recommendation</u></b> Once the ICT Service Level Agreement has been agreed by stakeholders it should be formally approved and distributed to relevant personnel.</p>	Medium	<p><b>Recommendation Agreed:</b> Partially</p> <p><b>Response:</b> An SLA does exist and fault resolution is measured against these targets. However a more extensive SLA for Service Delivery support is currently with Service Delivery management for their agreement.</p> <p><b>Who to be actioned by:</b> Mick Osborn</p> <p><b>When to be actioned by:</b> August 2014</p>

## Appendix A

### AUDIT SCOPE AND FRAMEWORK

#### 4. Specific Audit Scope

- 4.1 We have evaluated the area against the following identified risks which we agreed with management:

##### Area 1: ICT Strategy

- The ICT Strategy is not aligned with Corporate objectives.
- The ICT Strategy does not support the achievement of Service objectives.
- Plans for the delivery of the ICT Strategy are not clearly defined.
- Adequate resources are not available to deliver the ICT Strategy.
- Targets for delivery of components of the ICT Strategy are not met.
- Risks to the achievement of the Strategy have not been identified or managed.

##### Area 2: Information Governance

- There is no effective ICT Governance Framework in place.
- Decisions are not transparent and subject to effective scrutiny and the management of risk.
- Policies, Strategy and direction are not consistently applied.
- There is no sponsorship and ownership of ICT projects.

##### Area 3: Data Quality (To be covered as a separate audit as part of the 2014/15 audit plan)

##### Area 4: Follow Up previous audit recommendations

- Previously agreed management actions may not be adequately implemented leading to risks not being effectively managed.

- 4.2 Following preliminary risk assessments, the following processes were not included within the scope of this review and will be considered for inclusion within future audits of the area:

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| <ul style="list-style-type: none"><li>• None identified.</li></ul> |
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**5. Audit Methodology and Opinions**

- a. The audit was undertaken using a risk-based methodology in a manner compliant with the CIPFA Code of Practice. The audit approach was developed with reference to the Internal Audit Manual and by an assessment of risks and management controls operating within each area of the scope. Where we consider that a risk is not being adequately managed, we have made recommendations that, when implemented, should help to ensure that the system objective is achieved in future and risks are reduced to an acceptable level.
- b. The matters raised in this report are only those, which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the risks that exist or all improvements that might be made.
- c. Each audit will result in an overall ‘audit assurance’. A detailed summary will be provided to the Overview and Audit Committee for all ‘limited’ assurance opinion reports. The range of audit opinions is outlined below:

<b>ASSURANCE</b>	<b>SUBSTANTIAL</b>	<b>REASONABLE</b>	<b>LIMITED</b>
<b>Adequacy of risk management techniques employed within the area.</b>	Thorough processes have been used to identify risks. Action being taken will result in risks being mitigated to acceptable levels. No more monitoring is necessary than is currently undertaken.	The action being taken will result key risks being mitigated to acceptable levels. Some additional monitoring is required.	No action is being taken, OR insufficient action is being taken to mitigate risks. Major improvements are required to the monitoring of risks and controls.
<b>Adequacy of the existing control framework to reduce identified risks to an acceptable level.</b>	Controls are in place to give assurance that the system’s risks will be mitigated.	Most controls are in place to give assurance that the system’s key risks will be managed but there are some weaknesses.	The control framework does not mitigate risk effectively. Key risks are not identified or addressed.
<b>Adequacy of compliance with the existing control framework.</b>	The control framework is generally complied with. Emerging risks are identified and addressed in a timely manner.	Compliance with the control framework mitigates risk to acceptable levels, except for the risks noted.	Compliance is poor so risks are not being mitigated to acceptable levels and it is probable that some objectives will not be, OR are not being achieved.

- d. The responsibility for a sound system of internal control rests with management. Internal audit procedures are designed to focus on areas identified by management as being of greatest risk and significance. Effective implementation of our recommendations by management is important for the maintenance of a reliable internal control system.