BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY
BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE

Director of Legal & Governance, Graham Britten
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Chief Fire Officer and Chief Executive
Jason Thelwell

To: The Members of the Overview and Audit Committee

2 March 2015

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 11 March 2015 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

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; and

   other 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; and

   other 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 3 December 2014 (Item 2) **(Pages 7 - 12)**

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.   Protocol on Member and Officer Relations

To consider Item 5 **(Pages 13 - 30)**

6.   2013/14 Statement of Assurance

To consider Item 6 **(Pages 31 - 54)**

7.   Corporate Risk Management Policy

To consider Item 7 **(Pages 55 - 72)**

8.   Corporate Risk Management

To consider Item 8 **(Pages 73 - 82)**

9.   Injury Awards: verbal update

To receive an update on progress against recommendations from the injury awards final report.

10.   Internal Audit Reports:

(a)   Internal Audit Report: Update of progress of the Annual Audit Plan (Pages 83 - 86)

To consider Item 10(a)

(b)   Internal Audit Report: Final Audit Report Corporate Governance 2014/15 (Pages 87 - 110)

To consider Item 10(b)

(c) **Internal Audit Report: Draft Internal Audit Strategy and Annual Plan 2015/16 (Pages 111 - 120)**

To consider Item 10(c)

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

Minutes of the meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 3 DECEMBER 2014 at 10.00 am

Present: Councillors Bendyshe-Brown, Chilver, Exon, Glover, Huxley, Mallen and Watson (Chairman)

Officers: J Thelwell (Chief Operating Officer), D Skinner (Director of Finance and Assets), G Britten (Director of Legal and Governance), M Gibb (Internal Audit Manager), J Parsons (Head of Service Delivery), K McCafferty (Head of Human Resources), S Gowanlock (Corporate Planning Manager), G Barry (Information Governance and Compliance Manager) and K Nellist (Democratic Services Officer)

Apologies: Councillors Vigor-Hedderly and Wilson

0A17   MINUTES

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 24 September 2014, be approved and signed by the Chairman as a correct record.

0A18   CORPORATE RISK MANAGEMENT

The Corporate Planning Manager introduced the report and advised members that there had been some changes to the risk register since it was last reviewed by the Overview and Audit Committee on 24 September 2014. There had been one risk removed and a new risk added.

The fit for purpose restructure/organisation change programme had been removed, but would be monitored at directorate level within the People and Organisational Development Risk Register.

There was also the addition of an emerging risk to control room continuity of service following the delay to the Thames Valley Control implementation. This risk was still under evaluation and pending scoring.

The scoring in relation to staff availability had not changed, but had been left at a probability of 5 (extremely likely) and impact of 3, in light of the on-going industrial action by the Fire Brigade's Union (FBU) in relation to the pension dispute. A new period of 24 hour strike action had been called for the 9 December from 9am.

At the last meeting members had discussed recent cyber-attacks and the Corporate Planning Manager advised there had been a recent attack on Shropshire and Wrekin's Fire Authority's website.

The Information Governance and Compliance Manager asked members to note the scoring on the risk register had not changed as new risks emerged. Up until this year fire and rescue services had not been targeted in domestic attacks as nationally they were held in high regard, but internationally fire and rescue services were looked on as a government agency and could be vulnerable to attack.

In response to an attack on Shropshire and Wrekin's Fire Authority's website a risk assessment of the security of the Authority's website was undertaken. The Authority's website was hosted externally and the providers were confident their systems would repel any attack. However, as any sufficiently determined attack was likely to be successful, the Authority's systems were continuously monitored to ensure that in the event of an attack, they could be restored speedily.

In answer to a question regarding how negligent the Authority would have to be to incur a potential fine of up to £500k per breach from the Information Commissioner's Office, members were advised it would mean being aware of a potential risk to people's personal data and taking inadequate measures to protect it.

In answer to a question asking when the Thames Valley Control project would be included on the risk register, it was advised that it would be very soon once an evaluation had been completed.

The Chief Operating Officer advised that the Thames Valley Fire Control project had been delayed due to issues with BT Openreach cabling. Councillors Dransfield and Reed would be attending a meeting on 18 December to find out further information on the delay.

In answer to a question asking whether the delay was costing the Authority money, it was advised that it was, and a report would be going to the Fire Authority meeting on 17 December 2014.

RESOLVED –

That the status report on identified corporate risks be noted.

OA19   **INTERNAL AUDIT REPORT: UPDATE OF PROGRESS OF THE ANNUAL AUDIT PLAN**

The Internal Auditor advised members that the purpose of the report was to update members on the progress of the internal audit annual plan; work was progressing on the 2014/15 plan with one audit at final report stage and one at draft report stage. Follow ups had been completed and would be reported separately.

Work had started on the remaining Q3 audits, which in agreement with the Senior Management Team would commence in December 2014. Planning was also underway for the Core Financials audit and ICT Strategy audit which would start in January.

RESOLVED –

That the progress on the Annual Internal Audit Plan be noted.

OA20   **INTERNAL AUDIT REPORT: RISK MANAGEMENT 2014/15**

The Internal Audit Manager advised members that this was the final report for the risk management audit completed recently. It was the first time risk management had been looked at separately, as previously it had been included in the Corporate Governance audit.

It had been given a 'substantial' level of assurance, with good robust processes in place and clear processes for escalation of risk. Members of this Committee discuss the corporate risk register on a regular basis, but this audit looked at the processes below the corporate risk register.

There were three medium priority recommendations, two of which had already been implemented and the third was due to be implemented by March 2015.

RESOLVED –

That the recommendations within the report be noted.

OA21   **INTERNAL AUDIT REPORT: UPDATE OF PROGRESS OF AUDIT RECOMMENDATIONS**

The Internal Audit Manager stated the purpose of the report was to update members on the progress of the implementation of audit recommendations made as at 17 November 2014.

The Committee noted that out of the 26 recommendations arising from the various audit reports, 21 had been fully implemented and 5 were on track but not yet due to be implemented. There were no outstanding recommendations at this time.

Members were advised that the ICT Strategy report had been brought to the previous meeting, there had been eight recommendations that needed to be followed up, these had all been actioned, which was very positive.

In answer to a question regarding there being no movement on the implementation of recommendations arising from the audit of treasury management, the Internal Auditor explained that the date had been extended to allow for a rewrite of the Financial Instructions.

RESOLVED –

That the progress on the implementation of recommendations be noted.

OA22   ANNUAL AUDIT LETTER

The Director of Finance and Assets advised that the purpose of the Annual Audit Letter was to communicate to members and external stakeholders, including members of the public, the key issues arising from the audit, which the auditors consider should be brought to their attention.

The Director of Finance and Assets advised members that this would normally be the conclusion of the audit, but with some outstanding items still on going the certificate of closure had not yet been issued.

The Director of Finance and Assets advised members that there was nothing new in this report; it was just a summary of all the events over the course of the year and sets out in the executive summary the progress of the audit process.

The Director of Finance and Assets informed members that as work was still progressing and the audit completion certificate had yet to be issued (due to the Audit Director's concerns in relation to provision for payment to DCLG of injury compensation), there was not a final audit fee, but when it was concluded the Authority would be negotiating to ensure the fee was reasonable.

Members were informed that officers had written to civil servants at DCLG requesting them to assert the basis on which the DCLG was legally entitled to claim reimbursement; this had been followed by a letter to the Fire Minister in November. Until a decision had been made by the DCLG there was no legal basis to pay money.

A question was asked as to what would happen if this issue carried on into the following year, the Director of Finance and Assets felt that the provision would remain and the Auditor would take a view as to whether to close the 2013/2014 accounts and leave the 2014/2015 years open.

The Chairman felt there was potentially a reputational risk to the Authority if the accounts were not closed.

The Director of Finance and Assets advised members that there was a meeting on the 19 December for all fire and rescue services affected to get together and discuss the matter.

A member asked that it be noted that he felt the auditor should issue the completion certificate, if not by the December meeting, by the February one.

The members expressed their disappointment that the Audit Director had not attended the meeting and requested that the reason for his absence be ascertained.

RESOLVED –

That the Annual Audit Letter be noted.

OA23   **DATE OF NEXT MEETING**

The Committee noted that the next meeting of the Committee would take place on Wednesday 11 March 2015 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 10.45 AM

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2015
OFFICER	Graham Britten, Director of Legal and Governance
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	**Protocol on Member and Officer Relations**
EXECUTIVE SUMMARY	The purpose of the report is for the Overview and Audit Committee to review and approve revisions to the Protocol on Member:Officer Relations (**Appendix 1**) for adoption by the Authority. The first Protocol on Member:Officer Relations for the Authority was adopted by the Authority at its meeting on 20 April 2011 following recommendations from its Standards Committee. The Protocol requires that it be reviewed on a four-yearly cycle. There are no substantive amendments. The amendments (shown by ~~deletion~~ and <u>insertion</u>) reflect the transfer of functions from the Standards Committee to the Overview and Audit Committee and changes in nomenclature.
ACTION	Decision.
RECOMMENDATIONS	It is recommended that the revised Protocol on Member:Officer Relations be approved and recommended to the Authority for adoption.
RISK MANAGEMENT	Failure to have an established protocol that clarifies member and officer roles could place members and officers at risk of compromising their respective positions.
FINANCIAL IMPLICATIONS	There are no financial implications arising from this report.
LEGAL IMPLICATIONS	The recommendation that local authorities have in place a Member:Officer protocol derives from the Third Report of the Committee on Standards of Conduct in Public Life: "*Standards of Conduct in Local Government in England, Scotland and Wales*" 1997. Common law has established that if the actions of an individual member adversely affect the ability of an officer to execute his or her contract of employment it can undermine the implied contractual obligation of

	trust and confidence for which the Authority may be vicariously liable (for which compensation might be payable). The promulgation of a Member:Officer protocol is a practical measure to mitigate the Authority from vicarious liability.
HEALTH AND SAFETY	There are no health and safety implications arising.
EQUALITY AND DIVERSITY	There are no equality or diversity implications arising.
USE OF RESOURCES	It is proposed to maintain a quadrennial review.
PROVENANCE SECTION & BACKGROUND PAPERS	THE THIRD REPORT OF THE COMMITTEE ON STANDARDS IN PUBLIC LIFE (Chairman Lord Nolan) July 1997 Recommendation 20 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/336864/3rdInquiryReport.pdf ITEM 9 MEMBER OFFICER PROTOCOL – STANDARDS COMMITTEE MEETING, 6 SEPTEMBER 2010 http://www.bucksfire.gov.uk/BucksFire/How+we+make+decisions/Minutes+and+Meetings/2010StandardsCommittee.htm Minutes of the meeting of the STANDARDS COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on MONDAY 7 MARCH 2011 (recommending adoption of the Member:Officer protocol) http://bucksfire.gov.uk/files/7714/0993/3485/SC060911.pdf Minutes of the meeting of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 20 APRIL 2011 (adoption of the Member:Officer protocol) http://bucksfire.gov.uk/files/2114/0628/6311/BMKFA080611.pdf Minutes of the meeting of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 13 JUNE 2012 (dissolution of the Standards Committee) http://bucksfire.gov.uk/files/7714/0628/2342/BMKFA270912.pdf
APPENDICES	Appendix 1: Revised Protocol on Member and Officer Relations
TIME REQUIRED	10 minutes.

REPORT ORIGINATOR AND CONTACT	Graham Britten
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Buckinghamshire & Milton Keynes Fire Authority

Protocol on Member and Officer Relations

Policy Statement

Buckinghamshire & Milton Keynes Fire Authority is committed to ensuring there is a strong, constructive and trusting relationship between Members and officers. This policy aims to provide a formal protocol for the working relationship between Members and officers to ensure that current good practice continues.

The protocol provides guidance on the behaviour, roles and responsibilities of both Members and officers, and puts in place a mechanism should any issues arise surrounding this subject.

Document history

Version 1.0 Issued March 2011 following adoption by Standards Committee

Version 1.2 Issued September 2014 following change of information asset owner from Deputy Chief Fire Officer Adrian Crook to Director of Legal and Governance Graham Britten.

Version 2.0 NOTE: By resolution of the Authority at its meeting on 13 June 2012, responsibilities of its Standards Committee were transferred to its Overview and Audit Committee. References to the Standards Committee should be construed accordingly.

Policy

The aims of this policy are to:

Provide a formal protocol which covers the relationship between elected Members and officers.

Provide a mechanism to deal with any issues that may arise which affect the relationship between elected Members and officers.

Support the Authority's commitment to upholding standards of conduct in public life.

Organisation

Throughout the policy document details have been included for people and organisations that have roles and responsibilities in this policy.

The Chief Fire Officer/Chief Executive is responsible for monitoring this policy and any feedback from Members and officers to ensure that it is working effectively.

The protocol has not been in place before.

Planning & Implementation

Members will be made aware of this policy via the Committee structure and presentation to the meeting of the full Fire Authority. It will be included in any induction pack to new Members following the annual meeting in June.

The policy will be made available via ***I:DRIVE*** and managers will be urged to ensure that all staff are familiar with the policy.

Measuring, Audit & Review

The policy performance will be monitored as described at 'organisation' above. Unless a change is required sooner, the policy will be reviewed by the ~~Standards~~ <u>Overview and Audit</u> Committee every four years after approval.

Contents

Appendix

Protocol on Member and Officer Relations

"*Every Local Authority should have its own written statement or protocol governing relations between Members and Officers.*" (**Third report of the committee on standards in public life, the Nolan Committee).**

1. Introduction

1.1 The relationship between elected Members of Buckinghamshire & Milton Keynes Fire Authority (the Authority) and officers has always been and continues to be one of the main organisational strengths. However, the Authority accepts it is required to have a formal protocol which covers the relationship between elected Members and officers. This protocol is prepared to meet those requirements but against a background of a good working partnership which is well-established, widely accepted and benefits everyone who serves or is employed in the Authority. It will provide a safe guide to help ensure that current good practice continues.

1.2 The Authority recognises that a strong, constructive and trusting relationship between Members and officers is essential to the effective and efficient working of the organisation. Members and officers should work in partnership in developing the policies of the Authority and in ensuring the delivery of services to the people of Buckinghamshire and Milton Keynes.

1.3 This protocol takes into account the respective and different roles of Members and officers and does not seek to change or influence these roles. It is accepted that from time to time issues may arise which need to be addressed. This protocol provides a mechanism by which to address any such matters.

1.4 It is recognised that the Authority is a corporate entity but that in terms of its political structure there is an Administration and Opposition and this dimension involves both Members and officers operating in a political sensitive climate. Officers have an overriding obligation to serve the Authority as a corporate body but must be aware of the political dimension.

1.5 This protocol forms a key part of the Authority's approach to corporate governance and its commitment to uphold standards of conduct in public life. The Authority supports the wider aims of protecting and enhancing the integrity and reputation of public services and high standards of personal conduct.

2. Operation of this protocol

2.1 This protocol will be applied having regard to the requirements of the Members' Code of conduct and the Officers' Code of Conduct, as set

out in the Authority's Constitution, and relevant Authority policies, procedures and processes. Members and officers must at all times observe this protocol; where there is a conflict or discrepancy between this protocol and those codes and policies referred to above, then those codes and policies shall have precedence. Account will also be taken of any conventions in the case of conflict or discrepancy.

2.2 This protocol does not affect or interfere with any rights of or protection which a person may have in law.

3. Responsibility for the protocol

3.1 The Chief Fire Officer/Chief Executive is responsible for the operation of this protocol and will ensure that it is reviewed on a four yearly cycle. However, the ~~Standards~~ Overview and Audit Committee may request a review at any time.

3.2 He or she will rule on the interpretation and/or the application of the protocol in matters of dispute and such rulings will be final. Where such a matter is relevant to or involves the Chief Fire Officer/Chief Executive then the Monitoring Officer shall be the appropriate officer under this paragraph.

3.3 Buckinghamshire & Milton Keynes Fire Authority is responsible for approving any amendments or additions to the protocol following consultation with Member and officer representatives and the ~~Standards~~ Overview and Audit Committee where appropriate.

4. Members' access to information

4.1 Members have a statutory right under the Local Government Act 1972 to inspect any document which contains material relating to any business which is to be transacted at an Authority meeting. This extends to background papers. If there are any concerns about the rights of members to inspect documents, those involved should consult with the Monitoring Officer.

4.2 Members are free to approach the service to provide them with such information, explanation and advice as they may reasonably need to assist them in discharging their role as Members of the Authority. Such approaches should normally be directed to the appropriate senior officer or, in cases of doubt, to the Chief Fire Officer/Chief Executive. Members should not put undue pressure on officers to release information and documents to which they are not entitled to have access.

4.3 An exception to the above will be information or reports that contain confidential personal information about employees or other persons. (examples would be a report containing personal medical information

or annual appraisal details of an individual). If the Chief Fire Officer/Chief Executive wishes to withhold a confidential report then he will consult with the Chairman and the Monitoring Officer and, where a report is to be withheld, reasons will be given to the member concerned.

5.   Member and Officer Roles

5.1 This protocol recognises that Members are elected and officers are appointed to serve the people of Buckinghamshire and Milton Keynes and that their roles are distinct.

5.2 The Members are accountable to the electorate who determine the people they wish to represent them on the unitary authorities. The local authorities of Buckinghamshire and Milton Keynes then nominate elected Members to sit on Buckinghamshire & Milton Keynes Fire Authority.

5.3 Officers are accountable to the people of Buckinghamshire and Milton Keynes through this Authority.

5.4 Members are primarily responsible for:

5.4.1 Political direction and leadership of the Authority. The determination of policies, plans and strategies and deciding matters to give effect to or implement those polices, plans and strategies, particularly in service delivery terms.

5.4.2 Performing the Authority's regulatory functions.

5.4.3 Monitoring and reviewing, primarily through the Executive Committee and the Overview and Audit Committee functions, the Authority's performance in implementing its plans and strategies and in delivering its services.

5.4.4 Participation in partnership working.

5.4.5 Representing the Authority on national, regional and local bodies and organisations.

5.4.6 Representing the views of their communities and individual constituents in respect of the work of the Authority.

5.5 Members should not involve themselves in the day to day management of the Authority's services as the responsibility rests with the Chief Fire Officer/Chief Executive and senior managers and there are clearly defined lines of accountability to Members. However, applying this part of the protocol, it has to be recognised that Members do have specific responsibilities under the Authority's Executive Committee and the Overview and Audit Committee as set out in part eight of this document.

5.6 Under the Authority's Constitution some Members have additional responsibility at Member level, for example being Chairman of a committee or panel or as lead or champion Member for a specific area of the service. The holding of these offices will involve a different relationship with certain officers in areas where the Member has a particular role and responsibility. Also, the relationships will be more complex and expectations will be different from other Members.

5.7 It is important that Members of the Authority:

5.7.1 Respect the impartiality of officers and not undermine their role in carrying out their duties.

5.7.2 Do not ask officers to undertake work or to act in a way which seeks to support or benefit a particular political party or gives rise to the officer being criticised for operating in a party political manner.

5.7.3 Do not ask officers to exceed their authority where that authority is given to them in law, by the Authority or by their managers.

5.8 This protocol recognises the role of opposition groups in the Authority, acting individually or jointly, and that relationships will be different and complex. Members in opposition have the same rights and obligations in their relationships with officers and should be treated equally. Where opposition groups, individually or collectively, appoint their Members to perform shadow or spokesperson roles, then the requirement of 5.6 above will apply.

5.9 It is however envisaged that all Members will work co-operatively to ensure that the Authority meets its statutory obligations and provides an effective and efficient fire and rescue service to the people of Buckinghamshire and Milton Keynes.

5.10 The primary role of officers is to advise, inform and support all Members and to implement the lawfully agreed policies of the Fire Authority.

5.11 In performing this role, officers will act professionally, impartially and with political neutrality. Whilst officers will report a Member's view on an issue, the officer should not be influenced or pressured to make comments or recommendations which are contrary to his or her professional judgement or views.

5.12 The Chief Fire Officer/Chief Executive, the Monitoring Officer and the ~~Treasurer~~ (Chief Finance Officer) have specific responsibilities placed on them by law. These responsibilities go beyond their obligations as employees of the Authority. Where an officer is discharging his or her

responsibilities under any statutory office, a Member or Members shall not:-

5.12.1 Interfere with or obstruct the officer in exercising those responsibilities.

5.12.2 Victimise any officer who is discharging or has discharged his or her responsibilities of the statutory office.

5.13 Both Members and officers will, regardless of their role always act in accordance with the Core Values of the Authority (Appendix 1).

6. Member/officer obligations and expectations

6.1 Members will require and expect officers:-

6.1.1 To be committed to the Authority as a whole and not to any political group or individual.

6.1.2 To work in partnership with Members in an impartial and professional manner.

6.1.3 To understand and support the roles of Members and the associated workloads and pressures.

6.1.4 To implement decisions of the Authority and its subordinate committees which:
- are lawful
- have been properly approved in accordance with the law and the Authority's constitution and;
- formally recorded.

6.1.5 To respond to enquiries and complaints in accordance with the Authority's standards.

6.1.6 To provide professional advice, which is not influenced by political views or preferences, and which does not compromise the political neutrality of officers.

6.1.7 To provide information to Members on matters that can reasonable be considered appropriate and relevant taking into account the Members' individual responsibilities and position and the Members' rights to access documents and information, subject to specific exclusions, eg personal interests and confidentiality.

6.1.8 To be aware of, and sensitive to, the internal and external political environment.

6.1.9 To act with honesty, respect, dignity and courtesy at all times.

6.1.10 To provide support and learning and development opportunities for Members to help them in performing their various roles in respect of their Authority Membership.

6.1.11 To act with integrity and appropriate confidentiality.

6.1.12 Not to raise issues of a personal nature outside agreed procedures.

6.1.13 Not to use their relationship with Members to advance their personal interests or to influence decisions improperly.

6.1.14 To comply at all times with the officer Code of Conduct and such other policies or procedures approved by the Authority to support the role of Members with any policy or procedure agreed by the Authority.

6.1.15 Not to support Members in any role other than that of a Authority Members and not to undertake any actions which are not compatible with this protocol.

6.2 Officers can expect Members:-

6.2.1 To act within the policies, practices, processes and conventions established by the Authority.

6.2.2 To work constructively with officers, acknowledging their separate and distinct roles and responsibilities.

6.2.3 To understand and support the respective roles and responsibilities of officers and their associated workloads, pressures and reporting lines.

6.2.4 To give political leadership and direction and to seek to further their agreed policies and objectives with the understanding that Members have the right to take the final decision and issues based on advice and within the competence of the Authority.

6.2.5 To treat them fairly and with respect, dignity and courtesy.

6.2.6 To act with integrity, to give support and to recognise appropriate confidentiality.

6.2.7 To recognise that officers work to the instructions of their senior officers and not to individual Members.

6.2.8 Not to subject them to intimidation, harassment or put them under pressure. Members will have regard to the seniority of officers in determining what reasonable requests are, having regard to the relationship between Member and officer and the potential vulnerability of officers, particularly at junior levels.

6.2.9 Not to request them to exercise discretion which involves acting outside the Authority's competence, policies and procedures.

6.2.10 Not to authorise, initiate or certify any financial transactions or enter into any contract, agreement or undertaking on behalf of the Authority, or in their role as Member of the Authority without proper and lawful authority.

6.2.11 Not to use their position or relationship with officers to advance their personal interest or those of others, or to influence decisions improperly.

6.2.12 To comply at all times with the Members' Code of Conduct, the law, the constitution and such other policies, procedures, protocols and conventions agreed by the Authority.

7.   Behaviour limitations

7.1   The different roles of Members and officers require particular limitations upon behaviour. Both Members and officers need to ensure that their working relationship is appropriate to their respective role and that they do not act in any way which would lead to their behaviour being questioned. It is not possible to provide a list of circumstances where behavioural issues might be of concern. The main examples below help to illustrate the point.

7.1.1 A close personal relationship between a Member and an officer can confuse their separate roles and influence the proper discharge of the Authority's functions, not least in creating a perception that a Member or officer may be securing advantageous treatment.

7.1.2 The need to maintain the separation of roles means that there are limits to those matters on which a Member may seek the advice of an officer, both in relation to personal matters and party political issues.

7.1.3 Relationships with a particular individual or party group should not be such as to create public suspicion that an employee favours one Member or group above the others.

8.   Political groups

8.1   It is in the interests of the Authority to support, to some degree, the effective operation of all its political groups and not one particular group. The operation of political groups may, however, pose particular issues for officers in terms of their impartiality.

8.2   A political group may request the Chief Fire Officer/Chief Executive or member of the Senior Management Team to prepare a written report on a matter or matters relating to the Authority for consideration by the group.

8.3   An officer report to a political group will be restricted to a statement of material facts and identification of options and the merits or otherwise of such options for the Authority. Such reports will not cover any political implications on the matter or any option. Such reports will not include any recommendations.

8.4   The release of such reports to other political groups shall be dealt with in accordance with any conventions in existence at the time.

8.5   A political group may request the Chief Fire Officer/Chief Executive or a member of the Senior Management Team to attend a meeting of the group to advise on particular matter relating to the Authority. The Chief Fire Officer/Chief Executive or member of the Senior Management Team may arrange for the attendance of a representative on his or her behalf, or may decline to attend or send a representative where he or she is of the opinion that the particular issue is of such a political nature that it would be inappropriate to attend.

8.6   Officer advice at a meeting of a political group will be restricted to a statement of material facts and identification of options and the merits or otherwise of such options for the Authority. The advice will not cover any political implications of any matter or any option.

8.7   All officers will respect the confidentiality of any matter which they hear in the course of attending any political group meeting or in respect of any requests for advice and the giving of that advice.

9.   Attendance of officers at Executive Committee and Overview and Audit Committee

9.1   It is accepted that in carrying out its role, the Executive Committee and Overview and Audit Committee may require an officer to attend to answer questions or to discuss issues. In requiring an officer to attend, a Committee will consider the seniority of the officer it would be appropriate to invite. There is a presumption against inviting officers outside the senior officers' range to attend in this capacity. Requests for officer attendance shall also have regard to workloads of officers.

9.2   Where an officer attends such a meeting his or her contributions should be confined to matters of fact and explanation. However, an officer may be asked to explain and justify advice which he or she has given prior to a decision having been made, including decisions taken by him or her and delegated powers.

9.3 Officers should not be drawn into discussions of a political nature which would be inconsistent with the political neutrality requirement, nor should any questioning of an officer be reasonably interpreted as constituting harassment.

9.4 In Executive or Overview and Audit proceedings the capability or competence of officers must not be questioned. The distinction needs to be drawn between reviewing the policies, performance and decisions of the Authority and its services and the appraisal of staffs' individual performance. The latter is not a function of the Executive Committee or the Overview and Audit Committee.

9.5 The approach here is consistent with the committee terms of reference as set out in the Authority's standing orders.

9.6 In applying this part of the protocol, account will be taken of any guidance agreed by Executive Committee and/or the Overview and Audit Committee provided that guidance is consistent with the principles of this protocol.

10. Breaches of the protocol

10.1 Where a Member is dissatisfied with the conduct, behaviour or performance of an officer, the matter should, in the first instance, be raised with the officer concerned. Where any matter remains unresolved or is of significant concern it should be raised with the appropriate senior manager. Where the officer concerned is a senior manager, the matter should be made with the Chief Fire Officer/Chief Executive. Where the employee concerned is the Chief Fire Officer/Chief Executive, the matter should be raised with the Monitoring Officer.

10.2 Where the relationship between Members and officers or other Members breaks down or becomes strained, every effort will be made to resolve matters informally. This can be achieved through conciliation by an appropriate senior manager, group leader and if necessary the Chairman. Officers will also have recourse to the Grievance Procedure or to the Authority's Monitoring Officer as appropriate.

10.3 In the event of a grievance or complaint being upheld, the matter will be referred to the Chief Fire Officer/Chief Executive. The Chief Fire Officer/Chief Executive, having advised the Chairman of the Authority and the other appropriate party spokespersons, will decide on the course of action to be taken. Consultation with the ~~Standards~~ Overview and Audit Committee should be considered if appropriate.

10.4 Breaches of protocol by a Member may result in a complaint to the ~~Standards~~ Overview and Audit Committee and, in the case of officers, may lead to disciplinary action. In all cases, a resolution should be timely and ideally concluded within 28 days.

10.5 Any issues arising from or in relation to this protocol will be reported to the next appropriate ~~Standards~~ <u>Overview and Audit</u> Committee meeting.

Core Values of Buckinghamshire & Milton Keynes Fire Authority

Service to the Community

We value service to the community by:

Working with all groups to reduce risk
Treating everyone fairly and with respect
Striving for excellence in all we do
Being answerable to those we serve

People

We value people by everyone practising and promoting:

Fairness and respect
Recognising commitment and the achievement of excellent service
Honesty and trust
Opportunities to develop and learn
Co-operation and inclusive working

Diversity

We value diversity in the Service and the community by:

Treating everyone fairly and with respect
Challenging prejudice and discrimination
Creating opportunities to meet the different needs of people in our communities
Promoting equal opportunities in terms of recruitment, promotion and retention

Improvement

We value improvement at all levels of the Service by: Accepting

responsibility for our performance and actions
Being open-minded and receptive to alternative approaches
Learning from our experience
Supporting others to enable them to achieve their goals
Encourage innovation and creativity

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2015
OFFICER	Graham Britten, Director of Legal and Governance
LEAD MEMBER	Councillor David Watson (Chairman, Overview and Audit Committee)
SUBJECT OF THE REPORT	**2013/14 Statement of Assurance**
EXECUTIVE SUMMARY	The revised Fire and Rescue National Framework, published by the Department of Communities and Local Government in July 2012, introduced the requirement for fire and rescue authorities in England to produce a 'statement of assurance' on an annual basis. The first statements were published in the 2013/14 financial year. Buckinghamshire and Milton Keynes Fire Authority's first statement of assurance for 2012/13 was reviewed and approved by the Overview and Audit Committee on 11 March 2014.

The statements are intended to provide assurance to the public on financial, governance and operational matters and demonstrate that National Framework requirements, including those relating to integrated risk management planning, are being met.

The precise form, content and methodology used to prepare the statements are left to local discretion. Where authorities *"have already set out relevant information that is clear, accessible, and user-friendly within existing documents"* they may draw on these in preparing their statements of assurance.

Buckinghamshire and Milton Keynes Fire Authority already produces and publishes a variety of separate statements relating to financial, governance and operational performance such as the Annual Governance Statement and Annual Financial Statements. The draft 2013/14 Statement of Assurance, shown at Annex A, draws on, summarises and includes relevant extracts from these more detailed assessments. Officers are of the view that collectively the assurance processes underpinning the range of existing statements covers the scope and nature of what is required for the statement of assurance.

The Statement of Assurance should be signed off by an elected member of the Authority who is able to |

	take responsibility for its contents. It is for authorities to decide who the most appropriate person is. In respect of Buckinghamshire and Milton Keynes Fire Authority, officers are of the view that the most appropriate person is the Chairman of the Overview and Audit Committee.
ACTION	Decision.
RECOMMENDATIONS	That the 2013/14 Statement of Assurance be approved by of the Overview and Audit Committee and signed off by its Chairman.
RISK MANAGEMENT	Financial, governance and operational assurance processes form part of the Authority's risk management framework. The effectiveness of these contributes to the identification, reduction and mitigation of corporate and operational risks.
FINANCIAL IMPLICATIONS	There are no direct financial implications arising from the introduction of the statement of assurance.
LEGAL IMPLICATIONS	Section 21 of the Fire and Rescue Services Act 2004 (FRSA 2004) provides the statutory authority for the National Framework and requires Fire and Rescue Authorities to 'have regard' to it in carrying out their functions. However, Section 22 of the Act gives the Secretary of State the power to intervene if he considers that "…*a fire and rescue authority is failing, or is likely to fail, to act in accordance with the Framework prepared under section 21*". Also "*The Secretary of State must report to Parliament on—* *(a) the extent to which fire and rescue authorities are acting in accordance with the Framework prepared under section 21;* *(b) any steps taken by him for the purpose of securing that fire and rescue authorities act in accordance with the Framework*". The Statement of Assurance will be used as a source of information by the Secretary of State when preparing biennial reports required by section 25 of the Fire & Rescue Services Act 2004.
HEALTH AND SAFETY	There are no direct health and safety implications arising from this report.
EQUALITY AND DIVERSITY	There are no direct equality and diversity implications arising from this report.
USE OF RESOURCES	**Communication and consultation** The officers with responsibility for the areas reported on in the Statement of Assurance have been

	responsible for supplying the information and responses necessary for its preparation.
PROVENANCE SECTION & BACKGROUND PAPERS	The requirement for Statements of Assurance arose from the revisions to the National Framework published by the Department for Communities and Local Government in July 2012. An evaluation of the implications of the new Framework was reported to the Fire Authority at its 27 September 2012 meeting: http://www.bucksfire.gov.uk/NR/rdonlyres/E6EE2A89-79F6-45B3-B02E-CE3675D252A3/0/270912Agendaandreports.pdf The Authority's first Statement of Assurance for 2012/13 was approved by the Overview and Audit Committee on 12 March 2014: http://bucksfire.gov.uk/files/2914/0620/7328/ITEM52 01213StatementofAssurance.pdf
APPENDICES	Annex A: Draft 2013/14 Statement of Assurance Annex B: CLG Guidance on Statements of Assurance
TIME REQUIRED	15 Minutes.
REPORT ORIGINATOR AND CONTACT	Stuart Gowanlock, Corporate Planning Manager sgowanlock@bucksfire.gov.uk 01296 744435

ANNEX A

Statement of Assurance

2013/2014

Contents

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1. INTRODUCTION

1.1 Although Fire and Rescue Services in England are run by local government bodies, the Fire and Rescue Services Act 2004 requires that local fire and rescue authorities must have regard to direction from central government. This direction is issued in the form of a 'National Framework' which sets out the Government's strategic aims and requirements for Fire and Rescue Services. In the most recent update to the National Framework, in 2012, the Government introduced a requirement that:

> *'Fire and rescue authorities must provide annual assurance on financial, governance and operational matters and show how they have due regard to the expectations set out in their integrated risk management plan and the requirements included in the Framework. To provide assurance, fire and rescue authorities must publish an annual statement of assurance'.*

1.2 The first of the new statements of assurance were published during the 2013/14 financial year and are required annually thereafter.

1.3 The purpose of this document is to provide the public and Government with assurance that Buckinghamshire and Milton Keynes Fire Authority ('The Authority') met the requirements set out in the National Framework and accompanying Government guidance[1] during the 2013/14 financial year.

1.4 Where relevant the document draws on, consolidates and summarises the findings of existing assurance processes relating to financial, governance and operational matters that were set up to meet other statutory and regulatory requirements of fire and rescue authorities.

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[1] 'Guidance on Statements of assurance for fire and rescue authorities in England, Department for Communities and Local Government, May 2013.

2. FINANCIAL ASSURANCE

2.1 It is a statutory requirement under the Accounts and Audit (England) Regulations 2011 for authorities to publish the financial results of their activities for the year. This 'Statement of Accounts', shows the annual costs of providing the service and is determined by a Code of Practice which aims to give a "true and fair" view of the financial position and transactions of the authority.

2.2 The Annual Financial Statements for the Year Ending 31 March 2014 can be found on our website:

http://bucksfire.gov.uk/files/1414/1399/9683/Audited-Annual-Financial-Statements-2013-14.pdf

2.3 The financial statements are required to be audited under the Audit Commission Act 1998. The auditors are responsible for:

- forming an opinion on the financial statements;
- reviewing the Annual Governance Statement;
- forming a conclusion on the arrangements that the Authority has in place to secure economy, efficiency and effectiveness in its use of resources.

2.4 The table overleaf summarises the findings from all elements of the appointed auditors work.

2.5 The appointed auditors noted the following in their annual audit letter:

- The organisation has proper arrangements in place for securing financial resilience
- The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness

2.6 In addition to the statutory requirement to publish annual financial results, the government is committed to increasing transparency across local authorities. One of the first steps in this process is for the publication online of information relating to spend items in excess of £500. In accordance with that requirement, the Authority is publishing monthly schedules of payments, which can be found on our website:

http://www.bucksfire.gov.uk/BucksFire/What+we+spend+and+how+we+spend+it/Spend+over+£500.htm

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Audit the financial statements of Buckinghamshire & Milton Keynes Fire Authority and the Firefighters' Pension Fund for the financial year ended 31 March 2014 in accordance with International Standards on Auditing (UK & Ireland)	On 22 October 2014 we issued an unqualified audit opinion in respect of the Authority accounts and the Firefighters' Pension Fund. This was after the deadline of 30 September 2014 for the publication of audited accounts.
Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.	On 22 October 2014 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance (the Overview and Audit Committee) communicating significant findings resulting from our audit.	On 24 September 2014 we issued our initial Audit Results Report to the Committee. We issued a second Report that was considered at the 22 October 2014 meeting of the Fire Authority.
Report to the National Audit Office on the accuracy of the consolidation pack the Authority is required to prepare for the Whole of Government Accounts.	We reported our findings to the National Audit Office on 2 October 2014.
Consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information of which we are aware from our work and consider whether it complies with CIPFA / SOLACE guidance.	No issues to report.
Consider whether, in the public interest, we should make a report on any matter coming to our notice in the course of the audit.	No issues to report.
Determine whether any other action should be taken in relation to our responsibilities under the Audit Commission Act.	No issues to report
Issue a certificate that we have completed the audit in accordance with the requirements of the Audit Commission Act 1998 and the Code of Practice issued by the Audit Commission.	The audit completion certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit Practice have been discharged for the relevant audit year. We have not issued the audit completion certificate pending the results of the Authority's investigation regarding injury pensions

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3. GOVERNANCE

3.1 The Authority is responsible for maintaining a sound system of internal control that supports the achievement of its policies, aims and objectives whilst safeguarding public money and organisational assets. There is also a requirement to ensure that the Authority is administered prudently and economically and that resources are used efficiently and effectively and that sound arrangements are in place for the identification and management of risks.

3.2 The Authority's approach to governance is based on the six core principles of good governance set out in the CIPFA / SOLACE governance framework ("*Delivering Good Governance in Local Government*"):

> 1. Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area;
>
> 2. Members and officers working together to achieve a common purpose with clearly defined functions and roles;
>
> 3. Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
>
> 4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
>
> 5. Developing the capacity and capability of members and officers to be effective;
>
> 6. Engaging with local people and other stakeholders to ensure robust public accountability.

3.3 There is already a statutory requirement for the Authority to produce an annual governance statement to demonstrate and evidence that it operates an effective system of internal control. The internal control systems underlying the annual governance statement are assessed by Internal Audit to ensure that they are adequate and effective so that:

- The 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.

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3.4 The Chief Internal Auditor's most recent opinion on the Authority's internal control environment was published in the Annual Governance Statement for the 2013/14 financial year. This stated that:

*'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*.'

3.5 Additionally, the Chief Internal Auditor's annual audit letter identified no issues to report following its consideration of the completeness of disclosures in the Authority's Annual Governance Statement, its consistency with other information of which the Auditor was aware and its compliance with CIPFA / SOLACE guidance.

3.6 Further details of the Authority's governance arrangements and the internal auditor's findings in relation to these can be found in the Annual Governance Statement 2013/14:

http://bucksfire.gov.uk/files/1514/1079/8580/ITEM_7_Annual_Governance_Statement_Cover_Paper_2014_and_Appendix.pdf

4. OPERATIONAL ASSURANCE

4.1 The Government requires Fire Authorities to provide assurance that they meet the requirements arising out of the legislative and policy framework for fire and rescue services. In particular:

- Details of specific events that raise issues of operational competence or delivery such as advice received under health and safety or other legislation together with assurance that these matters have been considered and, where appropriate, acted on;

- That integrated risk management plans are consulted on and that during the consultations appropriate information was provided to enable active and informed participation;

- Details of any agreements and / or mutual aid arrangements with other relevant bodies such as neighbouring fire and rescue services.

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4.2 Statutory Duties and Operational Effectiveness
   Fire and rescue authorities operate within in a clearly defined legislative and policy framework comprising of:

- The Fire and Rescue Services Act 2004;
- The Civil Contingencies Act 2004;
- The Regulatory Reform (Fire Safety) Order 2005;
- The Fire and Rescue Services (Emergencies) (England) Order 2007;
- The Localism Act 2011;
- The Fire and Rescue National Framework for England.

4.3 The last formal external assurance of the Authority's operational effectiveness and performance was carried out in June 2014[2] as part of a comprehensive 'Peer Review' process developed by the Chief Fire Officers Association in conjunction with the Local Government Association.

4.4 The Peer Review focused in depth on the key areas of:

- Leadership and Governance
- Outcomes for Citizens
- Organisational Capacity
- Community Risk Management
- Prevention
- Response

4.5 The Review also considered the following areas on a more 'light touch' basis:
- Training and Development
- Protection
- Health and Safety
- Call Management

4.6 Although the Peer Review identified a number of areas for consideration, it did not identify any issues that would raise concerns about the Authority's operational competency or delivery. All areas for consideration raised in the report were already known to service management and are already been captured in improvement plans.

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[2] The Peer Review was originally scheduled to take place in November 2013 but was delayed by the impact of FBU industrial action on the availability of the external assessors. Although the Peer Review took place after the end of the assurance period under consideration its findings relate to processes that were in place during the 2013/14 financial year and are therefore included in this statement.

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4.7 The Peer Review also found the Authority's internal arrangements for operational assurance to be robust:

"Operational Assurance is delivered by a highly motivated and well-resourced team. This has led to a proactive approach to incident monitoring and feedback, monthly performance reports, debriefs and gap analysis, with actions influencing training, operational intelligence and health and safety".

4.8 A full report of the Peer Review Outcomes can we viewed on the Authority's website:

http://bucksfire.gov.uk/files/6514/1803/5987/ITEM_15_Local_Government_Association_LGA_Peer_Challenge_Report_Appendix_A.pdf

5. INTEGRATED RISK MANAGEMENT PLANNING

5.1 The National Framework requires that Fire Authorities must produce an Integrated Risk Management Plan (IRMP) that identifies and assesses all foreseeable fire and rescue related risks that could affect its community, including those of a cross-border, multi-authority and / or national nature. The plan must have regard to the community risk registers produced by Local Resilience Forums and any other local risk analyses as appropriate. Each fire and rescue authority integrated IRMP must:

- be easily accessible and publicly available; and,

- reflect effective consultation throughout its development and at all review stages with the community, its workforce and representative bodies, and partners.

5.2 The Government guidance relating to statements of assurance requires that they should include details of IRMP consultations and, in particular, that appropriate information was provided to enable active and informed participation.

5.3 Buckinghamshire and Milton Keynes Fire Authority regularly reviews the fire and rescue related risks to the community it serves and updates its IRMP in response to any material changes to the nature and level of the risks identified and assessed.

5.4 The Authority's current IRMP, known as the '2012-17 Public Safety Plan', is published on its website. This sets out the Authority's strategy for

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achieving its vision of making '*Buckinghamshire and Milton Keynes the safest areas in England in which to live, work and travel*':

http://www.bucksfire.gov.uk/NR/rdonlyres/340BC385-8B34-4E54-B85B-6CA90ED05542/0/PSP201217.pdf

5.5   The draft Public Safety Plan was subject to extensive consultations prior to the Authority reaching any decisions. The consultation process embraced key stakeholder groups including the general public, Authority staff, neighbouring fire and rescue services and a range of other organisations with a potential interest in the development of the plan. It also included the use of qualitative consultation methods such as 'community engagement forums' and focus groups which encourage participants to reflect in depth about their priorities for the Authority while both receiving and questioning background information and discussing service delivery issues in detail. Full details of the consultation process and its outcomes are available on the Authority's website:

http://www.bucksfire.gov.uk/BucksFire/psp.htm

5.6   In December 2014 the Authority approved, following an extensive public consultation process, a new 2015-20 Public Safety Plan which will come into effect from April 2015 and supersede the existing 2012-17 Plan. The new plan and consultation outcomes can be viewed on the Authority's website:

http://bucksfire.gov.uk/files/5414/1803/6075/ITEM_16_2015-20_PSP_Consultation_-_17_December_14_CFA_Paper_Annexes.pdf

Assurance of the new 2015-20 Public Safety Plan will be provided in the Authority's 2014/15 Statement of Assurance.

5.7   The Authority has also established a framework of targets and measures to help it assess progress towards the achievement of its vision. Performance against the targets is reported to the Authority's Executive Committee on a regular basis whose role is to scrutinise any areas of under-performance together with proposals for corrective action. A summary of performance over the 2013/14 financial year is appended to this Statement. A more detailed report on performance against the targets together with analyses of, and corrective action plans for, any areas of under-performance can be viewed on the Authority's website:

http://bucksfire.gov.uk/files/7614/0602/9849/ITEM_7_Fourth_Quarter_2013-14_PSP__Corporate_Plan_2012-15_Performance_Monitoring_ReportAnnex_A.pdf

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6.   MUTUAL AID, REGIONAL AND NATIONAL RESILIENCE

6.1   The National Framework requires fire authorities to consider risks of a cross-border, multi-authority and/or national nature and to make appropriate provision for dealing with these. The Authority does this via:

- Its active participation in the Thames Valley Local Resilience Forum which comprises other Category 1 and 2 responders. The forum maintains a community risk register which the Authority considers as part of its integrated risk management planning process;
- Review of the National Risk Register, National Risk Assessment and National Resilience Planning Assumptions which are maintained by the UK Government Cabinet Office to inform planning in relation to major civil emergencies of a national or regional nature;
- Mutual aid agreements with neighbouring fire and rescue authorities which enable authorities to provide each other with additional resources to deal with emergencies that cannot be dealt with by an authority acting alone. Buckinghamshire and Milton Keynes Fire Authority maintains formal mutual aid agreements with all six of its neighbours – Bedfordshire and Luton, Hertfordshire, London, Royal Berkshire, Oxfordshire and Northamptonshire. Buckinghamshire and Milton Keynes Fire Authority also provided mutual aid to Devon and Somerset FRS during the flooding on the Somerset Levels in February 2014 in the form of personnel and a specialist appliance. The cost of this operation was recovered from the host FRS.

6.2   Also the Authority maintains specialist resources to enable it to deal with major civil emergencies such as major transport incidents, natural disasters and terrorist incidents. These include capabilities such as its Urban Search and Rescue, and, Water Rescue Teams which it deploys in support of other Authorities during major emergencies such as the instances of wide area flooding that have taken place in recent years. The cost of providing such assistance is recovered from requesting Authority.

6.3   As a Category 1 responder as defined in the Civil Contingencies Act 2004, business continuity is a high priority for Buckinghamshire and Milton Keynes Fire Authority. During the last eighteen months (as at 17 February 2015) the Service has received 53 notifications of strike action from the Fire Brigades Union as part of the ongoing dispute with central government over pensions. During these periods of strike action the Service's business continuity arrangements have been put into

operation. As result fire cover was provide for the whole of the Service's area by the Service's own employees. Every fire call received during these periods of strike action that warranted an attendance received one, in a timely manner and the incidents were successfully dealt with.

7. DECLARATION

Buckinghamshire and Milton Keynes Fire Authority are satisfied that the financial, governance and operational assurance arrangements in place across the organisation meet the requirements set out in the National Framework.

Jason Thelwell
Chief Fire Officer and Chief Executive

Councillor David Watson
Chairman, Overview and Audit Committee

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Appendix
2013/14 Public Safety Plan Targets
Performance Summary

Public Safety Plan - Performance against target 1st April 2013 to 31st March 2014

Key:
- **R**ed — Off target
- **A**mber — Marginally off target
- **G**reen — On target

		Year-end Outturn	RAG	Year-end Target	Direction of Travel Vs. previous year
LIVE - Making People Safer in their Homes					
L1. Number of accidental dwelling fires	Lower is better	411	G	429	Positive
L2. Number of injuries arising from accidental dwelling fires per 100,000 population	Lower is better	2.65	G	2.8	Positive
L3. Number of Deliberate Dwelling Fires per 10,000 dwellings	Lower is better	0.74	G	1.03	Positive
L4. Number of Home Safety Checks carried out	Higher is better	5490	G	5120	Positive
WORK - Making People Safer at Work and in Public Places					
W1. Number of non-domestic fires per 1,000 non-domestic properties	Lower is better	14.58	G	15	Positive
W2. Number of killed & seriously injured from work related activities	Lower is better	0	G	0	No Change
W3. Number of automatic fire alarms per 1,000 non domestic premises	Lower is better	47	G	51	Positive
TRAVEL - Making People Safer on the Roads					
T1. Reduction in number of killed and seriously injured in road traffic collisions	Lower is better	407	R	319	Negative
EMERGENCY RESPONSE - making People Safer in an Emergency					
R1. Per-cent of calls handled within 120 seconds	Higher is better	67.4%	R	75%	Positive
R2. Per-cent of incidents attended within 10 minutes	Higher is better	77.8%	A	80%	Negative
R3. Per-cent of incidents attended within 20 minutes	Higher is better	97.2%	A	99%	Negative
R4. % False Alarm Malicious attended	Lower is better	58.2%	R	48.6%	Negative

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Guidance on statements of assurance for fire and rescue authorities in England

Contents

3

Introduction

1. The Government is committed to unburdening local government; eliminating top-down bureaucracy and increasing local flexibility. For fire and rescue authorities, this ethos is demonstrated by the revised Fire and Rescue National Framework for England (the Framework), and in the provisions of the Localism Act 2011, which helps to let them run their services as they see fit.

2. This freedom and flexibility is accompanied by the need for accountability and transparency. Providing an excellent service is only the starting point - communities expect to know how their services are being provided.

3. It is against this background that the Framework sets out a requirement for fire and rescue authorities to publish Statements of Assurance.   It says:

   'Fire and rescue authorities must provide annual assurance on financial, governance and operational matters and show how they have had due regard to the expectations set out in their integrated risk management plan and the requirements included in the Framework. To provide assurance, fire and rescue authorities must publish an annual statement of assurance'.

4. This document provides guidance on the content of statements of assurance, and indicates how existing assessment processes might feed into the statements in order to avoid duplication.

5. Guidance should not be taken to constitute legal advice. We have indicated what should be included in the statements of assurance, while allowing the flexibility to tailor the format and presentation. It is for fire and rescue authorities to decide how to best present the information with their communities in mind.

Context

6. Fire and rescue authorities are accountable for their performance and should be open to evaluation by the communities they serve. Information on their performance should be accessible, robust, fit-for-purpose and accurately report on effectiveness and value for money.

7. One of the principal aims of the statement of assurance is to provide an accessible way in which communities, Government, local authorities and other partners may make a valid assessment of their local fire and rescue authority's performance.

8. Where fire and rescue authorities have already set out relevant information that is clear, accessible, and user-friendly within existing documents, they may wish to include extracts, or links to these documents within their statement of assurance.

9. The statement of assurance will be used as a source of information on which to base the Secretary of State's biennial report under section 25 of the *Fire and Rescue Act 2004.*[1]

Assessment and ownership

10. Authorities should assess their performance across a number of key areas. The areas to be included for assessment, and the methodology used, are a matter for local determination, although authorities will need to satisfy themselves that the measures and methods used are appropriate and fit for purpose.

11. The statement of assurance should be signed off by an elected member of the relevant authority who is able to take responsibility for its contents. It is up to the individual authority to ensure that this is done by an appropriate person (or persons) who can approve it on behalf of the authority.

12. Statements of assurance should be published annually by fire and rescue authorities. It is for fire and rescue authorities to decide when they should publish depending on individual reporting arrangements. The first statements are due for publication in the financial year 2013-14, and annually thereafter.

Content of the annual statement of assurance

Financial

13. Fire and rescue authorities are responsible for ensuring that their business is conducted in accordance with the law and proper standards, and that public money is properly accounted for and used economically, efficiently and effectively.[2]

14. It is a statutory requirement under the *Accounts and Audit (England) Regulations 2011*[3] for authorities to publish the financial results of their activities for the year. This 'Statement of Accounts', shows the annual costs of providing the service and is determined by a Code of Practice[4] which aims to give a "true and fair" view of the financial position and transactions of the authority. The authority is responsible for approval of the statement of accounts prior to publication.

15. The statement of assurance may briefly set out what assessment procedures are in place with regard to the authorities' statements of account.

Governance

16. The *Accounts and Audit (England) Regulations 2011* also requires authorities to prepare an annual governance statement in support of this statement of accounts. This governance statement is an expression of the measures taken by the authority to ensure appropriate business practice, high standards of conduct and sound governance. The statement of assurance may set out what work authorities

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[1] http://www.legislation.gov.uk/ukpga/2004/21/section/25

[2] Section 3 of the Local Government Act 1999
[3] http://www.legislation.gov.uk/uksi/2011/817/contents/made
[4] *Code of Practice on Local Authority Accounting* - Chartered Institute of Public Finance and Accountancy

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have undertaken to review the effectiveness of their governance framework, including the system of internal control.

17. Greater transparency is a key element of the Framework and is at the heart of the Government's commitment to enable the public to hold their authorities to account for the way they spend public money. In preparing the statement of assurance, fire and rescue authorities may consider the principles of transparency set out in the *Code of Recommended Practice for Local Authorities on Data Transparency.*[5]

Operational

18. Fire and rescue authorities function within a clearly defined statutory and policy framework. The key documents setting this out are:

- the Fire and Rescue Services Act 2004[6]

- the Civil Contingencies Act 2004[7]

- the Regulatory Reform (Fire Safety) Order 2005[8]

- the Fire and Rescue Services (Emergencies) (England) Order 2007[9]

- the Localism Act 2011[10]

- the Fire and Rescue National Framework for England[11]

19. Fire and rescue authorities already consult on, and publish, their integrated risk management plans, which set out local strategies including cross-border, multi-authority and national arrangements where appropriate. The statement of assurance should include details of consultation on these plans, and confirm that appropriate information was provided to enable active and informed participation.

20. The statement of assurance may also indicate where fire and rescue authorities have entered into agreements and/or mutual aid arrangements with other relevant bodies. The level of detail included will be a matter for each individual fire and rescue authority and may be linked to their integrated risk management plan.

21. It is not the aim of statements of assurance to set out the operational procedures for fire and rescue authorities. However, statements of assurance are the appropriate vehicle with regard to specific events which raise issues of operational competence or delivery. For example, when advice is received under health and safety or other legislation, it is appropriate for the fire and rescue authority to use the statement of assurance as a means to inform their communities that these matters have been considered and, where appropriate, acted on.

Framework requirements

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[5] https://www.gov.uk/government/publications/local-authority-data-transparency-code
[6] http://www.legislation.gov.uk/ukpga/2004/21/contents
[7] http://www.legislation.gov.uk/ukpga/2004/36/contents
[8] http://www.legislation.gov.uk/uksi/2005/1541/contents/made
[9] http://www.legislation.gov.uk/uksi/2007/735/contents/made
[10] http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted
[11] https://www.gov.uk/government/publications/fire-and-rescue-national-framework-for-england

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22. Where fire and rescue authorities are satisfied that the systems they have in place, and any specific measures they have undertaken, fulfil their Framework requirements, this should be clearly stated in the statement of assurance. Accordingly, where appropriate, authorities may consider making a simple declaration that the Framework requirements have been met.

Future improvements

23. Fire and rescue authorities may wish to include a section in their statements of assurance on any potential improvements they have identified across their accounting, governance or operational responsibilities to communities, particularly where plans are underway.

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ITEM **7**

Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2015
OFFICER	Julian Parsons, Head of Service Development
LEAD MEMBER	David Schofield, Lead Member for Health & Safety, Corporate Risk
SUBJECT OF THE REPORT	**Corporate Risk Management Policy**
EXECUTIVE SUMMARY	The purpose of this paper is to present members with an updated policy for Corporate Risk Management. The policy has been updated following the outcomes of an internal audit review of Corporate Risk Management that was presented to members at their 3 December 2014 meeting. Whilst the Audit report found that good robust processes for management of corporate risks are in place with clear processes for escalation of risk providing 'substantial' assurance to the Authority, it also noted that the policy was out of date and did not reflect the current process operating in the Authority. Service Management therefore agreed to update the policy in readiness for Members to review at this meeting.
ACTION	Decision.
RECOMMENDATIONS	That the Committee recommend the Corporate Risk Management Policy set out at Annex A to the Executive Committee for approval.
RISK MANAGEMENT	The development, implementation and operation of effective corporate risk management policies, 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.
FINANCIAL IMPLICATIONS	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.
LEGAL IMPLICATIONS	The Overview and Audit Committee Terms of Reference require it "to monitor the effective development and operation of risk management and

	corporate governance within the Authority".
	The Financial Regulations, at Section C, state that the Executive Committee is responsible for approving the Corporate Risk Management Policy after considering recommendations from the Overview and Audit Committee.
HEALTH AND SAFETY	No direct implications from the presentation of this report. However risks to achieving the Authority's Health & Safety objectives or compliance with relevant statutes or regulations are identified assessed and managed via the processes arising from the implementation of this policy.
EQUALITY AND DIVERSITY	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 the processes arising from the implementation of this policy.
USE OF RESOURCES	**Communication with Stakeholders**
	The updated Corporate Risk Management Policy has been reviewed by the following:
	• Performance Management Board at its 5 February Meeting;
	• Strategic Management Board at its 17 February Meeting;
	• The Authority Lead Member for Health and Safety, Corporate Risk.
	Following approval of this policy it will be published to the Organisation as a whole and will be available to all Authority Members and Service staff. More detailed guidance and, where necessary, training will be provided to all Service managers and staff to enable them to identify, evaluate, record and report potential corporate risks.
	System of internal control
	The development of the Corporate Risk Management Policy and 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.
	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.
	The Medium Term Financial Strategy
	Financial risks are captured at Directorate and Corporate levels. Any implications for medium term financial planning are included in the individual risk assessments.
	The balance between spending and resources
	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.
	The management of the asset base
	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.
	Environmental
	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.
PROVENANCE SECTION & BACKGROUND PAPERS	**Background**
	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).
	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: http://bucksfire.gov.uk/files/8114/0681/3588/150910.PDF
	The outcomes of the Internal Audit Review of Corporate Risk Management were reported to the Overview & Audit Committee at its 3 December 2014 Meeting:
	http://bucksfire.gov.uk/files/4814/1682/7770/ITEM_6b_Internal_Audit_Report__Risk_Management_2014-15__Appendix_A.pdf
	In updating the Corporate Risk Management Policy regard has been given to the good practice guidance given by:
	• The Office for Government Commerce in its

	2011 publication "Management of Risk: Guidance for Practitioners"; • The Association of Local Authority Risk Managers (ALARM) in its "Risk Management Toolkit".
APPENDICES	Annex A – Corporate Risk Management Policy
TIME REQUIRED	15 Minutes.
REPORT ORIGINATOR AND CONTACT	Stuart Gowanlock, Corporate Planning Manager sgowanlock@bucksfire.gov.uk 01296 744435

Information Asset Owner:	Head of Service Development
Protective Marking:	Not protectively marked
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Policy:	**Corporate Risk Management**

To:	Document Type:	✔	Document Summary:
- Fire Authority Members - Brigade Managers - Area Commanders - Group Commanders - Station Commanders - Support Service Directors - Support Service Managers	Policy	✔	The purpose of this document is to set out the Authority's policy, structures, processes and methodology for the management of corporate risks.
	Assessment		
	Procedure		
	Guidance Note		
	Technical Note		
	Information		
	Safety Critical		

Keyword: Risk
Please note that as Documents are frequently updated, if you print a document, its accuracy cannot be guaranteed, always check for latest version.

Document History

1.1 The Authority's first Corporate Risk Management Policy was approved by the Combined Fire Authority in August 2006.

1.2 The policy was updated in September 2010 to reflect good practice guidance published by the Office of Government Commerce (OGC) in its publication "Management of Risk: Guidance for Practitioners".

1.3 The policy and accompanying guidance was reviewed and updated following the outcomes of an Internal Audit review of Corporate Risk Management, the findings of which were presented to the Overview & Audit Committee in December 2014. This found the policy to be out of date and not reflective of the current process operating within the Authority.

Version:	V 1.1	Status of document:	Draft
Author:	Corporate Planning Manager	PIA:	
Issue Date:	9 February 2015	Review Date:	January 2018
File Name	2015 Corporate Risk Management Policy		

Policy:	**Corporate Risk Management**

Contents

Version:	V 1.1	**Status of document:**	Draft
Author:	Corporate Planning Manager	**PIA:**	
Issue Date:	9 February 2015	**Review Date:**	January 2018
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1.0 Policy Statement

1.1   Buckinghamshire and Milton Keynes Fire Authority (the 'Authority') recognises that risk management is a vital activity that underpins and forms part of our vision, values and strategic objectives, including those of operating effectively and efficiently as well as providing confidence to our community. Risk is present in everything we do and it is therefore our policy to identify, assess and manage key areas of risk on a pro-active basis. We seek to embed risk management into the culture of the Authority and Buckinghamshire Fire and Rescue Service (the 'Service') and the behaviour of all people involved in the management, operation and development of the Authority and Service. Risk management needs to be embedded throughout all processes, projects and strategic decisions, including procurement and contracting which will ensure that the management of partnerships and third party relationships are included within the scope of our risk management policy.

1.2   The aim for our risk management framework is that it will be fit for purpose, reflect our size and the nature of our various operations and make optimal use of our skills and capabilities.

1.3   In order for risk management to be effective and become an enabling tool, we must ensure we have a robust, consistent, communicated and formalised process across the Service. In order to obtain a clear picture of which risks will threaten the ability of the Authority to achieve its objectives it is important the level of risk which the Authority considers acceptable for the organisation to be exposed to, its 'risk appetite', is defined.

1.4   This risk management policy and supporting documentation form an integrated framework that supports the Authority and Service in the effective management of risk. In implementing our management of risk system we seek to provide assurance to all our stakeholders that the identification and management of risk plays a key role in the delivery of our strategy and related objectives. We will involve, empower and give ownership to all of our staff in the identification and management of risk. Management of risk activity will be regularly supported through discussion and appropriate action by the senior management. This will include a thorough review and confirmation of the significant risks, evaluating their mitigation strategies and establishing supporting actions to be taken to reduce them to an acceptable level. Managing risks will be an integral part of both strategic and operational planning and the day-to-day running, monitoring, development and maintaining of the Authority and Service.

2.0 Risk Management Definitions

2.1   The Authority recognises and has adopted the Office of Government Commerce (OGC) definitions of 'risk' and 'risk management' published in "Management of Risk: Guidance for Practitioners (2011)":

Definition of Risk		Definition of Risk Management
An uncertain event or set of events that will have an effect on the achievement of objectives. A risk is measured by a combination of the probability of a perceived threat or opportunity occurring and the magnitude of its impact.		Systematic application of principles, approach and process to the tasks of identifying and assessing risks, and then planning and implementing risk responses.

3.0 Risk Appetite

3.1   Risk appetite is the amount of risk that the Authority is willing to tolerate relative to the size, nature and degree of certainty associated with the pursuit of any related opportunities. Managing risk effectively does not mean that the Authority is risk averse but rather that it is aware of the risks associated with any decisions that it takes and is willing and able to accept the consequences for the Authority and Service in the event of any risk crystallising.

As a general principle risks attracting a combined score of 15 or more on the Probability and Impact Grid (shown at Appendix B) will be considered intolerable by the Authority and prioritised for treatment in order to eliminate or reduce the risk to acceptable levels. However, the Authority, at its discretion, may elect to tolerate risks at this level or deem lower levels of risk to be intolerable on a case by case basis.

4.0 Governance Structures

4.1 Governance of Corporate Risks, and the policies and processes by which they are managed, is carried out via the Authority Committee and Service Management Meeting Structures:
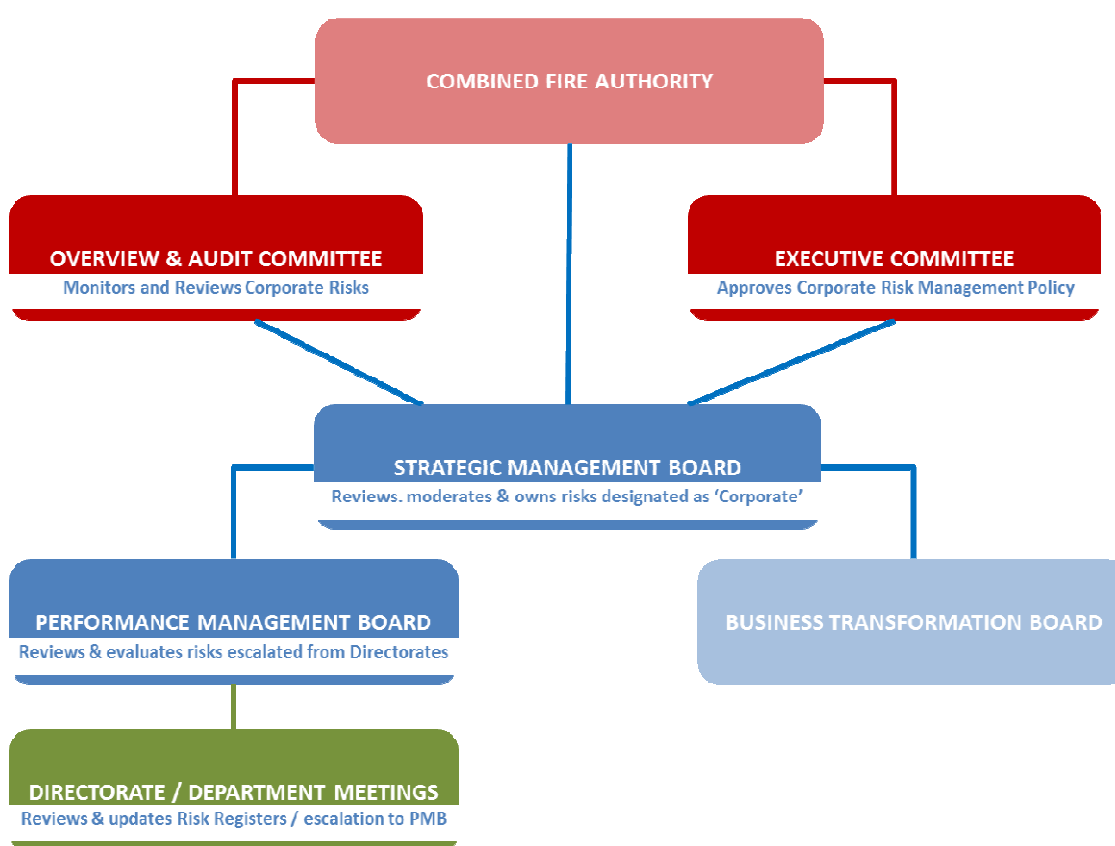
4.2 Monitoring and management of corporate risks is carried out at a level commensurate with the nature and magnitude of the risk.

4.3 Risk management is embedded in the Service's core operational, support and change management processes. Risks with the potential to become Corporate Risks are captured and evaluated in Risk Registers maintained by all significant business units within the Service (typically at Directorate level). These risks are regularly reviewed in Directorate Management Meetings and may be escalated to the Performance Management Board

(PMB) at the discretion of the relevant Director / Head of Service if they meet the escalation criteria set out at pages 9-10 of this document.

4.4 PMB meets on a quarterly basis. It reviews the content of the Corporate Risk Register and evaluates risks escalated from Directorate level and, subject to that evaluation, may recommend them to the Strategic Management Board (SMB) for inclusion in, or removal from, the Corporate Risk Register.

4.5 SMB meets on a monthly basis. Each month it reviews the current set of risks designated as 'corporate' to ensure that their status, evaluations and controls remain valid. On a quarterly basis it also reviews recommendations from the Performance Management Board for risks to be included in, or removed from, the Corporate Risk Register. If new, urgent, potential corporate risks are identified outside of the quarterly review cycle these may be escalated directly to SMB by Directors or Heads of Service via the Corporate Planning Manager. SMB is also responsible for reviewing quarterly risk management reports to the Authority's Overview and Audit Committee (O & A).

4.6 O & A meets on quarterly basis. Its Terms of Reference require it:

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.

4.7 The Authority's Executive Committee meets six times a year. The Financial Regulations, at Section C, state that the Executive Committee is responsible for approving the Corporate Risk Management Policy after considering recommendations from the Overview and Audit Committee.

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5.0 Roles & Responsibilities

5.1 Authority Members

Hold the Chief Fire Officer / Chief Executive accountable for the effective management of risk throughout the Service via the Overview and Audit Committee.

Approve, via the Executive Committee, the Authority's Corporate Risk Management Policy.

Review, via the Overview and Audit Committee, the Corporate Risk Register and associated reporting.

Challenge Brigade Managers, Directors and Heads of Service to satisfy themselves that risks have been correctly identified, evaluated and addressed.

Raise any potential risks that they may identify to the Head of Service Development, or other designated officer, via the Chairman of the Overview and Audit Committee.

5.2 Chief Fire Officer / Chief Executive

Accountable for the effective management of risk throughout the Service and ensuring that appropriate processes and systems are in place to ensure this.

5.3 Directors and Heads of Service

Responsible and accountable for the identification, evaluation, recording and effective management of all risks within their Directorate / Department using approved Authority policies and procedures.

Responsible and accountable for ensuring that all risks meeting the escalation criteria at pages 9 -10 are escalated to the Performance Management Board or Strategic Management Board for scrutiny as appropriate.

5.4 Corporate Planning Manager

Responsible for developing, maintaining, and implementing the Authority's Corporate Risk Management Policy.

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Maintains the Corporate Risk Register and risk identification, recording, evaluation and reporting processes for use across the Authority / Service.

6.0 Risk Management Processes and Methods

6.1 Identification of risks

Corporate risks can emerge from a variety of sources including:

- Authority / Service processes & systems

- People (staff, CFA members, partner organisations, contractors, the public)

- Buildings & equipment

- Contracts

- Partnerships arrangements & activities

- The policies, actions and activities of Central Government

- Other external Political, Economic, Social, Technological, Environmental or Legal (PESTEL) factors

Service Managers will use structured methods to assist with the identification of risks emanating from such sources including:

- The analysis of external risk registers and analyses such as the National Risk Register and Thames Valley Local Resilience Forum Community Risk Register.

- Application of the PESTEL framework and / or other horizon scanning tools

- The outputs of self-assessments, formal audits (internal and external) and Peer Reviews

6.2 Evaluation of Risks

All risks will be evaluated against the criteria shown at Appendix A to determine their probability and the nature and scale of their potential impact.

Risks will then be prioritised for treatment using the thresholds defined in the 'Probability and Impact' Grid shown at Appendix B.

6.3 Recording & Reporting of Risks

Evaluated risks are recorded using a common format at both Directorate and Corporate levels. This is shown at Appendix C.

Formal review and reporting of Corporate Risks is undertaken on a quarterly basis to the Performance Management Board (PMB), Strategic Management Board (SMB) and the Authority's Overview and Audit Committee as set out in Section 4 of this document. SMB may also consider new risks requiring urgent consideration outside of the normal quarterly reporting cycle at its formal monthly meetings or weekly informal meetings if the situation demands it.

6.4 Managing Risks

Methods appropriate to the nature and scale of the risks should be employed to control and manage them. Typically these will include one or a combination of the following methods:

Terminate	This involves methods such as stopping the activity or process or divesting of the asset giving rise to the risk.
Treat	Implement control measures that reduce the likelihood and / or the impact of the risk to acceptable levels.
Transfer	Transfer the cost of the risk to a third party e.g. insurance, contract, outsourcing
Tolerate	Accept the risk as it is and do nothing to further mitigate it.

6.5 Risk Escalation Criteria

It is expected that the majority of risks will be managed at Directorate level. However, all Directorate risks scored at 15 or above ('Red' risks), using the Probability and Impact Grid shown at Appendix B, must be escalated to PMB for review. PMB **will** escalate these risks to SMB if they meet at least one of the following criteria:

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1. The means of reducing, mitigating or controlling the risk are considered inadequate and additional interventions or resources beyond those available within the individual Directorate are required;

2. The nature and scale of the risk is such that it cannot be effectively monitored and managed at Directorate level.

Also risks falling within the amber zone on the Probability and Impact Grid may, at the discretion of the line Director or Head of Service, be elevated to PMB for review and potential escalation to SMB if they consider that they are of a pan-organisational nature and / or there is insufficient capacity, resources and / or means of treating it at Directorate level with the consequent potential for it to become 'intolerable' (red zone).

SMB will act as the final point of review for potential corporate risks for inclusion in the Corporate Risk Register which will then be subject to scrutiny by the Authority's Overview and Audit Committee.

Appendix A: Risk Evaluation Framework - Probability

Factor	Score	Threats - Description	Indicators
Extremely Likely	5	Over 90% chance of occurrence	Circumstance that could give rise to the occurrence frequently encountered (at least monthly)
Very Likely	4	70-90% chance of occurrence	Likely to happen at some point within the next 12 months. Circumstances likely to give rise to the occurrence encountered several times a year
More Likely	3	45-70% chance of occurrence	Likely to happen at some point within the next 2 years. Circumstances likely to give rise to the occurrence encountered a few times a year
Less Likely	2	20-45% of occurrence	Only likely to happen within the next 2-5 years. Circumstances giving rise to the risk occasionally encountered
Unlikely	1	Up to 20% chance of occurrence	Only likely to happen once every 5 or more years

Appendix A: Risk Evaluation Framework – Nature & Impact

Factor	Score	Effect on Service	Embarrassment /Reputation	Health & Safety	Personal Privacy Infringement	Financial
Extreme	5	Major service disruption, across several important areas for a protracted period	Adverse and persistent national media coverage. Adverse Central Government response. Officers or Members forced to resign	Death of a member of staff or several people. Prosecution under Corporate Manslaughter and Corporate Homicide Act.2007.	All personal details compromised or revealed	over £150k
High	4	Significant service disruption of an important service area for a period of up to 2 weeks	Some adverse national media interest and/or adverse local publicity of a major and persistent nature	Serious injury sustained by one or more individuals. Prohibition notice served by HSE that closes a premises	Many individual personal details compromised / revealed	between £35k and £150k.
Medium	3	Moderate effect on an important service area for a short period (a few days)	Adverse local publicity / local opinion aware	Injury, causing loss of working time to an individual. Investigation by HSE leads to serving an improvement notice or threat of prosecution	Some individual personal details compromised/ revealed	between £16k and £35k.
Low	2	Minor service disruption in an important area of service for a brief period (hours)	Contained within a department or service area. Complaint from an individual/small group of arguable merit. No press interest	Minor injury or discomfort to an individual. Failure to report Notifiable incident to the HSE	Isolated individual personal details compromised/ revealed	between £5k and £16k
Negligible	1	Minor service disruption in a non critical area of service for a brief period (hours)	Contained within a department or service area. No external complaints or press interest	No injuries	Isolated loss of non personal data	up to £5k

Appendix B

BFRS Probability Impact Grid (PIG)

			Increasing Likelihood				
			1	**2**	**3**	**4**	**5**
			Unlikely	**Less Likely**	**More Likely**	**Very Likely**	**Extremely Likely**
1	**Negligible**		1	2	3	4	5
2	**Low**		2	4	6	8	10
3	**Medium**		3	6	9	12	15
4	**High**		4	8	12	16	20
5	**Extreme**		5	10	15	20	25

Increasing Impact

Risk Tolerance Line

Appendix C: Risk Register Template

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ	H/M/L			
	Accountable Director / Head of Service							R A G	

Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2015
OFFICER	Julian Parsons, Head of Service Delivery
LEAD MEMBER	Councillor David Schofield, Health and Safety and Corporate Risk
SUBJECT OF THE REPORT	**Corporate Risk Management**
EXECUTIVE SUMMARY	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.
	The Corporate Risk Register was last reviewed by the Overview and Audit Committee at its 3 December 2014 meeting. Since then it has been regularly reviewed by the Performance Management (PMB) and Strategic Management Boards (SMB), most recently at the 5 February 2015 PMB and 17 February SMB.
	Since the last review by the Overview and Audit Committee the following changes have been made to the risk register:-
	• The emerging risk to our Control Room continuity of service following the delay to the Thames Valley Control implementation has now been evaluated and given a score of ten (probability two and impact five).
	• The scoring in relation to CRR 014.4 Staff Availability was also been reviewed and the probability score reverted back to five (from four at the last SMB review in January) in light of the recent announcement of further strike action by the FBU (from 7am on Wednesday 25 February 2015 until 7am on Thursday 26 February 2015).
	The current distribution of corporate risks relative to probability and potential impact is shown at Annex A.
	Changes to the corporate risk ratings over the last 12

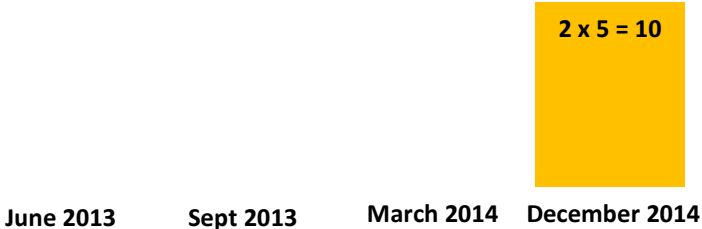|	month period are shown in graphical form at Annex B.
	Detailed assessments of identified corporate risks are shown in the Corporate Risk Register Report at Annex C.
ACTION	Information.
RECOMMENDATIONS	It is recommended that Committee members:
	i. Review the status report on identified corporate risks at Annex C, and,
	ii. Feedback comments to officers for consideration and attention in future updates/reports.
RISK MANAGEMENT	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.
FINANCIAL IMPLICATIONS	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.
LEGAL IMPLICATIONS	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.
HEALTH AND SAFETY	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.
EQUALITY & DIVERSITY	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.
USE OF RESOURCES	**Communication with Stakeholders**
	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.
	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.
	System of internal control
	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.
	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.
	The Medium Term Financial Strategy
	Financial risks are captured at Directorate and Corporate levels. Any implications for medium term financial planning are included in the individual risk assessments.
	The balance between spending and resources
	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.
	The management of the asset base
	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.
	Environmental
	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.
PROVENANCE SECTION	A formal policy for the management of Corporate Risk

& **BACKGROUND PAPERS**	was approved by the Authority in August 2006 and implemented with effect from 31 January 2007 (OC57: Corporate Risk Management Policy). 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: http://bucksfire.gov.uk/files/8114/0681/3588/150910.PDF CFA Members were last updated on the status of the Authority's Corporate Risks at the 3 December 2014 Overview & Audit Committee: http://bucksfire.gov.uk/files/5514/1682/7627/ITEM_5_Corporate_Risk_Management_cover_report__Annex_A_BC..pdf
APPENDICES	Annex A: Distribution of Corporate Risks at 17 February 2015 SMB. Annex B: 12 Month View of Changes to Corporate Risks Annex C: Corporate Risk Register Report
TIME REQUIRED	15 Minutes.
REPORT ORIGINATOR AND CONTACT	Stuart Gowanlock, Corporate Planning Manager sgowanlock@bucksfire.gov.uk 01296 744435

Annex A: Corporate Risk Map – 17 February 2015
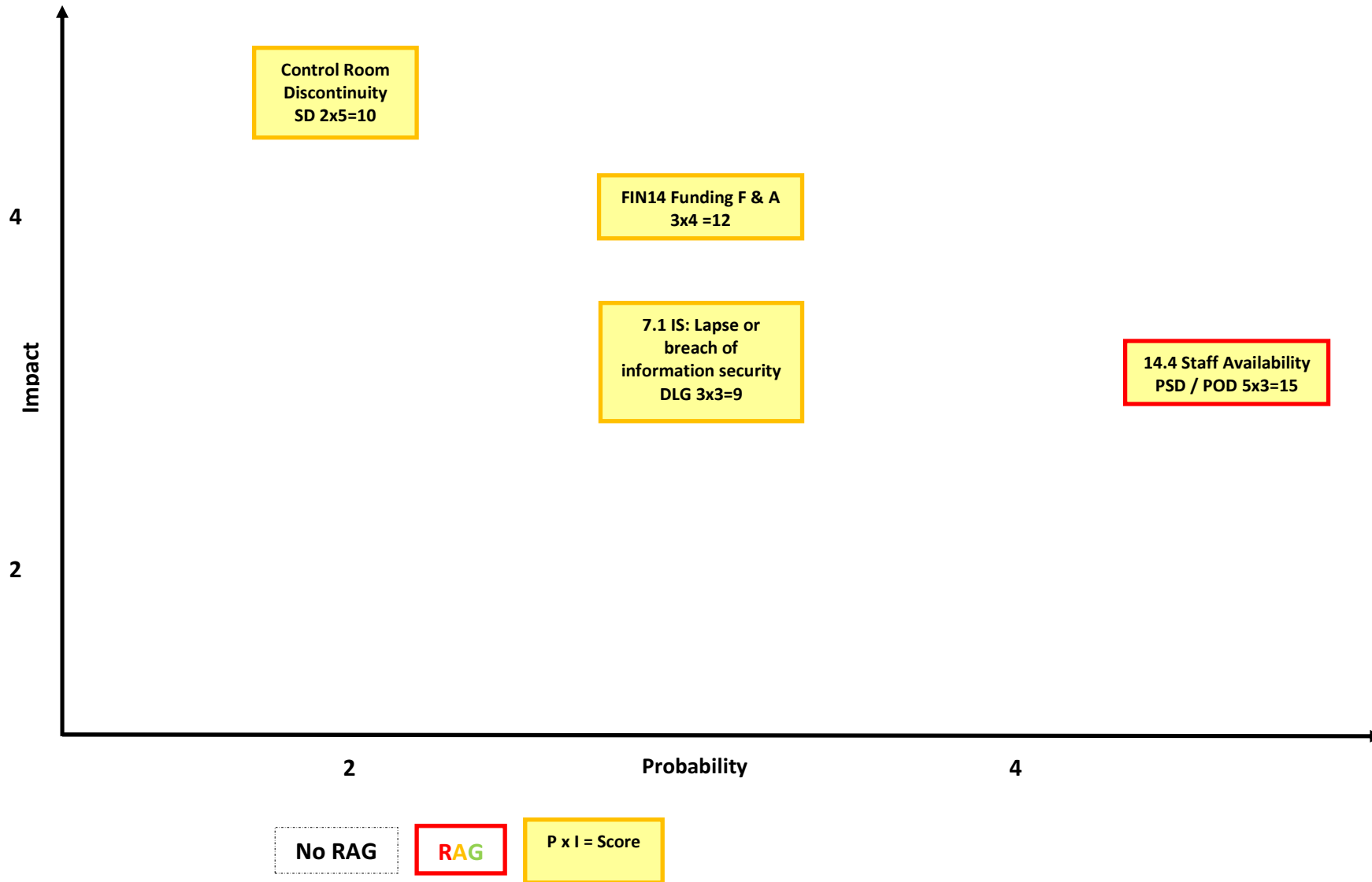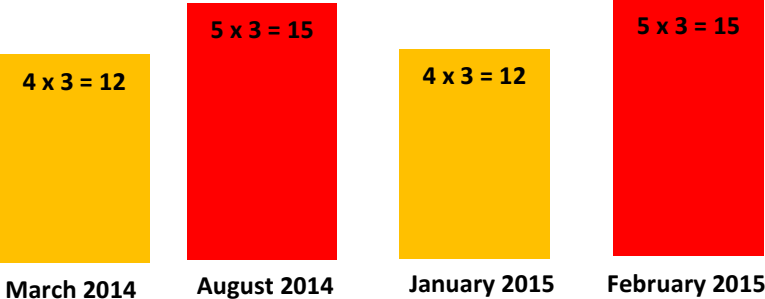
Impact

Probability

4

2

2

4

Control Room
Discontinuity
SD 2x5=10

FIN14 Funding F & A
3x4 =12

7.1 IS: Lapse or
breach of
information security
DLG 3x3=9

14.4 Staff Availability
PSD / POD 5x3=15

No RAG

RAG

P x I = Score

Control Room

			2 x 5 = 10
June 2013	Sept 2013	March 2014	December 2014

Staff Availability

4 x 3 = 12	5 x 3 = 15	4 x 3 = 12	5 x 3 = 15
March 2014	August 2014	January 2015	February 2015

Lapse or Breach of Information Security

3 x 3 = 9	3 x 3 = 9	3 x 3 = 9	3 x 3 = 9
June 2013	Sept 2013	March 2014	August 2014

Risk to Funding

4 x 4 = 16	4 x 4 = 16	4 x 3 = 12	4 x 3 = 12
June 2013	Sept 2013	March 2014	August 2014
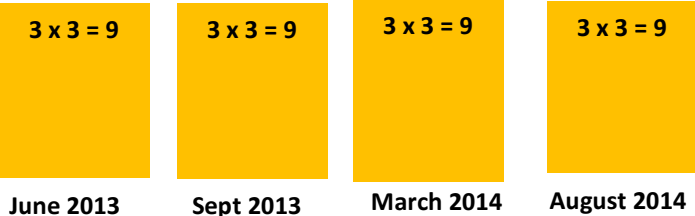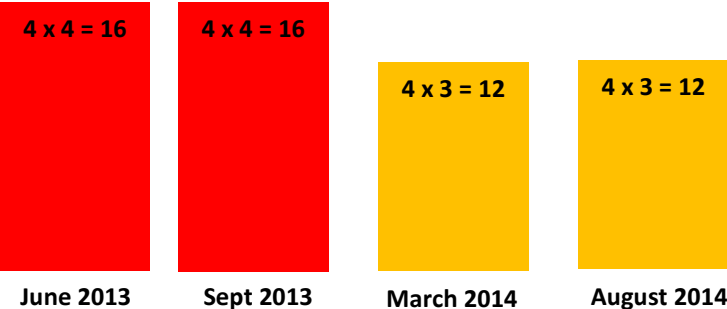
Corporate Risks

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ	H/M/L			
CRR 007 Lapse or breach of Information Security	Dir. Legal & Gov.	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	(3) 3	(9) 9	M 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	• 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. **2 September 14 SMB** • 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.

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ	H/M/L			
CRR 007 Lapse or breach of Information Security (continued…)									<u>12 November SMB</u> Further to September's update, regarding the increased threat of cyber terrorist attacks: In a recent spate of attacks Shropshire and Wrekin's Fire Authority's website was taken over by a group of reputedly pro-Palestinian hackers, based in Morocco, calling themselves "AnonGhost". The BMKFA website is hosted externally and, although the providers are confident their systems would repel such an attack, an internet security expert at Nottingham Trent University has advised that hacking a site is fairly straightforward. Although in the event of our website being hacked we could block access to it, until the external provider is able to resolve the issue, denial of service attacks such as this are both disruptive and may cause concern to our service users whose data we may hold.

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	∑	HML			
CRR 014.4 Staff Availability 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.	COO / POD Dir.	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) (3) (4) (3) (5) (4) (5) (4) **5**	(5) (5) (5) (5) (5) (4) (3) (3) (3) **3**	(10) (25) (15) (20) (15) (20) (12) (15) (12) **15**	(M) (H) (H) (H) (H) (H) (M) (H) M **H**	• Full business continuity plan in place • Peer review of the business continuity arrangements • Bank System • Flexi-Duty System Pilot • Staff Transfer Procedure	**R**	**18 February 14 SMB** 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. **27 May 14 SMB** 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. **17 July 14 PMB** 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. **2 September 14 SMB** Probability score for further industrial action raised to 5 (Extremely Likely). **13 January 15 SMB** Probability score reduced to 4 (Very Likely) **17 February 15 SMB** Probability score increased to 5 (Extremely Likely) following announcement of further strike action by the FBU (from 7 am on Wednesday 25 February 2015 until 7am on Thursday 26 February 2015).

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ	HML			
Fin 14 – Funding	Director Finance & Assets	• 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	(4) (3) 3	(4) (4) 4	(16) (12) 12	H M M	• 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 alternative funding to offset the reduction in Government funding	A	**30 July 13 SMT:** Reduce RAG rating to amber following announcement of government funding settlement. **6 February 14 PMB:** Reduction in risk score to 12 recommended in light of: • robust MTFP process and CFA in a position to approve a balanced budget at the 19 February meeting; • Initiation of reviews and planning activities to address savings requirements in future years. **18 February 14 SMB:** SMB approved the reduction to the probability score associated with this risk from 4 to 3 as recommended by PMB. **21 October 14 SMB:** Agreed that wording should be amended as current explanation not broad enough. Wording to be amended from 'Council Tax' to an increase in 'alternative funding'.
Control Room continuity of service following delay to Thames Valley Control implementation	COO / Head Service Dev.	• Potential for delay in receiving and handling of calls locally, therefore affecting response times of appliances	2	5	10	M	• Retention packages for current control staff • Liaison with existing staff • Extension of building lease • Secondary Control facility available	A	• All options being explored with existing staff and other FRS's is underway and on-going with options being considered. • Consultations with Control Room staff indicate that probability of risk crystalising is low but not insignificant.

Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2015
OFFICER	Maggie Gibb, Internal Audit Manager David Sutherland, Acting Director of Finance & Assets
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	**Internal Audit Report: Update of progress of the Annual Audit Plan**
EXECUTIVE SUMMARY	The purpose of this paper is to update members of the Overview and Audit Committee on the progress of the annual Internal Audit Plan since the last meeting. Work is progressing according to plan on 2014/15 audits with two at a final report stage and two at a draft report stage. Work is progressing on the remaining Q4 audits, with timings agreed with the senior management team. As requested by the Committee at a previous meeting, the status of implementation of recommendations is now detailed in a separate report.
ACTION	Information.
RECOMMENDATIONS	That members note the progress on the Annual Internal Audit Plan.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within the 2014-15 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
HEALTH AND SAFETY	There are no health and safety implications arising from this report.
EQUALITY AND DIVERSITY	There are no equality and diversity implications arising from this report.
USE OF RESOURCES	**Communication and progress monitoring** All audits, follow up reports and further updates will be

	submitted to this committee.
PROVENANCE SECTION & BACKGROUND PAPERS	Internal Audit Plan 2014/15 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Annex A: Progress against the 2014/15 annual Audit Plan, including timings of the planned work
TIME REQUIRED	5 minutes.
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk

ANNEX A:

Progress against the annual Audit Plan with a schedule of proposed work still to be undertaken

Auditable Area	Key Audit Objectives	Day Budget (Timing)	Status	O&A Report Date
Core Financial Controls	To fulfil our statutory responsibilities, we will undertake work to provide assurance over key controls within the financial governance framework. Key systems that will be tested include: o Budget Setting/Monitoring o Procure to Pay o Payroll & Pensions o Debtors o Capital o Financial Regulations o General Ledger o Reconciliations o Treasury Management o Asset Management This review will include a follow up of the 2014/15 audit report.	30 days (Q4)	Draft Report Overall opinion: **SUBSTANTIAL**	June 2015
Risk Management	To ensure that the Fire Authority has in place a robust risk management system and that the approach to corporate risk management is co-ordinated to enable effective identification, mitigation and monitoring of key risks.	5 days (Q1)	Final Report Overall opinion: **SUBSTANTIAL**	December 2014
Control Centre	This audit will review the project for the Control Centre operation, in partnership with Thames Valley. The audit will be conducted throughout the year, giving assurance at various stages as the project progresses.	5 days (Q3)	Planning (delayed to Q4)	June 2015
ICT Strategy	Internal Audit will continue to review the implementation of the ICT Strategy to provide independent assurance over the controls put in place by Senior Management. This audit will cover Data Quality and Information Governance. This will include a follow up of the 2013/14 audit.	10 days (Q2)	Fieldwork in progress	June 2015
Corporate Governance	To provide assurance over the Authority's governance framework and to ensure that controls are operating effectively in practice and in accordance with the CIPFA SOLACE guide. This audit will include a brief review of the revised Partnership Framework.	10 days (Q1)	Final Report Overall opinion: **REASONABLE**	March 2015
HR People Management	This audit will focus on the systems of control in place within the HR service over managing staff. This will include an analysis of costs and employee numbers to identify efficiencies.	5 days (Q2)	Fieldwork in progress	June 2015

Accommodation and Housing Allowances	This audit will focus on the controls in place for the payment and allocation of housing and accommodation allowances.	5 days (Q3)	Draft Report Overall opinion: **REASONABLE**	June 2015
Contingency	A contingency has been included within the audit plan to provide flexibility and in recognition of an expected but as yet unspecified need. If the days remain as at the beginning of Q4 then they will be used to review some key Governance areas such as Project Management and Contract Management, with the agreement of the Director of Finance and Assets. 5 days of contingency allocated to Corporate Governance audit to cover wider scope.	10 days		
Follow Up				
Follow Up - general	To ensure all 2012/13 and 2013/14 medium and high recommendations of significant nature are implemented, in addition to recommendations still outstanding from previous years.	10 days	Follow Up	Various
Audit Management				
Corporate Work	A proportion of the total audit resource is made available for 'corporate work'. Corporate work is non-audit specific activity which still 'adds value' or fulfils our statutory duties. Examples of this type of work include attendance and reporting to Management and Committee, and audit strategy and planning work. This also includes developing the Audit Plan, writing the Annual Report and undertaking the annual Review of Effectiveness of Internal Audit.	10 days	N/a	N/a
Total		**100 days**		

Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2015
OFFICER	Maggie Gibb, Internal Audit Manager David Sutherland, Acting Director of Finance & Assets
LEAD MEMBER	Councillor David Watson, Chairman Overview and Audit Committee
SUBJECT OF THE REPORT	**Internal Audit Report: Final Audit Report Corporate Governance 2014/2015**
EXECUTIVE SUMMARY	The purpose of this paper is to update the Overview and Audit Committee on the findings of the internal audit report relating to Corporate Governance in 2014/15. The recommendations have all been agreed with the senior management team and suitable deadline dates for implementation have been identified. Internal Audit will monitor implementation of the recommendations as they fall due. The draft reports for Core Financial Controls and Housing Accommodation and Allowances have been issued and will be finalised ahead of the next Committee meeting.
ACTION	Information.
RECOMMENDATIONS	That the Committee note the recommendations raised in the finalised Internal Audit report attached as Annex A.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within the 2014–15 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
HEALTH AND SAFETY	There are no health and safety implications arising from this report.
EQUALITY AND	There are no equality and diversity implications arising

DIVERSITY	from this report.
USE OF RESOURCES	**Communication and progress monitoring** All audits, follow up reports and further updates will be submitted to this committee.
PROVENANCE SECTION **&** **BACKGROUND PAPERS**	Internal Audit Plan 2014/15 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Annex A: Corporate Governance 2014/15 Final Report
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk

AUDIT AND RISK MANAGEMENT

INTERNAL AUDIT REPORT

BUCKINGHAMSHIRE & MILTON KEYNES FIRE AUTHORITY

Corporate Governance 2014/15

February 2015

Contents

Audit Control:

Closing meeting:	6 November 2014
Draft report:	28 November 2014
Management responses:	18 December 2014 & 5 February 2015
Final report:	9 February 2015

Auditors:	Maggie Gibb – Audit Manager Mary-Anne Stanford – Senior Auditor
Report Distribution: Draft Report	Director of Legal and Governance Director of Finance and Assets Director of People and Organisational Development Information Governance & Compliance Manager Head of Service Transformation
Final Report as above plus:	Chief Fire Officer Chair, Bucks and Milton Keynes Fire Authority External Audit

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   The Buckinghamshire and Milton Keynes Fire Authority (BMKFA) have adequate corporate governance arrangements in place. The majority of documents, policies and procedures are in place and up to date, however there are some documents that require updating, are not available on the external BMKFA website or on the Intranet (I-Drive) and these are highlighted in section 3. It is acknowledged that good progress has been made with the suite of employment related policies and guidance. However some of these documents are still to be finalised. There are also management actions outstanding from previous audits that have not been implemented, these are summarised in section 2.4. The Corporate Governance audit scope would normally include Risk Management but this was subject to a separate audit in 2014/15 for which an audit report with findings and management actions has been issued.

1.4   In addition to the findings summarised below, we also found the following examples of good practice:
- A robust Members induction process and training programme has been implemented.
- The Authority has been pro-active in consulting with the public on the new Public Safety Plan.
- The Corporate Plan targets are cascaded down to Service Plans and ultimately to personal appraisal targets.

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

- There is no Data Quality Strategy

1.6 Findings 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 Corporate Governance. The audit tested the corporate governance arrangements in place against the key elements and Core Principles as defined in CIPFA Delivering Good Governance Framework December 2012.

Progress in implementing the management actions will be tracked and reported to the Overview & Audit Committee.

The detailed findings are summarised in Section 3 of this report. All findings have been discussed with the Director of Legal and Governance who has agreed all the findings and produced an action plan to implement them.

Findings		
High	**Medium**	**Low**
1	8	2

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 management action section of this report.

2. Background

2.1   The audit review of Corporate Governance formed part of the agreed audit programme for 2014/15. The review was carried out during September 2014.

2.2   The Corporate Governance 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 system is to provide assurance over the governance framework and to ensure that controls are operating effectively in practice and in accordance with the CIPFA SOLACE guide. This audit will include a brief review of the revised Partnership Framework.

2.3   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 detailed summary of the scope of this review can be seen in Appendix A.

2.4   Management actions from previous Corporate Governance audits were examined to ensure that the actions have been completed.
- Corporate Governance 2010/11 - 6 actions completed, 3 actions not completed.
- Corporate Governance 2011/12 - 7 actions completed, 1 action not completed.

The outstanding actions are summarised below.

Audit	Agreed Management Action	Status at October 2014
Corporate Governance 2010/11	Action 4. The new Performance Management process should be rolled out to all staff – this was due for completion March 2013.	Performance Management is still not complete as only 58% of appraisals for 2013/14 have been completed as at September 2014. This has been restated in this report section 3 action 12.
Corporate Governance 2010/11	Action 8. The support staff Scheme of Conditions of Service 'Green Book' – this is under review as part of the HR Directorate Plan.	The revised Scheme of Conditions of Service – Support Services Staff is mostly completed. All sections have been drafted except for Section 7 Leaving the Authority. When completed the Scheme will go to SMB and then issued for informal consultation with an expected to go live date of 01/01/15. This has been restated in this report section 3 action 13.
Corporate Governance 2010/11	Action 10. The Code of Conduct for Employees should be reviewed and approved on a regular basis – this is under review as part of the HR	The Code of Conduct on the I-Drive is dated September 2006. This has been restated in this report section 3 action 3.

Audit	Agreed Management Action	Status at October 2014
	Directorate Plan.	
Corporate Governance 2011/12	Action 1. The complaints procedure will be reviewed and revised and will include the need for all but routine complaints, which can be actioned within three working days, to be reported to the Information Governance Manager on receipt for recording and monitoring. A flow chart will be included in the revised procedure so that all staff know how to deal with complaints effectively Who to be actioned by: Information Governance Manager When to be actioned by: December 2012	The Compliments; Complaints; Concerns and Suggestions Policy has not been updated since June 2010. Instructions on how to deal with complaints have not been issued to the person that distributes with the post. This has been restated in this report section 3 action 10.

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	Issues & Consequences	Priority H/M/L	Management Action Plan	Task owner and target date for implementation
1	CIPFA Governance Key Element 7. Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality.	A draft Data Quality Guide (Performance Management) 2011 was presented to the Executive Committee 09/11/11 Item 7. There is no evidence in the minutes that the Data Quality Guide was approved. There is also no evidence that there is a Data Quality Strategy in place. It was confirmed to the auditor that officers planned to have a Data Quality Strategy in place during 2012 but this has not been progressed. It was confirmed that each department should have its own process in place for managing data. Post incident data is subject to quality	High	We intend to merge the Data Quality Strategy with the Information Governance Strategy that will be approved early 2015/16.	**Action agreed?** Y **Who to be actioned by:** Information Governance & Compliance Manager **When to be actioned by:** June 2015 (progress to be reviewed March 2015)

	Control description	Issues & Consequences	Priority H/M/L	Management Action Plan	Task owner and target date for implementation
		checks before it is submitted via DCLG website. There is a risk that staff are unaware of their responsibilities for data quality that may result in decisions, policies and targets being made on inaccurate data.			
2	CIPFA Governance Key Element 6. Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.	The Members' Code of Conduct section 7 requires members of Buckinghamshire & Milton Keynes Fire Authority to register their disclosable pecuniary interests in a maintained and publicly-available register. Each year Members are reminded by the Director of Legal of Governance and again by the Chair at the AGM to complete and sign a declaration of interests, the detail of these is transferred to the website by the Democratic Services Officer. All Members interests on the website were examined to ensure they had been completed and were up to date. It was found that three members have not reviewed their declaration of pecuniary interests for June 2014. They were last reviewed July 2013. There is a risk that new pecuniary interests have not been declared.	Medium	The relevant members will be reminded of their obligation to complete a declaration of pecuniary interests annually.	**Action agreed?** Y **Who to be actioned by:** Director of Legal and Governance **When to be actioned by:** February 2015

	Control description	Issues & Consequences	Priority H/M/L	Management Action Plan	Task owner and target date for implementation
3	CIPFA Governance Key Element 6. Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff.	The Officers Code of Conduct was examined to ensure it was up to date and fit for purpose. The Officers Code of Conduct is available for staff on the I-Drive, this is dated September 2006 and has not been updated since. This was raised as part of the 2010/11 Corporate Governance audit. There is a risk that the Officers Code of Conduct does not reflect the current requirements for staff conduct and staff act inappropriately.	Medium	A single Officers Code of Conduct will be produced, incorporating reference to linked procedures, for example Use of Internet and made available to staff via the I-Drive. A number of the new and revised HR Policies and Procedures cover elements of conduct and standards of behaviour, and have been agreed and published in 2014, therefore up to date standards of conduct are already in place, albeit not in one document. Behavioural review was introduced into the appraisal system on 2014 to help reinforce and highlight development needs. Specific guidance was published in August 2013 for social media use. This has been regularly reinforced via the I drive and for operational staff via individual letter.	**Action agreed?** Y **Who to be actioned by:** Director of People and Organisational Development **When to be actioned by:** March 2015

	Control description	Issues & Consequences	Priority H/M/L	Management Action Plan	Task owner and target date for implementation
				A single code of conduct will incorporate all of the existing elements into a single reference document by March 2015.	
4	CIPFA Governance Key Element 7. Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality.	There are Financial Instructions available on BMKFA website and these are dated 08/02/11. There are Financial Instructions available on the I-Drive and these are dated September 2012 with a review date of September 2013. There are substantial differences between the documents. There is a risk that staff are working to the incorrect document and therefore not following the correct procedures.	Medium	Financial Instructions on the external website will be updated to be the same as those on the I-Drive.	**Action agreed?** Y **Who to be actioned by:** Director of Finance and Assets **When to be actioned by:** February 2015
				Financial Instructions on I-Drive will be reviewed and updated if necessary. Procedures will be put in place to ensure the document is reviewed within the timeframe stated.	**Action agreed?** Y **Who to be actioned by:** Director of Finance and Assets **When to be actioned by:** March 2015

	Control description	Issues & Consequences	Priority H/M/L	Management Action Plan	Task owner and target date for implementation
5	CIPFA Governance Key Element 9. Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained.	The revised Counter-Fraud and Corruption Policy Review went to Overview and Audit Committee 05/12/12 item 6 where it was approved. The draft Anti-Money Laundering Policy went to Overview and Audit Committee 05/12/12 item 6 where it was approved. Both documents are not available on the BMKFA website. This may be an oversight as the website has recently been revamped and not all documents have been transferred. If the policies are not on the website or are not up to date there is a risk that members of the public and staff may follow incorrect procedures in cases of fraud or money laundering.	Medium	The approved Counter-Fraud and Corruption Policy and the Anti-Money Laundering Policy will be made available on the BMKFA website.	**Action agreed?** Y **Who to be actioned by:** Director of Finance and Assets **When to be actioned by:** February 2015
6	CIPFA Governance Key Element 16. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.	Policies were examined to confirm that Freedom of Information and Data Protection requirements are complied with and are communicated to staff. The Buckinghamshire Fire and Rescue Service has the procedure note 'Dealing With Requests for Information' and this is available to staff on the I-Drive. The Service uses the Civil Service online	Medium	New staff will be reminded of the requirement to complete the Data Protection online training.	**Action agreed?** Y/N **Who to be actioned by:** Head of Organisational Development and Training

	Control description	Issues & Consequences	Priority H/M/L	Management Action Plan	Task owner and target date for implementation
		training for Data Protection and upon completion a record is placed on the officer's personal file in SAP. Bespoke training is also provided as required.			**When to be actioned by:** March 2015
		A report from SAP is run on a regular basis that indicates staff who have and have not completed the online Data Protection training. The report run on 29 September 2014 indicates that 474 officers have completed and 273 (36%) have not completed Data Protection training. Some of these are staff who failed to notify the Training Department when they had completed their training. There is a risk that staff are unaware of their responsibilities regarding data protection and that may result in a breach of the Data Protection Act and a possible fine.		The Training Department will send a reminder to staff who appear as not having completed the training and the records will be reconciled to those staff that failed to notify the Training Department when they had completed their training.	**Action agreed?** Y **Who to be actioned by:** Head of Organisational Development and Training **When to be actioned by:** February 2015
7	CIPFA Governance Key Element 17. Whistleblowing and for receiving and investigating complaints from the public.	There is a Complaints; Concerns and Suggestions Policy on the I-Drive that is dated 2010. The document states that it was approved May 2010 with a review date of October 2010. There is no evidence that the Policy has been reviewed or updated since then. This was raised as part of the Corporate Governance 2011/12 audit when the	Medium	The Complaints; Concerns and Suggestions Policy will be reviewed, updated as necessary, approved and made available to staff via the I-Drive. Approval will be sought from Business Transformation Board before the end of the financial	**Action agreed?** Y **Who to be actioned by:** Information Governance & Compliance

	Control description	**Issues & Consequences**	**Priority H/M/L**	**Management Action Plan**	**Task owner and target date for implementation**
		same document was provided.		year.	Manager
		If policies are not up to date there is a risk that staff may follow incorrect procedures.			**When to be actioned by:** March 2015
8	CIPFA Governance Key Element 17.

Whistleblowing and for receiving and investigating complaints from the public. | The process for complaints was examined. An annual report 'Review of Compliments and Complaints' is presented to the Overview and Audit Committee and SMB. This advises the committee on any trends and corrective action taken to reduce or remove the problem that led to a complaint being made.

Complaints notified to the Information Governance and Compliance Manager are logged on a register. Staff have recently been emailed by the Information Governance and Compliance Manager to remind them to inform her of any complaints and compliments received. Reception staff have also been notified that any complaints by phone should be forwarded to the Information Governance and Compliance Manager | Medium | A reminder has been sent to all staff including the member of staff that deals with the post to ensure the Information Governance and Compliance Manager is informed of complaints that the post room may open. | **Action agreed?** Y

Who to be actioned by: Information Governance & Compliance Manager

When to be actioned by: Completed |

File Ref: 15/09   13   **Date: February 2015**

	Control description	Issues & Consequences	Priority H/M/L	Management Action Plan	Task owner and target date for implementation
		as well as the relevant manager. However no such instructions have been issued to the member of staff that deals with complaints that may arrive by post. If complaints are not notified to the Information Governance and Compliance Manager there is a risk that not all complaints are recorded, actioned promptly and reported to Members.			
9	CIPFA Governance Key Element 19. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.	There is an External Communication Strategy that is dated 2006 and an Internal Communication Strategy that is dated 2007. A draft Communication, Consultation and Community Engagement Strategy was presented to the Authority on 09/02/11 Item 9. This covers external and internal communications. From that meeting the outcome was that: 1. That the draft Communication, Consultation and Community Engagement Strategy be noted. 2. That Councillor Baldwin and the Chairman be consulted on the draft	Medium	A Communication Strategy that covers internal and external communications will be drafted and approved and made available to staff and external stakeholders.	**Action agreed?** Y **Who to be actioned by:** Head of Service Transformation **When to be actioned by:** March 2015

	Control description	**Issues & Consequences**	**Priority H/M/L**	**Management Action Plan**	**Task owner and target date for implementation**
		Strategy.			
		3. That the Overview and Audit Committee consider a revised draft Strategy and Action Plan before consideration by the Executive Committee.			
		It was confirmed that the discussion with members did take place. But no further action has been taken to progress the Strategy.			
		If the Communications Strategy is out of date there is a risk that not all relevant communication channels are utilised and some sections of the community and stakeholders may be excluded.			
10	CIPFA Governance Key Element 7. Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality.	Financial Regulations were approved by the Authority on 24/06/14 after having been presented to Senior Management Board and Overview and Audit Committee. These Financial Regulations are available on BMKFA website, however they are not dated. Audit was unable to ascertain that these are the approved and up to date Financial Regulations. Officers confirmed that the Financial Regulations on the website are the latest ones that	Low	The Financial Regulations on the website will have the date of approval added.	**Action agreed?** Y **Who to be actioned by:** Democratic Services Officer **When to be actioned by:** February 2015

	Control description	Issues & Consequences	Priority H/M/L	Management Action Plan	Task owner and target date for implementation
		were approved but when the document was converted to PDF the footer was lost. The hard copy of the Financial Regulations in the 'Red Book' is dated June 2014. There is a risk that incorrect or out of date documents are posted on the BMKFA website.			
11	CIPFA Governance Key Element 17. Whistleblowing and for receiving and investigating complaints from the public.	On the BMKFA website there is the Local Code of Conduct Complaints Process. This is a flowchart about how to raise concerns about members conduct, however the document on the new website does not have the front page of weblinks that makes it clear that it relates to complaints about Members conduct and not a general complaint. There is a risk that members of the public that want to make a complaint follow the incorrect process and their complaint may not be resolved.	Low	The previous front page of weblinks to the Local Code of Conduct Complaints Process will be reinstated to the new website.	**Action agreed?** Y **Who to be actioned by:** Director of Legal and Governance **When to be actioned by:** February 2015

File Ref: 15/09   16   **Date: February 2015**

Previous audit recommendations Corporate Governance 2010/11

	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan	October 2014 follow up findings, management action plan, owner and target date
12	Corporate Governance 2010/11 Action 4. The model for performance management is within the Building a Better Governance Framework that has recently been approved by the Overview & Audit Committee. The formal performance and appraisal process has yet to be implemented. Without a Performance Management Framework there is an increased risk that performance targets are not met.	The new Performance Management process should be rolled out to all staff (operational and support staff).	Medium	**Recommendation Agreed:** Yes **Response:** Performance Plus has been rolled out to members of SMT, Group Managers and Heads of Department. Funding has been agreed for further licences and will be rolled out to all staff by 31 August 2011. The redevelopment of Performance Plus is expected to be implemented by 31 August 2011. In order to align the requirements associated with this in terms of data quality, it is proposed that we develop the data quality guide in parallel with the implementation of Performance Plus in order to avoid unnecessary revisions. We plan to develop the data quality guide for approval at the 14 September 2011 Executive Committee. The formal appraisal process is being implemented top down, starting with SMT and cascaded through the management teams. Priorities are objectives aligned to the corporate and directorate plans and high level training	It was found that the new Performance Management process is still not complete as only 58% of appraisals for 2013/14 have been completed as at September 2014. **Management Action Plan** Completion of appraisals will be promoted with additional support for managers where needs have been identified. **Who to be actioned by:** Director of People and Organisational Development to remind Senior Managers of their obligations to ensure all staff participate in the appraisal process. **When to be actioned by:** April 2015 Following management reminders, further appraisals have been received and, as at 166/10/14, the number of staff employed at the start of the year without an appraisal stands at 114. This is approximately **19% by**

	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan	October 2014 follow up findings, management action plan, owner and target date
				needs analysis. There is an 18-month roll-out programme to fully integrate the golden thread and determine detailed individual training/ development needs. All staff including RDS are participating. The HR IS project phase 2 will enable performance management tracking and reporting from 2012 /13 **Who to be actioned by -** Director Service Support and Director HR **When to be actioned by:** Performance Plus August/Sept 2011 From March 2011 to October 2012 – appraisal roll out April 2012 – March 2013 – fully integrated tracking and reporting	**headcount**. Five of the Leadership Group are still to have appraisals logged into the HR system. As at 24/11/14, there are 53 employees employed as at 01/04/14 and still employed who are outstanding in terms of an appraisal. This is an outstanding figure of 8.7% of total current employees.
13	Corporate Governance 2010/11Action 10. For support staff at the Buckinghamshire Fire & Rescue Service the 'Green	The Support Staff Scheme of Conditions of Service 'Green Book' should be reviewed and approved on a regular basis.	Medium	**Recommendation Agreed:** Yes **Response:** Terms and conditions of service for "Green Book "Support Staff are being reviewed a part of the terms of reference approved by HR Sub-Committee in April 2011.	The revised Scheme of Conditions of Service – Support Services Staff is mostly completed. All sections have been drafted except for Section 7 Leaving the Authority. It was confirmed to audit that when it is finalised the Scheme will go to SMB for completeness and then be issued for informal consultation with an expected

	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan	October 2014 follow up findings, management action plan, owner and target date
	Book' Scheme of Conditions of Service details their Conditions of Employment. This document is dated April 1997 and there is no evidence of subsequent review. There is an increased risk that the document is no longer relevant.			**Who to be actioned by:** HR Director LS – Lead officer **When to be actioned by:** June 2011 – December 2011 analysis /determine options phase. January 2012 onwards – consultation and implementation phase	to go live date of January 2015. **Management Action Plan** There is an expected go live date of January 2015. The revised Support Services staff Scheme of Conditions of Service (historically known as the 'Green Book') is to be referred to as the Support Services staff handbook. Whilst the handbook is not being formally consulted on, as this has involved joining up existing policies and procedures rather than establishing new terms and conditions, it has been sent to the Leadership Group for comment. The publication of the revised handbook completes the programme of work on the review of pay, grading and terms and conditions for staff covered by the Buckinghamshire & Milton Keynes Fire Authority Scheme of Conditions of Employment for Support Services. This work has included a revised pay and grading structure; introduced in September 2014,

	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan	October 2014 follow up findings, management action plan, owner and target date
					conclusion of outstanding pay and grading anomalies from the 2013 equal pay audit, categorisation of policies based on the employment lifecycle; a theme used to set out the strategic intent for the Authority's employment, based on the eight overarching policy themes recently approved by SMB, and the publication of the Support Services staff handbook with the categorisation based on the employment lifecycle. This handbook will be available to staff early New Year and will be brief out during the first quarter of 2015. **Who to be actioned by:** Head of HR **When to be actioned by:** January to March 2015

Appendix A

AUDIT SCOPE AND FRAMEWORK

4. Specific Audit Scope

4.1 We have evaluated the area against the CIPFA SOLACE Delivering good governance Addendum Dec 2012. The audit included a brief review of the revised Partnership Framework.

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:
- Risk Management was subject to a separate audit

5. Staff Interviewed

- Graham Britten, Director of Legal and Governance;
- Stuart Gowanlock, Corporate Planning Manager;
- Lynne Swift, Director of People and Organisational Development;
- Gerry Barry, Information Governance & Compliance Manager;
- Katie Nellist, Democratic Services Officer;
- Jacqui May, Head of Finance (Deputy Director);
- Mark Hemming, Technical Accountant (Report and Transaction);
- Faye Mansfield, Human Resources Development Manager ;
- Geoff Bottle, People and Organisational Development Manager;
- Mark Ridder, Employee Relations Manager;
- Toni D'Souza, Information Manager;
- Paul Holland, Head of Operational Training;
- Fraser Pearson, Communication Manager;
- Georgie Porter, Communications Officer;
- Joy Viard, Finance Team PA.

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:

ASSURANCE	SUBSTANTIAL	REASONABLE	LIMITED
Adequacy of risk management techniques employed within the area.	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.
Adequacy of the existing control framework to reduce identified risks to an acceptable level.	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.
Adequacy of compliance with the existing control framework.	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.

Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	11 March 2015
OFFICER	Maggie Gibb, Internal Audit Manager David Sutherland, Acting Director of Finance and Assets
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	**Internal Audit Report: Draft Internal Audit Strategy and Annual Plan 2015/16**
EXECUTIVE SUMMARY	This paper sets out the Internal Audit Strategy and the proposed Internal Audit Plan for 2015/16 (attached at Appendix A) for the approval of the Committee. There are no material changes from the strategy of previous years, however, some flexibility has been built into the 15/16 plan to enable the Acting Director of Finance and Assets to work with Internal Audit to direct the work to the most appropriate areas.
ACTION	To consider the scope of the Internal Audit activity in 2015/16.
RECOMMENDATIONS	That the latest Internal Audit Strategy and Plan for 2015/16 be approved.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within 2015-16 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
HEALTH AND SAFETY	There are no health and safety implications arising from this report.
EQUALITY AND DIVERSITY	There are no equality and diversity implications arising from this report.
USE OF RESOURCES	**Communication and progress monitoring** All audits, follow up reports and further updates will be submitted to this committee

PROVENANCE SECTION **&** **BACKGROUND PAPERS**	Internal Audit Plan 2014/15 Internal Audit reports taken to Overview and Audit Committee.
APPENDICES	Appendix A - Draft Internal Audit Strategy and Annual Plan for 2015/16
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk 01296 387327

Buckinghamshire and Milton Keynes Fire Authority

DRAFT INTERNAL AUDIT STRATEGY AND ANNUAL PLAN
FOR
2015/16

Presented to the Overview and Audit Committee: 11 March 2015

CONTENTS

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1 INTRODUCTION

1.1 This paper details the Internal Audit Strategy for 2015/16 and the proposed Internal Audit Work Plan for the year. The Plan will be subject to regular review and presented to the Overview and Audit Committee on a quarterly basis, together with a progress report, for approval.

1.2 The responsibility, status and authority of Internal Audit at the Fire Authority is outlined within the Constitution and Financial Regulations.

2. INTERNAL AUDIT STRATEGY

2.1 The Accounts and Audit Regulations 2011 (R6) state that the Fire Authority needs to maintain an adequate and effective system of internal audit of its accounting records, and of its system of internal control in accordance with the proper internal audit practices. Proper internal audit practices are defined in the Public Sector Internal Audit Standards (adopted from 1 April 2013).

2.2 The Public Sector Internal Audit Standards defines Internal Audit as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2.3 The Chief Internal Auditor provides this opinion in an annual report on the System of Internal Control, which is used to inform the Fire Authority's Annual Governance Statement. In providing this opinion we are required to review annually the financial management, risk management and governance processes operating within the Authority. This includes reviewing internal control systems for key processes on a risk basis.

2.4 The Internal Audit Service is provided as part of a service level agreement with Buckinghamshire County Council. The Council's Internal Audit Service is delivered in collaboration with Oxfordshire County Council, where resources are shared between the two Councils, with a predominantly in house team. The Internal Audit Service also manages a call off contract where it is necessary to outsource specific audit skills.

2.5 A key part of the strategy is ensuring the right skills mix and resources exist to deliver an effective service. For the 2015/16 Internal Audit Plan, we aim to provide continuity in the resources we allocate for the audit assignments; an Audit Manager will oversee the programme of work, ensuring work is delivered on time and to the correct quality, and will present the quarterly plans and progress reports to the Overview and Audit Committee; suitably qualified and experienced auditors will be allocated to undertake the audit assignments. If required a specialist IT Auditor will be available to support the delivery of the work programme.

2.6 The Annual Audit Plan is drafted for the approval of the Overview and Audit Committee, in consultation with the Senior Management Team, with

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consideration of the Fire Authority's Corporate Plan, and Strategic Risks. There will remain a significant emphasis for internal audit activity in reviewing financial systems and compliance with the governance framework; however, the Plan also reflects strategic projects and reviews that will be progressed during 2015/16.

2.7   The plan and allocation of audit days will be regularly reviewed by the Chief Internal Auditor and the Director of Finance and Assets to ensure the focus of the audit activity is directed to the key risk areas where independent assurance is required.

2.8   In order to underpin the Annual Audit Opinion, a risk based methodology will be applied to all audit assignments, providing assurance that key controls are well designed and operating effectively to mitigate principal risk exposures. Terms of reference will be prepared for each audit assignment, in consultation with the relevant Manager, to ensure that key risks within the audited area are identified.

2.9   The quality of work is assured through the close supervision of staff and the subsequent review of reports, audit files and working papers by an Audit Manager. Exit meetings are held with the relevant officers to ensure factual accuracy of findings and subsequent reporting, and to agree appropriate action where additional risk mitigation is required.

3   THE INTERNAL AUDIT PLAN

3.1   The Internal Audit Plan for 2015/16 is outlined within Appendix A.

3.2   Out of those audits listed within Appendix A, it is proposed that the following audits will be undertaken in **Quarter 1**:

- HR People Management
- Control Centre

3.3   Each audit assignment will result in a specific audit report although the audit methodology will vary depending on the requirements of the scope of work.

3.4   In accordance with the Audit Strategy, we will audit the processes in place for governance, financial management and risk management on an annual basis. We will continue to work with the External Auditors to ensure the scope of our work is sufficient that they can seek to place reliance on it for their audit of the Statement of Accounts and value for money opinion.

3.5   Implementation of the Audit Plan will be monitored by use of Performance Indicators as outlined in **Appendix B**. These will be discussed at service level agreement meetings with the Director of Finance and Assets.

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Responsible Officers

Audit Service: Ian Dyson, Chief Internal Auditor
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APPENDIX A – INTERNAL AUDIT PLAN 2015/16

Auditable Area	Key Audit Objectives	Day Budget (Timing)	Type (See note 1)	Risk Assessed
Core Financial Controls	To fulfil our statutory responsibilities, we will undertake work to provide assurance over key controls within the financial governance framework. Key systems that will be tested include: ○ Budget Setting/Monitoring ○ Procure to Pay ○ Payroll & Pensions ○ Debtors ○ Capital ○ Financial Regulations ○ General Ledger ○ Reconciliations ○ Treasury Management This review will include a follow up of the 2014/15 audit report.	30 days (Q4)	Risk	High
Pension Administration	This audit will focus on the systems of control in place for the administration of Firefighters Pensions, including roles and responsibilities, compliance with legislation and accuracy of accounting.	7 days (Q2)	Risk	High
Control Centre	Scope to be agreed post cut over (possibly joint with OCC)	8 days (Q1)	Risk	High
TBC	Possible areas: Asset Management Project Management Contract Management Financial Planning To be discussed and agreed with Acting Director of Finance and Assets in conjunction with Overview and Audit Committee.	20 days (Q2/3)	Risk	High
HR People Management	This audit will focus on the systems of control in place within the HR service over allocation of workloads and managing staff. This will include a review of the VIVA system.	5 days (Q1)	Risk	High
Contingency	A contingency has been included within the audit plan to provide flexibility and in recognition of an expected but as yet unspecified need. If the days remain as at the beginning of Q4 then they will be used to review some key Governance areas such as Project Management and Contract Management, with the agreement of the	10 days		

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	Director of Finance and Assets.			
Follow Up				
Follow Up - general	To ensure all 2013/14 and 2014/15 medium and high recommendations of significant nature are implemented, in addition to recommendations still outstanding from previous years.	10 days	Follow Up	Various
Audit Management				
Corporate Work	A proportion of the total audit resource is made available for 'corporate work'. Corporate work is non-audit specific activity which still 'adds value' or fulfils our statutory duties. Examples of this type of work include attendance and reporting to Management and Committee, and audit strategy and planning work. This also includes developing the Audit Plan, writing the Annual Report and undertaking the annual Review of Effectiveness of Internal Audit.	10 days	N/a	N/a
Total		**100 days**		

Note 1: Types of Audit Approach - The audit techniques to be used will be selected from the following, depending on which is considered to be the most effective for delivering the audit objectives:

Risk Based Audit (Risk)
A full audit which focuses on key risks in relation to system objectives. Audit work will be structured to direct audit resource in proportion to risk exposures.

Systems Based Audit (Systems)
A "full" audit in which every aspect and stage of the audited subject is fully considered. It includes review of both the design and operation of controls. Undertaken from a systems perspective with a 'cradle to grave approach'

Key Controls Testing (Key)
Clearly focussed on a small number of material or key controls.

Systems Development Audit (SDA)
Ongoing review of developing plans and designs for new systems and processes aimed at identifying potential weaknesses in control if the plans and designs go ahead as they are.

Verification Audit (Verification)
Where there is pre-existing confidence that controls are well designed, but compliance is a material issue, audits which test only for compliance with controls can be appropriate. Audit undertaken to verify key outcomes. This work normally takes the form of checking data and management actions to confirm accuracy and appropriateness and does not consider controls or risks in the wider sense.

Follow Up
Work undertaken to assess the extent to which management action plans have been implemented. This may be following up our own recommendations from previous years or through follow up of other assurance provider outcomes (e.g. External Audit).

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APPENDIX B

2015/16 Internal Audit Performance Indicators

	Performance Measure	Target	Method
1	Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc.)	Internal Audit Performance Monitoring System
2	Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 Days	Internal Audit Performance Monitoring System
3	Elapsed Time between issue of Draft report and issue of Final Report	15 Days	Internal Audit Performance Monitoring System
4	% of Internal Audit Planned Activity delivered by 30 April 2016	100% of Plan by End of April 2016	Internal Audit Performance Monitoring System
5	% of High and Medium priority recommendations followed up after implementation date	All High and Medium recommendations followed up within three months of the date of expected implementation	Internal Audit Performance Monitoring System
6	Customer satisfaction questionnaire (Audit Assignments)	Overall customer satisfaction 95%	Questionnaire
7	Extent of reliance External Audit can place on Internal Audit	Reliance placed on IA work	External Audit Annual Report

We will also continue to monitor performance standards outlined in the service level agreement. This includes ensuring requests for assistance with suspected cases of fraud (% of responses made within 24 working hours) as appropriate and also monitors relationship management issues in the areas of:

- Timeliness
- Willingness to cooperate/helpfulness
- Responsiveness
- Methodical approach to dealing with requests
- Quality of work/service provided

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