

BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY
BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE

Director of Legal & Governance, Graham Britten
Buckinghamshire Fire & Rescue Service
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Chief Fire Officer and Chief Executive
Mark Jones

To: The Members of the Overview and Audit Committee

3 March 2014

Dear Councillor

Your attendance is requested at a meeting of the **OVERVIEW AND AUDIT COMMITTEE** of the **BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY** to be held in Meeting Room 1, Fire and Rescue Headquarters, Stocklake, Aylesbury on **WEDNESDAY 12 MARCH 2014 at 10.00 am** when the business set out overleaf will be transacted.

Yours faithfully

A handwritten signature in black ink that reads 'Graham Britten'.

Graham Britten
Director of Legal and Governance

Councillor Watson (Chairman)
Councillors Bendyshe-Brown, Chilver, Exon, Glover, Huxley, Mallen, Vigor-Hedderly and Webb

OVERVIEW AND AUDIT COMMITTEE

TERMS OF REFERENCE

Overview

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

Audit

1. To determine the internal and external audit plans and the Internal Audit Strategy
2. To determine the Internal Audit Annual Plan and Annual Report (including a summary of internal audit activity and the level of assurance it can give over the Authority's governance arrangements).
3. To consider and make recommendations on action plans arising from internal and external audit reports, including arrangements to ensure that processes which deliver value for money are maintained and developed.
4. To consider and make recommendations to the Executive Committee on reports dealing with the management and performance of the providers of internal audit services.
5. To consider and make recommendations on the external auditor's Annual Audit Letter and Action Plan, relevant reports and the report to those charged with governance.
6. To consider specific reports as agreed with the Treasurer, Internal Audit, Monitoring Officer, Chief Fire Officer, or external audit and to make decisions as appropriate.
7. To comment on the scope and depth of external audit work and to ensure it gives value for money.
8. To oversee investigations arising out of fraud and corruption allegations.



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9. To determine Insurance matters not delegated to officers, or another committee.
10. To consider and determine as appropriate such other matters as are required in legislation or guidance to be within the proper remit of this Committee.

Governance

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

Risk

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

Employees

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

General

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

AGENDA

Item No:

1. Apologies

2. Minutes

To approve, and sign as a correct record, the Minutes of the meeting of the Committee held on 25 September 2013 (Item 2) **(Pages 7 - 12)**

3. Disclosures 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. 2012/13 Statement of Assurance

To consider Item 5 **(Pages 13 - 36)**

6. Corporate Risk Management

To consider Item 6 **(Pages 37 - 44)**

7. Review of Financial Regulations

To consider Item 7 **(Pages 45 - 72)**

8. Internal Audit Report

(a) Internal Audit Report: Update of progress of the Annual Audit Plan

To consider Item 8a **(Pages 73 - 76)**

(b) Internal Audit Report: Final Audit Reports

To consider Item 8b **(Pages 77 - 96)**

(c) Internal Audit Report: Draft Internal Audit Strategy and Audit Plan 2014-15

To consider Item 8c **(Pages 97 - 107)**

(d) Internal Audit Report: Progress of Audit Recommendations

Verbal update.

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 25 SEPTEMBER 2013 at 10.00 am

Present: Councillors Chilver, Exon, Glover, Huxley, Mallen, Vigor-Hedderly (part), Watson and Webb (part)

Officers: J Thelwell (Chief Operating Officer) D Skinner (Director of Finance and Assets), G Britten (Director of Legal and Governance), M Hemming (Technical Accountant) M Gibb (Internal Audit Manager) S Gowanlock (Corporate Planning Manager), H Kent (Organisation Development Manager) M West (External Auditor) and K Nellist (Democratic Services Officer)

Apologies: Councillor Bendyshe-Brown

OA08 APPOINTMENT OF VICE-CHAIRMAN

It was moved and seconded that Councillor Bendyshe-Brown in his absence would be appointed Vice-Chairman of the Committee 2013/14.

RESOLVED –

That Councillor Bendyshe-Brown be appointed as Vice-Chairman of the Committee for 2013/14.

OA09 MINUTES

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 26 June 2013, be approved and signed by the Chairman as a correct record.

OA10 TREASURY MANAGEMENT PRACTICES

(Councillor Vigor-Hedderly joined the meeting)

The Committee were advised by the Director of Finance and Assets that this report was part of the financial control framework which exists to ensure the proper application and control of public money and to safeguard officers involved in the financial processes and is based on best practice.

The Committee discussed the report and requested information on the size of investments and details of where the investments are made. The Director of Finance and Assets highlighted that this information is provided in a quarterly report to the Executive Committee.

The Committee requested that authorised limits for each staffing position are detailed both in terms of length and amount.

RESOLVED –

That the Treasury Management Practices document be approved.

That the Director of Finance and Assets in the next review include additional information on the length and amount of investment that each staffing position is authorised to undertake.

OA11 CORPORATE RISK MANAGEMENT

(Councillor Webb joined the meeting)

The Corporate Planning Manager advised Members that as requested at the last meeting, scales had been added to the risk maps at Annexes A and B and a guide to Risk Management had been included at Annex D. Also for Members to note that the report had been prepared before the Fire Brigades Union ballot had been announced.

The Committee Members were asked to note that there had been a number of changes to the Risk Register since the last update.

CRR14.4 (Staff availability) the likelihood rating had been increased following the outcome of the FBU's ballot of its members for industrial action in relation to proposed changes to the Firefighter pension schemes, whilst the impact rating had been reduced.

FIN14 (Funding) the RAG status had been reduced to amber as the scale of the reduction in future government funding is now known;

The risks with a green RAG status (CRR005.1 – partnership failure and CRR8.2 corporate planning processes) had been de-escalated to the relevant directorate risk registers.

The Corporate Planning Manager and the Chief Operating Officer then updated Members on the business continuity plan in light of the strike which was due to commence at 12pm that day.

Members thanked Officers for the numerous updates they had received in relation to the strike.

RESOLVED –

That the status report on identified corporate risks be noted.

OA12 ANNUAL GOVERNANCE STATEMENT

The Director of Legal and Governance advised Members that this report looked back at the significant governance issues addressed in 2012/13 and looked forward at the issues to be addressed in 2013/14.

A large amount of evidence gathering had been undertaken by Officers to support the Annual Governance Statement. The Director of Legal and Governance paid particular thanks to the efforts of Neil Boustred Group Manager Prevention & Protection Policy, the Head of Finance and the Technical Accountant.

Before the report is published Members asked for the following:

- a. Item 6 'Engaging with local people and other stakeholders to ensure robust public accountability' – "tackling disadvantage boards" the term to be explained.
- b. Page 104 missing text to be added.
- c. That the Chief Operating Officer be added as Lead Officer in Appendix B, Item 2.

Subject to those amendments being made it was

RESOLVED -

1. That the Annual Governance Statement be approved.
2. That the progress on the implementation of recommendations of the previous Annual Governance Statement be acknowledged.
3. That the priorities of the 2013-14 Statement be agreed.

OA13 AUDIT RESULTS REPORT

The Committee considered the summary of findings from the 2012/13 audit which is substantially complete.

The Committee noted that the audit concluded that the Authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The External Auditor advised Members that the Authority had prepared its financial statements well and this was reflected in the low number of issues to be noted. There were no significant risks to be identified.

RESOLVED -

That Members note the content of the report.

OA14 ADOPTION OF THE AUDITED STATEMENT OF ACCOUNTS

The Committee considered the Audited Statement of Accounts that set out the financial activities of the Authority for the year ended 31 March 2013, which it noted had to be adopted by 30 September 2013.

The Director of Finance and Assets advised Members that the Authority was in a fairly healthy financial position, showing a good level of consistency and making progress with financial activities. General future prospects were dependant on the final settlement from Government.

RESOLVED -

That the Statement of Accounts for the financial year ended 31 March 2013 be approved and be signed by the Chairman on behalf of the Authority.

OA15 LETTER OF MANAGEMENT REPRESENTATION

The Committee considered the letter of Management Representation to Ernst & Young LLP, prior to its signing by the Chief Finance Officer and Chairman. The Committee noted that submission of the letter would allow the audit opinion and certificate to be issued to the Authority.

The Committee noted that before signing a slight amendment at the end of the letter would be made.

RESOLVED -

That the letter of representation relating to the audit of the Authority's financial statements for the year ended 31 March 2013 be confirmed and signed by the Chief Finance Officer and the Chairman of the Committee, for submission to Ernst & Young LLP.

OA16

INTERNAL AUDIT REPORT

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

(A) INTERNAL AUDIT REPORT: FINAL AUDIT REPORT

The Committee received an update on the findings of the finalised internal Audit Report.

The Committee noted that one report had been finalised since the last meeting on 26 June 2013 which was the 2012/13 Workforce Planning, Training and Appraisal / Performance Management Final Report.

The Committee were asked to note the definition of assurances at Appendix B.

RESOLVED -

That the recommendations raised in the finalised Internal Audit Report be noted.

(B) INTERNAL AUDIT REPORT: UPDATE OF PROGRESS OF THE ANNUAL AUDIT PLAN.

The Committee received an updated on the progress of the annual internal audit plan since the last meeting on 26 June 2013.

The committee noted that work was progressing according to plan on 2013/14 audits with one at draft report stage and one at fieldwork stage.

RESOLVED -

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

(C) INTERNAL AUDIT REPORT: UPDATE OF PROGRESS OF AUDIT RECOMMENDATIONS

The Committee received an update on the progress of the implementation of audit recommendations made since the last meeting on 26 June 2013.

The Committee noted that out of the 36 recommendations arising from the various audit reports, 22 had been fully implemented, 12 were on track but not yet due and 2 had not been implemented and had their due dates revised.

RESOLVED -

That the progress on the implementation of recommendations be noted.

OA17

DATE OF NEXT MEETING

The Committee noted that the next meeting of the Committee is scheduled to take place on Wednesday 4 December 2013 at 10.00am, subject to suitable and sufficient business being available for consideration.

THE CHAIRMAN CLOSED THE MEETING AT 11.10 AM

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Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	12 March 2014
OFFICER	Graham Britten, Director of Legal and Governance
LEAD MEMBER	Councillor David Watson (Chairman, Overview & Audit Committee)
SUBJECT OF THE REPORT	2012/13 Statement of Assurance
EXECUTIVE SUMMARY	<p>The purpose of the report is to apprise the Committee of the requirement for a "statement of assurance" to be approved and published on behalf of the Authority.</p> <p>The draft 2012/13 Statement of Assurance, Annex A, draws on, summarises and includes relevant extracts from more detailed assessments as recommended in DCLG guidance Annex B.</p>
ACTION	Decision.
RECOMMENDATIONS	That the 2012/13 Statement of Assurance be approved and attested by the signature of its Chairman.
RISK MANAGEMENT	<p>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.</p> <p>Collectively the assurance processes underpinning the range of existing statements covers the scope and nature of what is required for the new statement of assurance.</p> <p>In future officers intend to examine the opportunity afforded by the introduction of the new statement to rationalise existing assurance and performance reporting arrangements. As a first step towards this the former 'annual report' has been produced in summary form, and appended to the draft statement of assurance.</p>
FINANCIAL IMPLICATIONS	There are no direct financial implications arising from the introduction of the statement of assurance.

<p>LEGAL IMPLICATIONS</p>	<p>Section 21 of the Fire and Rescue Services Act 2004 (FRSA 2004) requires the relevant minister to prepare, review and revise National Framework guidance to which fire and rescue authorities must 'have regard'.</p> <p>Section 22 of the FRSA 2004 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".</p> <p>The draft Statement of Assurance (Annex A) is required to be approved by virtue of paragraphs 3.2 and 3.3 of the extant National Framework: 3.2 "Fire and rescue authorities must provide 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 this Framework. To provide assurance, <i>fire and rescue authorities must publish an annual statement of assurance.</i>" 3.3 "The Government will be providing light touch guidance on the nature of the assurance statements. Each <i>fire and rescue authority is expected to sign off their statement, ensuring that it has been subject to the authority's scrutiny arrangements.</i> The guidance will make suggestions on the contents of the statement with communities and the Government in mind. It is likely that the contents of these assurance statements already exist in the information held or published by fire and rescue authorities, for example as part of their annual report or service plan." Annex B is the above mentioned 'light touch guidance.'</p> <p>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 FRSA 2004.</p>
<p>HEALTH AND SAFETY</p>	<p>There are no direct health and safety implications arising from this report.</p>
<p>EQUALITY AND DIVERSITY</p>	<p>There are no direct equality and diversity implications arising from this report.</p>
<p>USE OF RESOURCES</p>	<p>Communication and consultation</p> <p>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.</p>
<p>PROVENANCE SECTION &</p>	<p>The requirement for Statements of Assurance arose from the revisions to the National Framework published by the DCLG in July 2012. They are</p>

<p>BACKGROUND PAPERS</p>	<p>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.</p> <p>The precise form, content and methodology used to prepare these 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.</p> <p>An evaluation of the implications of the extant Framework was reported to the Fire Authority at its 27 September 2012 meeting, together with a copy of the Framework guidance itself: Item 8</p> <p>http://www.bucksfire.gov.uk/NR/rdonlyres/E6EE2A89-79F6-45B3-B02E-CE3675D252A3/0/270912Agendaandreports.pdf</p> <p>This Authority already produces and publishes a variety of separate statements relating to financial, governance and operational performance such as the Annual Governance Statement (AGS) which must also be annually approved under 4(3) of the Accounts and Audit (England) Regulations 2011, and Annual Financial Statements.</p> <p>AGS 2012/13</p> <p>http://www.bucksfire.gov.uk/NR/rdonlyres/BBC9A86E-6D95-4ECC-967D-175329D47556/0/Annual Governance Statement FINAL.pdf</p> <p>The AGS is based on the CIPFA/ SOLACE guidance (2007, revised and updated 2012). This is the most relevant best practice sector guidance for governance in local authorities against which the authority is judged, albeit that the combined authorship appear ignorant of fire authority governance: <i>"In the fire service, the fire brigade operates as the executive arm with the fire service providing scrutiny"</i> [Section 3, in both editions].</p> <p>CIPFA /SOLACE 'Delivering Good Governance in Local Government - Guidance Note for English Authorities'</p> <p>http://www.solace.org.uk/knowledge/reports_guides/goodgovernance-England-2007-02.pdf</p> <p>The CIPFA/SOLACE guidance draws from the earlier Independent Commission on Good Governance in Public Services publication 'The Good Governance Standard for Public Services' 2004, which is also the reference document for the local government</p>
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	<p>informatives in BSI 13500:2013 '<i>Code of practice for delivering effective governance of organizations</i>', 2013 The British Standards Institute.</p> <p><i>The Good Governance Standard for Public Services</i>. OPM Ltd/CIPFA. 2004.</p> <p>http://www.cipfa.org/-/media/Files/Publications/Reports/governance_standard.pdf</p>
APPENDICES	<p>Annex A: Draft 2012/13 Statement of Assurance</p> <p>Annex B: CLG Guidance on Statements of Assurance</p>
TIME REQUIRED	15 Minutes.
REPORT ORIGINATOR AND CONTACT	<p>Stuart Gowanlock</p> <p>sgowanlock@bucksfire.gov.uk</p> <p>01296 744435</p>



Statement of Assurance
2012/2013
Draft

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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 are due for publication during the 2013/14 financial year and 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') meets the requirements set out in the National Framework and accompanying Government guidance¹.

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.

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.

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

2.2 The Annual Financial Statements for the Year Ending 31 March 2013 can be found on our website:

http://www.bucksfire.gov.uk/NR/rdonlyres/7E5EB140-7DA8-40E5-BE1C-701F53DD9105/0/Annual_Financial_Statements_2012_13.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 below summarises the findings from all elements of the appointed auditors work:

Audit the financial statements of the Authority for the financial year ended 31 March 2013 in accordance with International Standards on Auditing (UK & Ireland)	On 30 September 2013 we issued an unqualified audit opinion for the Authority.
Form a conclusion on the arrangements the Authority has made for securing economy, efficiency and effectiveness in its use of resources.	On 30 September 2013 we issued an unqualified value for money conclusion.
Issue a report to those charged with governance of the Authority (the Overview and Audit Committee) communicating significant findings resulting from our audit.	On 25 September 2013 we presented and issued our report for the 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 30 September 2013.
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.	On 30 September we issued our audit completion certificate.

2.5 The appointed auditors noted some additional key findings in their annual audit letter:

- Financial statement audit – in our view, the quality of the process for producing the accounts, including the supporting working papers was good. We had no issues to report to those charged with governance;

- Value for money conclusion – our audit did not identify any significant matters;
- Control themes and observations – our audit did not identify any significant deficiencies in internal control.

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>

3. GOVERNANCE

3.1 The Authority is responsible for maintaining a sound system of internal control 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.

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 2012/13 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 2012/13 there has been further significant 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 strong and effective internal control and risk management that will facilitate the effective exercise of the Authority's functions.'

3.5 Additionally, in the Chief Internal Auditor's annual audit letter, the Authority was required to consider the completeness of disclosures in the Authority's Annual Governance Statement, identify any inconsistencies with the other information identified by the auditor's work, and consider whether it complies with Chartered Institute of Public Finance and Accountancy (CIPFA)/ Society of Local Authority Chief Executives (SOLACE) guidance. This work was completed and did not identify any areas of concern.

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 2012/13:

http://www.bucksfire.gov.uk/NR/rdonlyres/BBC9A86E-6D95-4ECC-967D-175329D47556/0/Annual_Governance_Statement_FINAL.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.

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 in relation to its statutory duties was carried out in 2009 via a Peer Review process developed by the Chief Fire Officers Association in conjunction with the Local Government Association. Amongst other things, this review found that:

'Buckinghamshire and Milton Keynes Fire Authority (BMKFA) is operationally effective and, where evidence has been provided, the team is of the opinion that it is meeting its statutory duties'.

4.4 The full findings of the 2009 Peer Review are published on the Authority's website:

<http://www.bucksfire.gov.uk/NR/rdonlyres/2C1C1BF2-F909-471E-B1A7-D98786DB2D30/0/PeerReview.pdf>

4.5A further Peer Review of the Authority's operational effectiveness is scheduled to take place in 2014. Also, in anticipation of the forthcoming Peer Review, the Authority has recently conducted its own operational self-assessment using the Peer Review framework which considers the effectiveness of its:

- Approach to community risk management;
- Risk prevention processes and interventions;
- Processes and interventions for protecting people in public and commercial buildings and, in particular, ensuring compliance with the Regulatory Reform (Fire Safety) Order 2005;
- Response to emergencies;
- Health and Safety arrangements;
- Call management and incident support.

4.6 Overall the self-assessment found the Authority's arrangements in respect of the above to be well established and effective. A number of improvement opportunities were also identified but none that would raise concerns about the Authority's operational competency. However all improvement opportunities have been catalogued in the self – assessment for inclusion in service improvement planning and for scrutiny by the external peer assessors.

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 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 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 2012/13 financial year is appended to this Statement.

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.

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.

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.

Mark Jones
Chief Fire Officer and Chief Executive

Councillor David Watson
Chairman, Overview and Audit Committee

Appendix 2012/13 Public Safety Plan Targets Performance Summary

Public Safety Plan - Performance against target 1st April 2012 to 31st March 2013

Key:

Red		Off target
Amber		Marginally off target
Green		On target

			Year-end Outturn	R A G	Year-end Target	Direction of Travel Vs. previous year
Prevention Priority 1 - Reducing the risks to people from fire in the home						
IRMP1.1	Number of accidental dwelling fires	Lower is better	429	A	421	Negative
IRMP1.2	Number of injuries arising from accidental dwelling fires per 100,000 population	Lower is better	2.78	G	3.04	Positive
IRMP1.5a	Number of Deliberate Dwelling Fires per 10,000 dwellings	Lower is better	0.87	G	1.31	Positive
IRMP1.6cd	Number of Home Safety Checks carried out	Higher is better	9507	G	6000	Positive
Prevention Priority 3 - Reducing the number of road traffic collisions						
IRMP3.1	Reduction in number of killed and seriously injured in road traffic collisions	Lower is better	319	G	345	No Change
Prevention Priority 4 - Reducing ASB & improving social well-being						
IRMP4.1a	% False Alarm Malicious attended	Lower is better	46.4%	R	30%	Negative
Protection Priority 1 - Maintain risk based inspection and enforcing fire safety legislation						
IRMP2.1	Number of non-domestic fires per 1,000 non-domestic properties	Lower is better	12.65	G	16.61	Positive
Response Priority 1 - Supporting a safe and effective response to incidents						
IRMP2.2	Number of automatic fire alarms per 1,000 non domestic premises	Lower is better	48.8	G	53	Positive
IRMP5.1	Number of killed & seriously injured from work related activities	Lower is better	0	G	0	No Change
IRMP6.1	Per-cent of calls handled within 120 seconds	Higher is better	49.8%	R	75%	Negative
Response Priority 2 - Providing an effective response to fires, road traffic collisions & other incidents						
IRMP5.2a	Per-cent of incidents attended within 10 minutes	Higher is better	77.8%	A	80%	Negative
IRMP5.2b	Per-cent of incidents attended within 20 minutes	Higher is better	99.0%	G	99%	Positive
IRMP5.3	Per-cent of pre-determined attendance correct for incidents within 20 minutes.	Higher is better	81.7%	A	90%	Positive



Department for
Communities and
Local Government

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

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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 Practice⁴ 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

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

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](http://www.legislation.gov.uk/ukpga/2004/21/contents)⁶
 - the [Civil Contingencies Act 2004](http://www.legislation.gov.uk/ukpga/2004/36/contents)⁷
 - the [Regulatory Reform \(Fire Safety\) Order 2005](http://www.legislation.gov.uk/uksi/2005/1541/contents/made)⁸
 - the [Fire and Rescue Services \(Emergencies\) \(England\) Order 2007](http://www.legislation.gov.uk/uksi/2007/735/contents/made)⁹
 - the [Localism Act 2011](http://www.legislation.gov.uk/ukpga/2011/20/contents/enacted)¹⁰
 - the [Fire and Rescue National Framework for England](https://www.gov.uk/government/publications/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

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>

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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Buckinghamshire & Milton Keynes Fire Authority

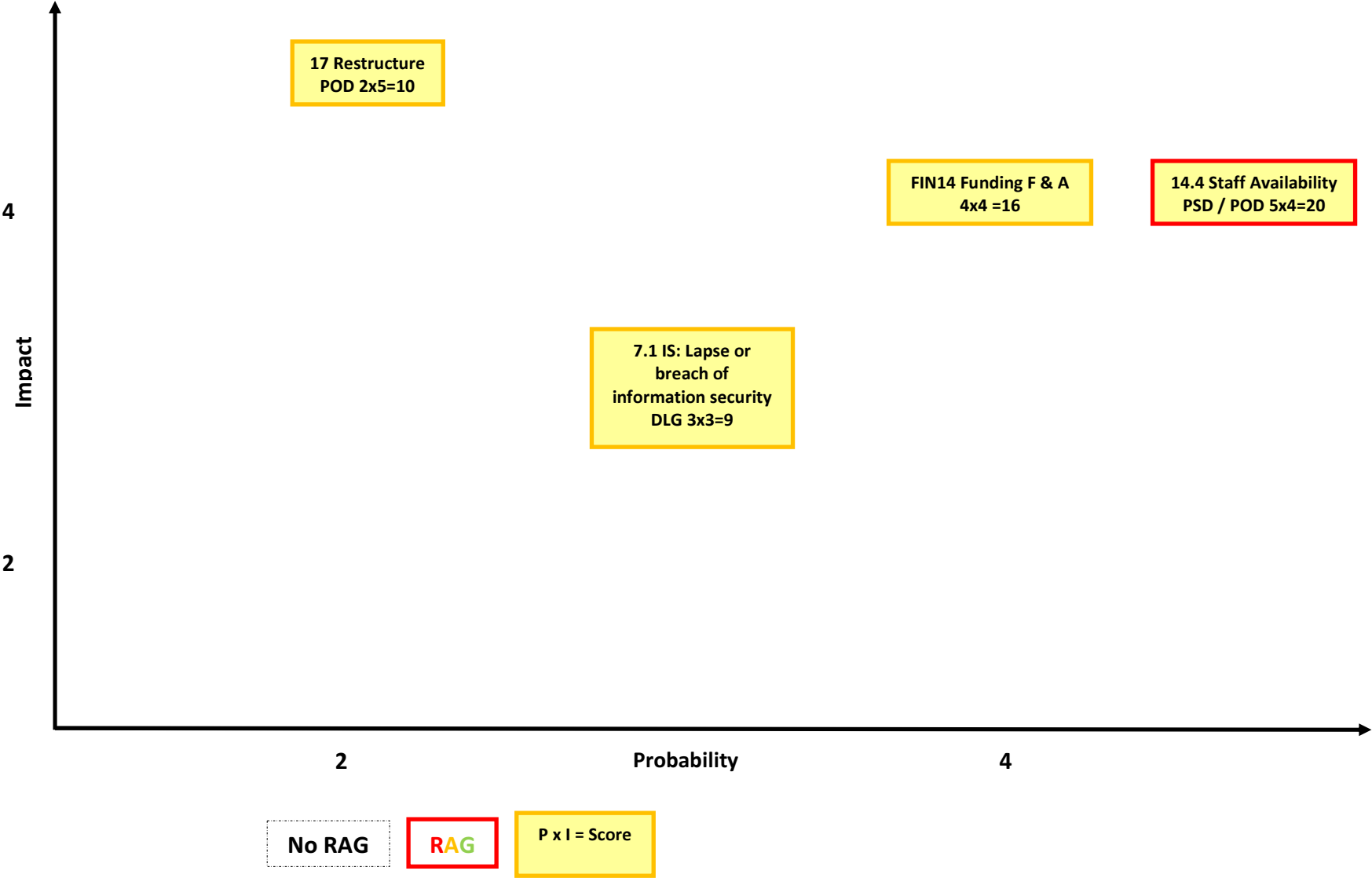


MEETING	Overview and Audit Committee
DATE OF MEETING	12 March 2014
OFFICER	Jason Thelwell, Chief Operating Officer
LEAD MEMBER	Councillor David Schofield
SUBJECT OF THE REPORT	Corporate Risk Management
EXECUTIVE SUMMARY	<p>This report updates Committee members on the current status of identified corporate risks. Risk registers are maintained at project, departmental and directorate levels. Corporate risks are those that have been escalated from these levels for monitoring or action by the Senior Management Team (SMT), and scrutiny by this Committee, because of their magnitude, proximity or because the treatments and controls require significant development.</p> <p>The Corporate Risk Register was last reviewed by the Overview and Audit (O&A) Committee at its 25 September 2013 meeting (the distribution of corporate risks relative to probability and impact at that meeting is shown at Annex A). Since then it has been regularly reviewed by Performance Management Board (PMB) and the Strategic Management Board (SMB), most recently at the 6 February 2014 PMB and 18 February 2014 SMB. No new corporate risks were identified or escalated from Directorate Risk Registers by PMB or SMB. However changes to the risk assessments were agreed for the following risks:</p> <ul style="list-style-type: none"> • 14.4 Staff availability be reduced to 12 (probability 4, impact 3), and the RAG status from red to amber, given the resilience of current contingency cover arrangements for emergency response which have meant that no material loss of service has been experienced by the public during strike periods; • FIN14 Funding be reduced to 12 (probability 3, impact 4) given the robustness of the medium term financial planning process, position in relation to balancing the budget for 2014/15 and initiation of reviews to identify longer term savings

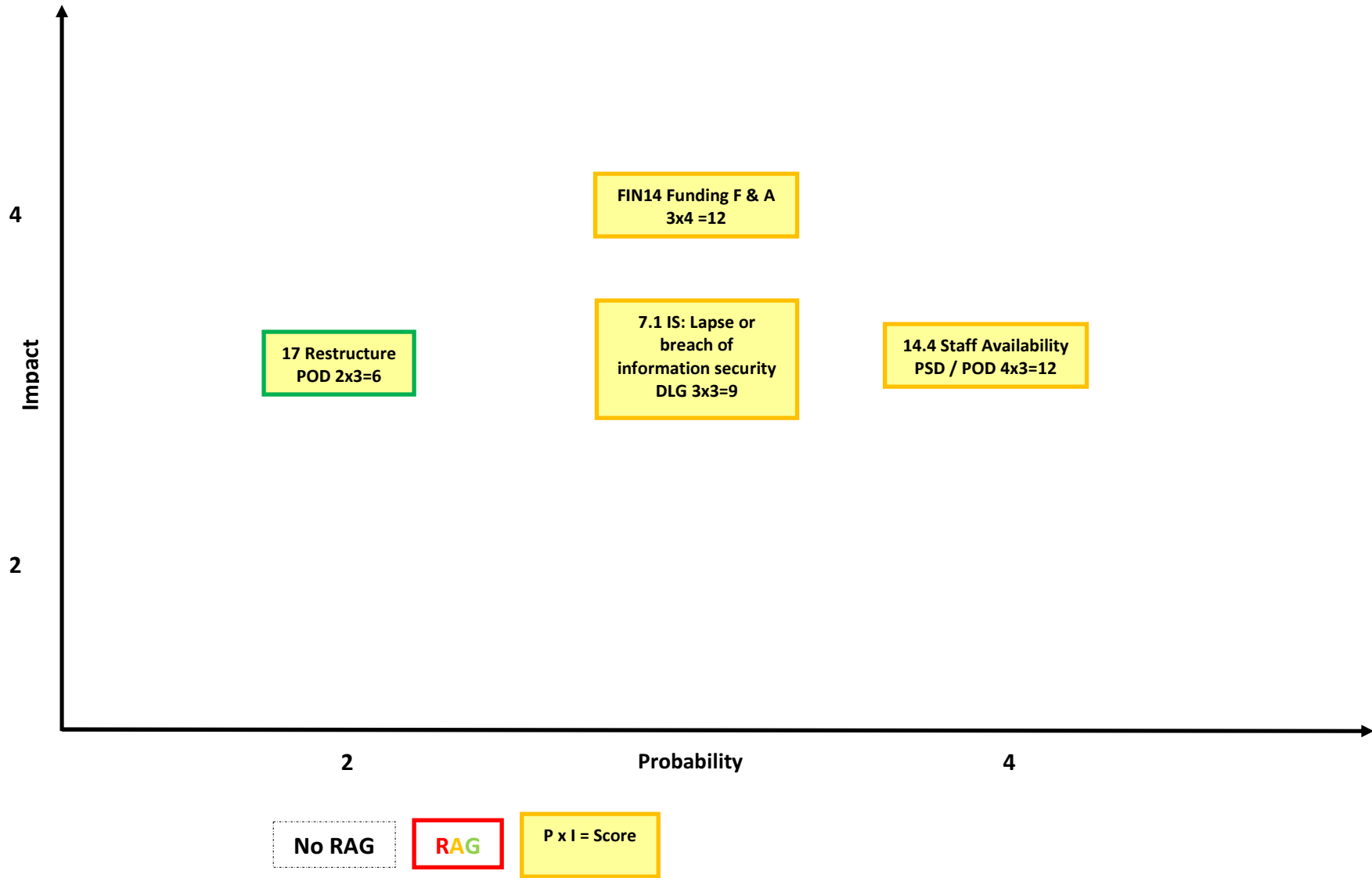
	<p>opportunities.</p> <ul style="list-style-type: none"> • 17 Restructure be reduced to 6 (probability 2, impact 3), and RAG status from amber to green, given improvements to the controls for this risk arising from the experience of a number of major organisational changes. <p>The current distribution of corporate risks relative to probability and potential impact is shown at Annex B.</p> <p>Detailed assessments of identified corporate risks are shown in the Corporate Risk Register Report at Annex C.</p>
ACTION	Information.
RECOMMENDATIONS	<p>It is recommended that:</p> <ol style="list-style-type: none"> a) Committee members review the status report on identified corporate risks at Annex C and, b) 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	<p>The development of the risk management framework complements the governance framework and business processes as a critical cog in the system of internal control and makes better use of our people resources by giving them clearly defined areas of responsibility.</p> <p>Senior managers and principal officers are key stakeholders in the development of the framework and have an active role in its development at every stage. The lead Member will also be involved in the development of the framework with particular responsibility for determining the reporting arrangements for the Authority.</p> <p>As with all policy frameworks, all employees will be informed of the changes in the process and will receive any training necessary to support their role in the process.</p>
PROVENANCE SECTION & BACKGROUND PAPERS	<p>A formal policy for the management of Corporate Risk was approved by the Authority in August 2006 and implemented with effect from 31 January 2007 (OC57: Corporate Risk Management Policy).</p> <p>Further development of this policy and framework was reported to members at the 15 September 2010 CFA meeting (see Annex A and item 8 of 15 September CFA Papers: http://www.bucksfire.gov.uk/NR/rdonlyres/FFFF87E2-4164-4188-A805-EB85BF2B041A/0/150910_ITEM08_DEVELOPMENTOFRISKMANAGEMENTFRAMEWORK.pdf</p> <p>CFA Members were last updated on the status of the Authority's Corporate Risks at the 25 September 2013 Overview & Audit Committee: http://www.bucksfire.gov.uk/NR/rdonlyres/948AE6F2-D821-40C5-A195-66B79907D833/0/ITEM7CorporateRiskManagementUpdateandAnnexABCD.pdf</p>
APPENDICES	<p>Annex A: Distribution of Corporate Risks at 25 September 2013</p> <p>Annex B: Distribution of Corporate Risks at 18 February 2014</p> <p>Annex C: Corporate Risk Register Report</p>
REPORT ORIGINATOR AND CONTACT	<p>Stuart Gowanlock, Corporate Planning Manager sgowanlock@bucksfire.gov.uk 01296 744435</p>

Annex A: Corporate Risk Map as at 25 September 2013 O & A Review



Annex B: Corporate Risk Map – 18 February 2014 SMB Review



ANNEX C - Corporate Risk Register – 18 February SMB Review

Corporate Risks

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (old) / New			Risk Level H/M/L	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	Σ				
CRR 007 Lapse or breach of Information Security	GB	1. Fine of up to £500,000 per breach from the Information Commissioner’s Office (ICO) 2.Reputational damage 3. Reduced opportunities for joint working	3	3	9	M	Various, see sample below: •Specialist information roles •Information Governance Strategy •Training package for information security/data protection •Retention & Disposal Schedules •External archive for physical assets •ICT Strategy •EDMS for Policies and procedures.	A	<ul style="list-style-type: none"> There are a wide range of information security issues and treatments to reduce the likelihood of lapses and breaches. These are being identified in a separate information risk register and risk owners identified so that treatments are managed at directorate level.

ANNEX C - Corporate Risk Register – 18 February SMB Review

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (old) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ	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.	JT / DO'D / MO / LS	Potential detrimental effects on service delivery to the community and our reputation.	(2)	(5)	(10)	(M)	<ul style="list-style-type: none"> • Full business continuity plan in place • Peer review of the business continuity arrangements • Bank System • Flexi-Duty System Pilot • Staff Transfer Procedure 	A	12 November 13 SMB: SMB agreed to maintain the risk score at 20 given the FBU's decision to conduct a further ballot for approval for other forms of industrial action on non-strike days which could potentially widen the disruption to the Authority's operations. 6 February 14 PMB: PMB recommended that the risk score be reduced to 12 given effectiveness of contingency arrangements during strike periods which have resulted in no material disruption to the emergency response service received by the public albeit that further prolonged periods of strike action could impact on the speed with which other public safety and corporate objectives can be achieved. 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.
		Failure to discharge statutory duties.	(5)	(4)	(20)	H			
		Loss of critical knowledge / skills / capacity.	(4)	(5)	(20)	(H)			
			(3)	(5)	(15)	(H)			
			(5)	(5)	(25)	(H)			
	4	3	12	M					
CRR 017 Fit for purpose restructure / organisational change programme	LS	Change programme impacting on our ability to maintain day to day service. The possibility of employee relations issues arising from the organisation restructure, and the potential performance management difficulties. Other consequences potentially include legal challenge, loss of experience/resilience/ corporate knowledge,	(5) 2	(5) 3	(25) 10) 6	(H) M L	<ul style="list-style-type: none"> • SMT owned & reviewed change programme in place • Communication & consultation plans in place supported by management training • Phased delivery of change prog. • Pre- and post-change EIA • Leadership and first-line management training • Processes and procedures well documented • HR, Finance, ICT resources • External communications / PR Scenario planning 	G	Each element of the organisational change programme includes a people impact risk assessment and learns from initial programmes are built into current procedures. Some aspects of the change programme will have significantly lower risk scores and levels. 18 February 14 SMB SMB agreed a reduction to the impact score associated with this risk from 5 to 3, and RAG status to green, to reflect improvements to the controls associated with this risk arising from the experience of implementing significant organisational changes / re-structures.

ANNEX C - Corporate Risk Register – 18 February SMB Review

		reputation etc.					• BCP & negotiation strategy in place.	
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Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (old) / New			Risk Level	Current Treatment	RAG	Comments / Further Treatment Proposed
			P	I	Σ				
Fin 14 – Funding	DS/JM	<ul style="list-style-type: none"> 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	(4) 4	(16) 12	H M	<ul style="list-style-type: none"> A funding pressures reserve (approx. £2million by 31.03.2013) has been created, but this would be quickly exhausted without a dramatic altering of service provision and/or an increase in Council Tax to offset the reduction in Government funding 	A	<p>30 July 13 SMT: Reduce RAG rating to amber following announcement of government funding settlement.</p> <p>6 February 14 PMB: Reduction in risk score to 12 recommended in light of:</p> <ul style="list-style-type: none"> 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. <p>18 February 14 SMB: SMB approved the reduction to the probability score associated with this risk from 4 to 3 as recommended by PMB.</p>

Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	12 March 2014
OFFICER	David Skinner, Director of Finance & Assets
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Review of Financial Regulations
EXECUTIVE SUMMARY	<p>To present the revised Financial Regulations to the Overview and Audit Committee for recommendation on to the Authority.</p> <p>The Financial Regulations were last approved by the Authority in June 2013.</p> <p>Changes to the latest version include:</p> <ul style="list-style-type: none"> ▪ minor formatting adjustments for bullet points, spacing and consistency of headings ▪ extra wording at 1.2 "to include temporary staff" ▪ extra wording at A.2 "(revenue and capital)" ▪ additional sentence at A.2 and deletion of the final sentence at C.9 to accommodate the change in the Treasury Management Function now operated in-house and no longer under Service Level Agreement with Buckinghamshire County Council ▪ the words "Integrated Risk Management Plan (IRMP)" added to the title at B.3 ▪ additional paragraph at B.6 to clarify maintenance and formal approval requirements for General Fund Balance and Reserves ▪ reference changed from the now abolished Auditing Practices Board to the Financial Reporting Council and to International Standards on Auditing (ISA) at C.4 for the Internal Audit Function Service Level Agreement (SLA) with Buckinghamshire County Council (BCC) ▪ all references to Senior Management Team

	(SMT) have now been replaced with "Strategic Management Board (SMB)".
ACTION	Information.
RECOMMENDATIONS	That the Financial Regulations as amended (Appendix A) be recommended to the Authority for approval.
RISK MANAGEMENT	Financial Regulations establish the principles of financial control. They are part of the control framework and reflect the finance control hierarchy. They also attempt to underline the role of finance within the Authority, i.e. to provide the financial support and wherewithal to allow the Authority to function effectively, meet its statutory requirements and minimise the level of risk that is associated with financial transactions and exchequer activities.
FINANCIAL IMPLICATIONS	As set out in the main body of the report.
LEGAL IMPLICATIONS	The terms of reference reserve to the Authority the power to vary the Financial Regulations, having considered any recommendations from the Overview and Audit Committee.
HEALTH AND SAFETY	None.
EQUALITY AND DIVERSITY	There are no equality and diversity issues arising from the recommendations.
USE OF RESOURCES	In reviewing the financial regulations and instructions the Authority can demonstrate accountability of its use of resources by updating in line with latest legislation and best practice guidance appropriate to the good governance of the Authority and the Service.
PROVENANCE SECTION & BACKGROUND PAPERS	Revised Financial Regulations and Instructions, CFA September 2012. http://www.bucksfire.gov.uk/NR/rdonlyres/932C6346-9A7C-4DEC-B954-D6241E49A16E/0/OA20120918.pdf Approval of revisions to the Authority's constitutional documents CFA June 2013. http://www.bucksfire.gov.uk/NR/rdonlyres/5DF53301-41B6-4C0C-8D39-7ABCD186D979/0/Item16BMKFA12June2013.pdf
APPENDICES	Appendix A - Financial Regulations
TIME REQUIRED	30 minutes.

REPORT ORIGINATOR AND CONTACT	Jacqui May – Head of Finance jmay@bucksfire.gov.uk 01296 744428
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Preamble

Financial Regulations are the regulatory framework within which the financial affairs of the Authority operate; they apply to all the Authority's activities. The regulations identify responsibilities in full, but from a common sense point of view can be summarised as follows:

- Major financial decisions, including setting the annual revenue and capital budgets, must be taken by the Members of the Authority, as advised by the Chief Finance Officer.
- The Authority encourages the Chief Fire Officer and his staff to take day-to-day responsibility for financial management of the service within the agreed budget.
- The Chief Finance Officer (for financial matters) and the Director of Legal & Governance have statutory responsibilities and should be consulted on significant issues or where members or officers have any doubt about the correctness of a possible action.
- Spending must be regularly monitored to ensure that it stays within approved budgets.
- Members, as advised by the Chief Finance Officer, Director of Legal & Governance and Chief Fire Officer, are responsible for identifying significant risks to the Authority and for putting in place a strategy to deal with them.
- Payments, including to staff, can only be made through arrangements approved by the Chief Finance Officer and within the detailed procedures laid down.
- All partnership arrangements must take account of appropriate financial and legal matters.

Introduction and overview

1.1 What are the financial regulations?

These regulations identify the financial responsibilities of the Buckinghamshire and Milton Keynes Fire and Rescue Authority, Members, the Chief Fire Officer, the Monitoring Officer, the Chief Finance Officer and other officers.

Members and officers should maintain a written record of any decision-making that has been delegated to members of their staff, including seconded staff. When decisions have been delegated or have been devolved to other bodies or responsible officers, references to members or officers in the regulations should be read as referring to them.

1.2 Who should read this document?

The regulations and procedures apply to all staff (including temporary staff) and members of the Authority. The prime audience for financial regulations consists of:

- Members
- Chief Fire Officer
- Finance Officers
- Staff with financial responsibilities.

More detailed guidance on how the regulations should be implemented in practice is contained in The Financial Instructions, which apply to all Members and all staff and anyone acting on the Fire Authority's behalf.

1.3 Why have financial regulations?

Financial Regulations form part of the means by which the Fire Authority manages its business. They clarify responsibilities and provide a framework for decision-making. Where there are specific statutory powers and duties, the financial regulations seek to ensure that these are duly complied with, as well as setting out best professional practices and processes for all activities and decisions of the Fire Authority, its committees and staff.

In summary, financial regulations are the regulatory framework within which the financial affairs of the Authority operate.

Rather than a barrier to action they should be viewed as providing the framework within which action can be taken, setting out best practice throughout the Authority and ensuring a high quality of financial information, enabling better decision making and improved service delivery.

1.4 Corporate governance and financial regulations

All staff and Members must comply with the seven "principles of public life" as set out in the Committee on Standards in Public Life (the Nolan Committee):

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

These regulations also reinforce the corporate governance “standards”, as recommended by the Nolan Committee, governing:

- organisational structures and processes
- financial reporting and internal controls
- standards of behaviour.

1.5 What do financial regulations cover?

The regulations apply to all the Authority’s activities. In practice, this means all budgets, money and funds administered by Members and Officers in carrying out their duties across all the Authority’s services and activities. This also includes:

- funds managed on behalf of third parties such as trust funds, community accounts and unofficial funds
- partnership arrangements where the Authority is the accountable body
- external providers such as outsourced services, contractors and consultants are managed through the contract process. The contract document will set out the financial requirements. These include, for example, compliance with key control procedures; performance standards and statistics; attendance at service client meetings’ and access to accounts.

1.6 Awareness and access

The Chief Fire Officer is responsible for ensuring that all staff with financial responsibilities are made aware of and have access to these regulations, and to the accompanying financial instructions that set out in more detail how they should implement and comply with the regulations.

Managers are responsible for ensuring that all staff in their departments are aware of the existence and content of the Authority’s financial regulations and other internal regulatory documents and that they comply with them.

All members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.

The Chief Finance Officer is responsible for issuing advice and guidance to underpin the financial regulations that Members, Officers and others acting on behalf of the Authority are required to follow.

1.7 Non-compliance with financial regulations

Failure to comply with these regulations and the accompanying financial instructions may have the following consequences:

- For staff, these regulations supplement the code of conduct for employees, so a breach will normally be considered a disciplinary offence that will invoke disciplinary procedures (and can lead to dismissal).
- For Members, these regulations supplement the code of conduct for Members, so a breach may be reported to the Monitoring Officer, which may lead to sanctions being imposed upon the Member.
- For the Authority, there is an overriding duty to secure value for money by conducting its business in an economical, efficient and effective manner. Failing to comply with the regulations will have wider implications which could result in the misuse or waste of funds received from tax payers and the Government.

These regulations provide clarity about the financial accountabilities of everyone acting on behalf of the Authority, individually or as a whole. To conduct its business efficiently, the Authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to.

1.8 Review of the financial regulations

The Chief Finance Officer is responsible for maintaining a continuous review of the financial regulations and submitting any additions or changes necessary to the Authority for approval. The Chief Finance Officer is also responsible for reporting, where appropriate, breaches of the financial regulations to the Authority.

1.9 Other rules

Apart from these regulations, all members and officers must comply with certain other rules. These include:

- standing orders
- scheme of delegation to officers
- contract standing orders
- human resources policies and procedures, e.g. employee code of conduct
- financial instructions, procedures and guidance notes
- counter-fraud and corruption policy
- money laundering policy.

1.10 Further Assistance

Finance staff are ready and willing to provide assistance in all areas relating to financial management and financial control. In particular you must seek advice and authorisation if you wish to create a new financial procedure or amend an existing one.

The Chief Finance Officer welcomes feedback on the operation of the Financial Regulations and Financial Instructions to ensure they remain relevant and effective.

1.11 List of Financial Regulations

- A.** Financial accountabilities and management
- B.** Financial Planning
- C.** Risk management and control of resources
- D.** Systems and procedures
- E.** External arrangements

2 FINANCIAL REGULATIONS

Financial Regulation A – Financial accountabilities and management

A.1 Introduction

Financial management covers all financial accountabilities in relation to the running of the Service, including the policy framework and budget.

A.2 The Fire Authority

The Members of the Authority are responsible for:

- approving and adopting the Authority's pay policy and members' code of conduct
- approving the Corporate Strategy and budget (revenue and capital) within which all officers operate
- approving the Treasury Strategy and Prudential Borrowing Limits
- approving and monitoring compliance with the Authority's overall framework of accountability and control, monitoring compliance with the agreed policy and related executive decisions.

The Members are responsible for approving procedures for the delegation of powers to committees and procedures for recording and reporting decisions taken. These include decisions taken by the Authority or delegated by them. These delegations include any subsequently made to committee. The powers and duties of Committees are contained in the Authority's Standing Orders and Committees' Terms of Reference.

The Authority aims to delegate financial management to the Chief Fire Officer so that, as far as possible, the financial affairs are managed by Authority staff.

The Members of the Authority, advised by the Chief Finance Officer, must be satisfied that the Chief Fire Officer exercises delegated financial responsibilities in a proper and effective manner.

The Authority will:

- agree a budget requirement and set a precept after receiving the advice of the Chief Finance Officer
- approve the Chief Fire Officer's proposed allocation of resources as set out in a format agreed by the Chief Fire Officer and Chief Finance Officer
- monitor financial outcomes
- identify and agree indicative longer term spending commitments.

A.3 Executive Committee

The Terms of Reference of the Executive Committee

- to make recommendations to the Authority as to its revenue budget and capital programme

- to consider and determine the annual programme for the replacement of vehicles and other major capital schemes
- to consider and advise the Authority on the financial effects of significant development strategies, plans, major acquisitions, contracts etc.
- to oversee the use of land and property and other significant resources (e.g. information technology, vehicles and communications equipment)
- to deal with any other urgent business that cannot reasonably be held over to the next full meeting of the Authority
- to deal with such other matters of financial significance that the Authority or other committees may refer to it.

A.4 Overview and Audit Committee

The Terms of Reference of the Audit Committee

- to receive, consider and approve the Fire Authority's statutory final accounts
- to consider the Authority's arrangements for corporate governance and make recommendations to ensure compliance with best practice
- to monitor the Authority's compliance with its own and other published standards and controls
- to monitor the effective development and operation of risk management and corporate governance within the Authority
- to consider and make recommendations for action plans arising from internal and external audit reports, including arrangements to ensure that processes which deliver value for money are maintained and developed
- to oversee investigations arising out of fraud and corruption allegations
- to determine insurance matters not delegated to officers, or another committee
- to consider and determine as appropriate such other matters as are required in legislation or guidance and make recommendations to Executive Committee as appropriate.

A.5 Officers

A.5.1 The Chief Fire Officer:

The Chief Fire Officer of the Authority acting as the Chief Executive to the Authority together with the Monitoring Officer, is responsible for the system of record keeping in relation to all Authority decisions (see below); and

- is responsible for the corporate and overall strategic management of the Authority as a whole. He or she must report to and provide information for the Authority and its committees. He or she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation.

A.5.2 The Monitoring Officer (Director of Legal & Governance):

The Monitoring Officer, together with the Chief Executive, is responsible for the system of record keeping in relation to all Authority decisions, and

- is responsible for promoting and maintaining high standards of conduct and therefore provides support to the Overview and Audit Committee
- has statutory duties to report to the Authority if it appears to him or her that any proposal decision or omission did or could cause the Authority to act unlawfully or in such a manner as to constitute maladministration and for ensuring that procedures for recording and reporting are operating effectively
- must ensure that all Authority decisions and the reasons for them are as transparent as possible. He or she must also ensure that Members are aware of decisions made by the Authority and those made by officers who have delegated executive responsibilities
- is responsible for advising all members and officers about who has authority to take a particular decision
- is responsible for advising all Authority Committees about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework
- is responsible (together with the Chief Finance Officer) for advising the Authority about whether a decision is likely to be considered contrary or not wholly in accordance with the budget. Actions that may be "contrary to the budget" include:
 - initiating a new policy
 - committing expenditure in future years to above the budget level
 - incurring interdepartmental transfers above virement limits
 - causing the total expenditure financed from council tax, grants and corporately held reserves to increase, or to increase by more than a specified amount
- the monitoring officer is responsible for maintaining an up-to-date constitution
- the Authority is required to provide the Monitoring Officer with sufficient staff, accommodation and other resources to carry out his or her duties
- all reports to the Authority and committees must set out the full financial and legal implications arising from the proposals contained within the report. The full legal appraisal must be agreed with the Monitoring Officer. He or she must be consulted on all legal matters and given sufficient opportunity to provide written comments on any report with legal implications
- The Monitoring Officer deals with all matters relating to the preparation and despatch of Authority and Committee agendas, reports and minutes and also the preparation and issue of Decision and Action summaries. The Monitoring Officer has the authority to affix the Common Seal to deeds and documents.

A.5.3 The Chief Finance Officer:

The Director of Finance and Assets acts as Chief Finance Officer of the Authority.

The Chief Finance Officer has statutory duties in relation to the financial administration and stewardship of the Authority. This statutory responsibility cannot be overridden. The duties arise from:

- The Local Government Act 1972
- Sections 112 -114 Local Government Finance Act 1988

- Local Government and Housing Act 1989
- The Accounts and Audit Regulations 2011.

The Chief Finance Officer is responsible for:

- The proper administration of the Authority's financial affairs
- Setting and monitoring compliance with financial management standards
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management
- Ensuring the provision of financial information
- Preparation of the revenue budget and capital programme
- Treasury management.

Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the Authority and the external auditor:

- if the Authority or one of its committees or officers has made a decision or taken an action, or is about to do so, which involves incurring unlawful expenditure
- if it appears that the Authority's expenditure is likely to exceed available resources
- It also requires the Chief Finance Officer to nominate a properly qualified member of staff to deputise should he or she be unable to perform these duties. The Authority is required to provide the Chief Finance Officer with sufficient staff, accommodation and other resources to carry out the duties under section 114.

The Chief Finance Officer has a responsibility for ensuring that adequate systems and procedures exist to account for all income due and expenditure disbursements made on behalf of the Authority and that controls operate to protect the Authority's assets from loss, waste, fraud or other impropriety. The Chief Finance Officer shall discharge that responsibility in part by the issue and maintenance of Financial Instructions with which all staff of the Authority shall comply.

The Chief Finance Officer is responsible for advising the Authority on all financial matters. All reports to the Authority and committees must contain a financial appraisal setting out the full financial implications arising from the proposals contained within the report. The financial appraisal must be agreed with the Chief Finance Officer. He or she must be consulted on all financial matters and given sufficient opportunity to provide written comments on any report with financial implications.

A.5.4 Strategic Management Board (SMB):

Officers of the SMB are responsible for ensuring that Authority members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Chief Finance Officer.

It is the responsibility of SMB officers to consult with the Chief Finance Officer and seek approval on any matter liable to affect the Authority's finances materially, before any commitments are incurred.

A.5.5 All Managers and Officers with financial responsibilities:

All Managers are responsible for the observance of Financial Regulations within their service area and for the training of staff to enable them to comply with these Regulations.

Each Manager is individually responsible for the proper financial management of resources allocated to his/her service area through the budget making process and for the identification of income arising from activities within his/her operational areas. This includes the control of staff and the security, custody and management of assets including plant, equipment, buildings, materials, cash and stores relating to his/her service area.

Managers, in consultation with the Chief Finance Officer, may delegate responsibilities to their staff. These shall be clearly documented and reviewed. The Manager will be responsible for ensuring that all staff are adequately trained prior to delegation, to carry out these roles. The competence of staff in these matters should be assessed as part of the Authority's performance management framework.

A.6 Other financial accountabilities

A.6.1 Virement

The Fire Authority is responsible for agreeing procedures for virements of expenditure between budget headings.

Executive Committee and/or Directors are responsible for agreeing in-year virements within delegated limits in consultation with the Chief Finance Officer. The Chief Finance Officer must sign off all virements.

A.6.2 Treatment of year end balances

The Executive Committee is responsible for agreeing procedures for carrying forward under and over-spending on budget headings.

A.6.3 Accounting policies, records and returns

The Chief Finance Officer is responsible for selecting accounting policies and ensuring that they are applied consistently. He or she shall determine the accounting procedures and records for the Authority.

Accounting and other related records must be retained for periods which comply with relevant legislation.

A.6.4 Annual Statement of Accounts

The Chief Finance Officer is responsible for ensuring that the annual statement of accounts is prepared and certified in accordance with the Chartered Institute of Public Finance and Accountancy's 'Code of Practice on Local Authority Accounting in the United Kingdom: Based on International Financial Reporting Standards (the Code)'.

A.6.5 Grants and Other External Contributions

The Fire Authority is responsible for agreeing additional budgets over and above the approved budget for the year, including match-funding requirements.

The Executive Committee and/or Directors have delegated responsibility for ensuring that any funding conditions are compatible with the aims and objectives of the Authority prior to acceptance of the grant.

The Executive Committee and/or Directors delegated responsibility for agreeing additional expenditure budgets with 100% grant funding within delegated limits in consultation with the Chief Finance Officer. The Chief Finance Officer must sign off all grant applications.

The Chief Finance Officer must examine and certify where required any submission, estimate or claim for payment of grant by a Government Department or funding from any other body. Officers responsible for the administration of such grants, funds and spending associated with them must ensure compliance with the conditions of the grant/funding and where appropriate adhere to the Authority's Minimum Standards for External Funding. (See regulation E, External Arrangements).

The Chief Finance Officer must examine and certify all financial returns to government departments or other bodies.

A.6.6 Pensions

It is the responsibility of officers preparing to outsource activities of the Fire Authority that involve the transfer of pension rights and liabilities to notify the Chief Finance Officer of any proposal prior to substantive negotiations taking place with third parties.

In consultation with the Chief Finance Officer the full cost and implication of the transfer of pension rights and liabilities must be disclosed in the financial appraisal that is prepared in relation to the outsourcing proposal.

The Chief Finance Officer must be consulted about and approve revised pension arrangements before formal agreements are made.

A.6.7 Use of capital receipts

All receipts from the sale of assets which were originally purchased from capital financing will be treated as capital receipts and must be notified to the Chief Finance Officer.

Financial Regulation B – Financial Planning

B.1 Introduction

The Authority is responsible for approving its policy framework and budget. In terms of financial planning the key elements are:

- The Medium Term Financial Plan
- The annual revenue budget
- The capital programme.

B.2 Policy Framework

The policy framework comprises the following plans and strategies of the Authority:

- Integrated Risk Management Plan (IRMP)
- Public Safety Plan (PSP)
- Corporate Plan
- Finance and Value for Money Strategy
- Medium Term Financial Plan, including the
- Capital Programme
- Treasury Management Strategy
- Prudential Indicators and Minimum Revenue Provision (MRP) Policy.

These strategy documents are underpinned by supplementary strategies:

- Asset Management Strategy
- The Property Strategy
- Red Fleet Strategy
- ICT Strategy
- Information Governance Strategy
- Equipment Strategy
- People Strategy - Workforce Plan.

They are also supplemented by other financial policies and guidance:

- Counter fraud and Corruption policy
- Anti - Money Laundering policy
- Whistle blowing procedure

- Standing Orders as to Contracts
- Invest to Save Policy
- Good Practice Guidance – Creditors
- Good Practice Guidance – Budget Management and Monitoring
- Financial Instructions and other guidance.

In addition, there are procedure notes supporting the correct usage of the Financial System (SAP), and financial training available from the Finance Department.

The Authority is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework.

B.3 Integrated Risk Management Plan (IRMP) / Public Safety Plan (PSP) and Corporate Plan

The Chief Fire Officer is responsible for proposing these plans to the Executive Committee for consideration before submission to the Authority for approval.

B.4 Medium Term Financial Plan

The Chief Finance Officer is responsible for coordinating the four-year Medium Term Financial Plan each year for consideration by the Executive Committee before submission to the Authority. The Medium Term Financial Plan should be clearly linked to the Integrated Risk Management /Public Safety and Corporate Plans.

B.5 Budgeting

Budget Format

The Chief Finance Officer will determine the general format of the Medium Term Financial Plan and the budget. The draft budget should include allocation to different services and projects, proposed taxation levels (precept) and the nature and level of contingency funds and reserves.

Guidelines

The Chief Finance Officer will issue guidelines for the preparation of the annual revenue budget and capital programme. These will take account of

- Legal requirements
- Integrated Risk Management Plan (IRMP)
- Public Safety Plan (PSP)
- Medium term financial planning prospects
- Available resources
- Spending pressures
- Best value, efficiency savings and relevant government guidelines
- Other internal policy documents.

Revenue Budget Preparation

The Chief Finance Officer is responsible for ensuring that a revenue budget is prepared on an annual basis for consideration by the Executive Committee and submission to the Authority. The Authority may amend the budget before approving it.

It is the responsibility of The Strategic Management Board (SMB), Directors, second tier managers and other budget holders to provide relevant information to the Finance Team, to ensure that budget estimates reflecting agreed service plans are submitted to the Executive Committee and that these estimates are prepared in line with the guidance issued by the Chief Finance Officer.

The precept has to be notified to the collecting authorities by February in respect of the ensuing financial year. It must be supported by a balanced budget approved by the Authority in consultation with the Chief Fire Officer and Chief Finance Officer.

Capital Programme Preparation

The Chief Finance Officer is responsible for ensuring that a capital programme is prepared on an annual basis for consideration by the Executive Committee and submission to the Authority. This will include advice to the Authority in setting an affordable borrowing limit and an assessment of the impact on the Prudential Indicators as required by the Prudential Code (the CIPFA professional code of practice for local authorities in taking investment and borrowing decisions).

The draft capital programme for the ensuing year should be submitted to the Authority for approval and include:

- details of all schemes, showing the total cost and the phased cost to completion
- the proposed method of funding
- an estimate of the revenue implications and confirmation as to whether this can be contained within the agreed revenue budget.

Budget Monitoring and Control

It is the responsibility of cost centre managers to control and monitor income and expenditure within their area. They should also take any action necessary to avoid exceeding their budget allocation. The Chief Finance Officer is responsible for providing appropriate financial information to enable budgets to be monitored effectively.

Each month, in accordance with the budget monitoring timescales set out by the Chief Finance Officer, cost centre managers must provide the Chief Finance Officer with budget monitoring information. This will include any variances and problems within their areas and must include any proposals for actions to address these, together with a forecast of projected outturn.

The Chief Finance Officer is responsible for submitting regular reports to the Executive Committee on the budget monitoring position for both revenue and capital expenditure.

Virement

A virement does not create additional overall budget liability. It is a transfer of budget provision either within or between budget headings and can be used as an effective tool to assist in managing budgets effectively within a cash limit.

The Authority is responsible for agreeing procedures for virement. Cost centre managers and SMB are responsible for agreeing in-year virements within delegated limits and budget line

restrictions. These are set out in Financial Instructions. The Chief Finance Officer must sign-off all virements.

The Executive Committee is required to approve a virement if:

- it involves resources not being used for the purposes approved by the Authority (a change in policy); or
- it results in an addition to commitments in future years; or
- it involves a transfer of resources from revenue to capital in excess of £10,000 (transfers from capital to revenue are not permitted) ; or
- the Chief Finance Officer requires it.

B.6 Maintenance of General Fund Balance and Reserves

It is the responsibility of the Chief Finance Officer to advise the Authority on prudent levels of reserves.

It is incumbent on the Authority to review the level of reserves each year before deciding the level of Council Tax. Reserves are maintained as a matter of prudence. They enable the Authority to provide for unexpected events and thereby protect it from overspending, should such events occur. Reserves for specific purposes may also be maintained.

All requests for movements, transfers and changes to reserves must be formally approved by the Executive Committee on the advice of the Chief Finance Officer.

Financial Regulation C – Risk Management and Control of Resources

C.1 Introduction

It is essential that robust, integrated systems are in place and maintained for identifying and evaluating all significant operational and corporate risks to the Authority. This should include the proactive participation of all those associated with planning and delivering services.

C.2 Risk Management

The Executive Committee is responsible for approving a Corporate Risk Management Policy statement and strategy and for reviewing the effectiveness of risk management, after considering recommendations from the Overview and Audit Committee.

The Chief Operating Officer is responsible for preparing the Authority's Corporate Risk Management Policy and for promoting it throughout the Authority. He/she is responsible for maintaining the corporate risk register, which will be reviewed annually by the Executive Committee.

The Strategic Management Board (SMB) is responsible for identifying and reporting corporate risks of the Authority to the Executive Committee and for monitoring and reviewing corporate risks on a regular basis. The Overview and Audit Committee is responsible for review of the Corporate Risk Management Policy. The Overview and Audit Committee is also responsible for the assurance on the robustness of the governance processes for the Corporate Risk Management Policy.

All managers are responsible for identifying and reporting to The Chief Operating Officer, risks in their area which need to be included in the corporate risk register and for risk management within their areas of responsibility.

The Chief Finance Officer is responsible for advising the Authority on insurance matters and for ensuring that proper insurance cover exists.

C.3 Internal Control

Internal Control refers to the systems of control implemented by management to help ensure achievement of the Authority's objectives in a way that promotes economical, efficient and effective use of resources. In addition, the systems of control ensure that the Authority's assets are kept secure and interests are protected.

The Accounts and Audit Regulations 2011 require the Authority to conduct a review at least once a year of the effectiveness of its system of internal control and to include an approved Annual Governance Statement (previously the Statement on Internal Control), prepared in accordance with proper practices, with its statement of accounts.

The Chief Finance Officer is responsible for advising on effective systems of internal control.

These arrangements must ensure compliance with all relevant statutes and regulations and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently and in accordance with the statutory and other authorities that govern their use.

It is the responsibility of Directors and second tier managers to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving their financial performance targets.

C.4 Audit Requirements

The Accounts and Audit Regulations 2011 require the Authority to undertake an adequate and effective internal audit. A review of the effectiveness of the system of internal audit should be conducted at least once a year and the findings considered as part of the consideration of the system of internal control, referred to in C.3 above.

The Internal Audit function is provided through a Service Level Agreement with Buckinghamshire County Council. The Internal Auditors at Buckinghamshire County Council comply with codes and standards outlined in the CIPFA Code of Practice for Internal Audit in Local Government (2006) and International Standards on Auditing (ISA) set by the International Auditing and Assurance Standards Board (IAASB) of the Financial Reporting Council (FRC).

The Internal Auditors have the authority to enter land or any premises used by the Authority at any time and have access to all Authority correspondence, systems, documents, books, property or other records related to the Authority's business. The Chief Finance Officer shall be entitled to receive explanation as s/he considers necessary to establish the correctness of any matter under examination.

The basic duties of the external auditor are governed by section 5 of the Audit Commission Act 1998.

The Authority may be subject to audit, inspection or investigation by external bodies such as HM Revenues and Customs, who have statutory rights of access.

The Chief Finance Officer and the Monitoring Officer should be notified immediately of any financial irregularities or suspected irregularities, or any circumstances which may suggest the possibility of irregularities in any of the Authority's functions. Any investigation should be undertaken in accordance with the Authority's Counter-Fraud and Corruption Policy and Whistleblowing Policy.

C.5 Prevention of Fraud and Corruption

The Chief Finance Officer is responsible for the development and maintenance of the Authority's Counter Fraud and Corruption Policy. The Director of People and Organisational Development is responsible for the Authority's Whistleblowing policy.

Directors and second tier managers are responsible for establishing and implementing effective controls to help prevent and/or detect incidents of fraud or corruption, for addressing key business risks, for ensuring that staff are aware of their responsibilities and comply with the Authority's counter-fraud and corruption policy, and for creating an environment where all staff feel able to raise any concerns they may have.

C.6 Anti-Money Laundering Policy

The Chief Finance Officer is responsible for the development and maintenance of the Authority's Anti-Money Laundering Policy. All members of staff are required to comply with this policy in terms of reporting concerns regarding money laundering.

C.7 Separation of Duties

Financial procedures must be established whenever possible to ensure separation of duties. This means different members of staff should undertake different parts of a sequence of operations in order to ensure that no one individual authorises an entire series of transactions.

C.8 Assets

Directors and second tier managers should ensure that records and assets are properly maintained and securely held in a method approved by the Chief Finance Officer. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

C.9 Investments and Treasury Management

The Chief Finance Officer is responsible for the arrangements for managing the Authority's cash flow, its borrowing activities and its lending activities, in accordance with policies agreed by the Authority.

The Chief Finance Officer shall undertake Treasury Management activities in accordance with the CIPFA Code of Practice on Treasury Management in the Public Services.

At or before the start of each financial year the Chief Finance Officer will prepare a report on the Treasury Management Strategy for the coming year for consideration by the Executive Committee before submission to the Authority for approval. The Chief Finance Officer will also report to the Executive Committee and the Authority on the annual performance of the Treasury Management function following the end of the financial year.

The Chief Finance Officer will maintain the Treasury Management Policy Statement setting out the framework for Treasury Management within the Authority.

C.10 Staffing

The Chief Fire Officer is responsible for providing overall management to staff. S/he is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.

The Strategic Management Board (SMB) is responsible for controlling staffing by:

- advising the Authority on the budget necessary in any given year to cover estimated staffing levels
- adjusting the staffing to a level which can be funded within approved budget provision, varying the level as necessary within that budget constraint in order to meet changing operational needs
- the proper use of agreed appointment procedures
- maintaining staffing levels within the Workforce Plan.

Financial Regulation D – Systems and Procedures

D.1 Introduction

Sound systems and procedures are essential to an effective framework of accountability and control.

D.2 General

The Chief Finance Officer is responsible for the operation of the Authority's accounting systems, the form of accounts and the supporting financial records.

Any changes made by Directors to the existing financial systems or the implementation of new systems must be approved by the Chief Finance Officer prior to any new developments or changes.

Directors are responsible for the proper operation of financial processes in their own departments. Any changes to agreed financial procedures by Directors to meet their own specific service needs must be agreed in advance with the Chief Finance Officer.

Directors should ensure that their staff receive relevant financial training that has been approved by the Chief Finance Officer.

Directors must ensure that, where appropriate, computer and other systems are registered in compliance with data protection legislation. Directors must also ensure that staff are aware of their responsibilities under any access to information legislation.

The Chief Finance Officer must ensure there is a corporate approach to systems development in line with the ICT and e-government initiatives.

D.3 Devolved Budget arrangements

The Chief Finance Officer will agree standards, systems and procedures for all budget-holding officers within the Service, and the Chief Finance Officer will ensure that all budget-holding officers are accountable to the Chief Finance Officer on all financial matters.

D.4 Procurement

Directors, second tier managers and cost centre managers must ensure that the Authority obtains value for money from procurement and that it is in compliance with the Authority's Standing Orders as to Contracts. The most effective method of procurement must be used including use of the Authority's corporate contracts and processes.

D.5 Income and Expenditure

The Executive Committee is responsible for approving procedures for writing off debts as part of the overall control framework of accountability and control.

As part of the overall control framework of accountability and control, the Chief Finance Officer is responsible for specifying procedures for ordering, making payments and for collecting income.

Directors, second tier managers and cost centre managers must ensure that all income due to the Authority is identified and charged correctly in accordance with the Authority's current charging policy. They must also ensure that all income due to the Authority is collected in a timely manner. It must also be receipted properly and banked (see Financial Instructions for further details).

Directors and second tier managers are responsible for ensuring compliance with procedures set out by the Chief Finance Officer on ordering, making payments and for collecting income.

The Chief Finance Officer is responsible for the payment of all accounts.

D.6 Payments to Staff and Members

The Director of People and Organisational Development is responsible for the preparation and input to SAP of all payments for salaries and wages to all staff, including payments for overtime, for payment of allowances to members and for ensuring the accuracy and reasonableness of all output payroll files.

D.7 Taxation

The Chief Finance Officer is responsible for advising SMB and officers with financial responsibilities on all taxation issues that affect the Authority in the light of guidance issued by appropriate bodies and relevant legislation.

The Chief Finance Officer is responsible for maintaining the Authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

In accordance with advice received from HMRC and The Anti-Money Laundering Policy, the Authority will not accept settlement in cash in excess of prevailing limits set under the legislation for Anti-Money Laundering and Combating Terrorist Financing.

D.8 Stocks, stores and inventories

Inventories shall be kept at each location of:

- all items of operational equipment
- all vehicles and plant with a purchase value of over £100
- all items of non-operational equipment and moveable furniture with a purchase value over £100. However, local managers should also include items (e.g. mobile phones) if required.

The Chief Fire Officer is responsible for maintaining proper security of all assets and should aim to achieve the maximum utilisation of such assets in the provision of services.

The advice of the Chief Finance Officer must be sought for the disposal of assets and be in compliance with the Standing Orders relating to Contracts (OC 53).

D.9 Leases

Any cost centre manager seeking to put in place lease arrangements must seek the advice of the Chief Finance Officer. All leases must be approved and signed by the Chief Finance Officer on behalf of the Authority.

D.10 Information technology systems

The Chief Fire Officer must ensure there is a corporate approach to systems development in line with the IT and e-government strategy.

Financial Regulation E – External Arrangements

E.1 Introduction

There are and will continue to be requirements to work collaboratively to further the efficiencies of the Authority's activities. The Authority provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders.

E.2 Partnerships

The Authority/Executive Committee is responsible for approving partnership arrangements/joint working initiatives with other local public, private, voluntary and community sector organisations to address local needs.

The Monitoring Officer and Chief Finance Officer are responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships that apply throughout the Authority. They must also consider the overall corporate governance arrangements and legal issues when contracts are being arranged with external bodies.

The Chief Finance Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory and that the risks have been fully appraised before agreements are entered into with external bodies.

Strategic Management Board (SMB) members are responsible for:

- ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies
- maintaining a register of all contracts entered into with external bodies in accordance with procedures specified by the Chief Finance Officer
- ensuring all partnerships entered into are evaluated and contribute to the achievement of the Authority's objectives
- ensuring that appropriate insurance arrangements are made
- ensuring that such agreements and arrangements do not impact adversely upon the services provided by the Authority
- ensuring that all arrangements comply with any prevailing Partnership Policy and are registered on the Partnership Register
- ensuring that such agreements and arrangements have been properly risk-assessed and linked to the Risk Register.

E.3 External Funding

The Chief Finance Officer is responsible for ensuring that all funding notified by external bodies is received and properly recorded in the Authority's accounts.

The Chief Finance Officer must be consulted on the financial and probity implications of all projects involving funding from external sources (e.g. Specific Government Grants, Lottery Grants, and European Social Funds etc).

In promoting or committing the Authority to any externally funded projects Directors must consult with the Chief Finance Officer, where;

- the additional income is likely to exceed the costs of delivering the outcomes required to qualify for that grant; or

- the acceptance of that new grant or contribution would result in costs being incurred prior to receipt; and/or
- the additional cost commitment exceeds the approved budget for the current or future years.

Once agreed, the Chief Finance Officer must approve a virement to correct the current budget, before the grant offer can be accepted.

All funding received from external bodies or associated parties must be properly recorded in the Authority's accounts.

Key conditions of funding and any statutory requirements must be understood and followed.

Any match-funding requirements must be given due consideration prior to entering into long term agreements and future revenue budgets must reflect those requirements.

E.4 Work for Third Parties

The Strategic Management Board (SMB) is responsible for approving the contractual arrangements for any work for third parties or external bodies, subject to any advice provided by the Chief Finance Officer and/or the Director of Legal & Governance.

E.5 Local Authority Companies

Prior to the Authority, or any officer on behalf of the Authority, taking an interest (e.g. membership, share-holding or directorship) in a company, advice should be sought from the Director of Legal & Governance and the Chief Finance Officer.

Any clauses required by the Chief Finance Officer and/or the Director of Legal & Governance to safeguard the Authority's position must be included in the company's constitutional documents.

E.6 Sponsorship and advertising

Prior to entering into any sponsorship arrangements, formal approval should be sought from the Strategic Management Board (SMB) who in turn has sought advice from the Chief Finance Officer and/or the Director of Legal & Governance. This advice should also be sought for services in-kind arrangements where no or little money changes hands.

For advertising, there are rules set by HMRC for the recovery of VAT. If the advertising is in the form of promoting statutory duties for Fire and Rescue Services then there are no VAT implications. However, if the arrangement can be construed as commercial and in competition with other businesses in the private sector then we will be unable to recover the VAT on those transactions. This would effectively be an additional cost to the Authority and holds penalty risks if not dealt with correctly through the VAT return process. Advice from the Chief Finance Officer should be sought before entering into arrangements which advertise or promote services of the Authority.

RESPONSIBLE OFFICERS GLOSSARY AND CONTACTS LIST

Directors

Chief Fire Officer
Chief Operating Officer
Director of Legal & Governance
Director of People and Organisational Development
Director of Finance and Assets

Contacts

Head of Service Delivery Tel: 07979 747172
Head of Service Development Tel: 07736 336686
Head of Finance & Deputy Director Extn 175
Resources Manager Extn 182
Organisation Development Manager Extn 220
Chief Finance Officer - Extn 174 (Director of Finance and Assets)
Technical Accountant – Extn 140
Management Accountant – Extn 178
Head of Procurement – Extn 136
ICT Manager – Extn 150
Corporate Planning Manager – Extn 135
Business Continuity – Extn 165

Second Tier Managers – for contextual purposes only. Any manager who reports to a Director and/or has line management responsibilities for cost centre managers and staff handling cash and assets.

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Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	12 March 2014
OFFICER	Maggie Gibb, Internal Audit Manager David Skinner, Director of Finance and Assets
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Internal Audit Report: Update of progress of the Annual Audit Plan
EXECUTIVE SUMMARY	<p>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.</p> <p>Work is progressing according to the 2013/14 plan with two audits at a draft report stage and two at a fieldwork stage.</p> <p>Work has started on the remaining Q4 audits, which in agreement with the Senior Management Team will commence in March 2014.</p> <p>Meetings have been held to discuss the audit of the Control Centre project, including working jointly with Internal Audit colleagues in Oxfordshire, and a project assurance review will take place in the new year.</p> <p>This report includes one annex:</p> <p>Annex A: Progress against the 2013/14 annual Audit Plan, including timings of the planned work.</p> <p>As requested by the Committee at a previous meeting, the status of implementation of recommendations is now detailed in a separate report.</p>
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 2013-14 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 2013/14 Internal Audit reports taken to Overview and Audit Committee.
APPENDICES	Annex A: Progress against the 2013/14 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 01296 387327

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: <ul style="list-style-type: none"> ○ Budget Setting/Monitoring ○ Procure to Pay ○ Payroll & Pensions ○ Debtors ○ Capital ○ Financial Regulations ○ General Ledger ○ Reconciliations This review will include a follow up of the 2012/13 audit report.	20 days (Q4)	Draft Report Overall opinion: REASONABLE	June 2014
Treasury Management	This audit will provide assurance on the transition of the Treasury Management function to the Fire Authority.	10 days (Q4)	Fieldwork	June 2014
Fleet Management	This audit will provide assurance on the controls in place over the use of pool vehicles and compliance with the Fleet Management Policy to support the White Fleet Review.	5 days (Q1)	Final Report Overall opinion: REASONABLE	March 2014
Control Centre	This audit will review the readiness of BMKFA to become a partner in the joint Fire Control Centre project through a review of internal project documentation and discussions with the Project Manager.	5 days (Q4)	Planning	June 2014
ICT Strategy	This audit will review the implementation and benefits realisation of the ICT Review carried out by Cronins in Autumn 2012. The audit will also cover Information Governance and Data Quality.	20 days (Q2)	Draft Report Overall opinion: REASONABLE	June 2014
Asset Management System	The audit will provide assurance on the governance framework of the Asset Management System including implementation of and transition to the new system, system security and financial recording.	10 days (Q3)	Fieldwork	June 2014
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.	10 days		

Internal Audit Report: Update of progress of the Annual Audit Plan

Follow Up				
Follow Up - general	To ensure all 2011/12 and 2012/13 medium and high recommendations of significant nature are implemented, in addition to recommendations still outstanding from previous years. This work will include detailed follow up of the Performance Management and Corporate Governance Audits.	10 days	Ongoing	
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	12 March 2014
OFFICER	Maggie Gibb, Internal Audit Manager David Skinner, Director of Finance and Assets
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Internal Audit Report: Final Audit Reports
EXECUTIVE SUMMARY	<p>The purpose of this paper is to update Members of the Overview and Audit Committee on the findings of the finalised Internal Audit reports. One report has been finalised since the last meeting and is attached in full for the Committee's information</p> <p>This report includes one annex: Annex A: 2013/14 Fleet Management Final Report</p> <p>The recommendations have all been agreed with management and suitable deadline dates for implementation have been identified. Internal Audit will monitor implementation of the recommendations as they fall due.</p>
ACTION	Information.
RECOMMENDATIONS	That Members note the recommendations raised in the finalised Internal Audit report.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within 2013-14 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 2013/14 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Annex A: 2013/14 Fleet Management Final Report.
TIME REQUIRED	5 minutes.
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk 01296 387327

AUDIT AND RISK MANAGEMENT

INTERNAL AUDIT REPORT

BUCKINGHAMSHIRE & MILTON KEYNES FIRE AUTHORITY

Fleet Management Audit - Pool & Station Vehicles

October 2013





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Audit Control:

Closing meeting:	21 st August 2013 & 13 th September 2013
Draft report:	22 nd August 2013 (revised 16 th September)
Management responses:	5 th September 2013 (revised 18 th September)
SMT sign off:	15 th October 2013
Final report:	22 nd October 2013

Auditors:	Rebekah Ibberson David Gibson	Principal Auditor Auditor
Report Distribution:	David Skinner David Sutherland Jez Finden	Director of Finance & Assets Resource Manager Fleet Manager
Final Report as above plus:		Chief Fire Officer Chair, Bucks and Milton Keynes Fire Authority Ernst & Young

1. Executive Summary

1.1 Overall Audit Opinion

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

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

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

1.3 The Fleet Management function is responsible for both planned and responsive maintenance and repairs to the fleet stock of the fire authority.

Responsibilities for station and pool vehicles are held locally with Heads of Departments. There is no consistent approach to the booking in and out of pool vehicles across the authority.

The Fire Authority has just undergone a strategic review of their ICT, Fleet and Property functions and are in the process of creating and implementing a Fleet Strategy and reviewing the white fleet.

Currently there is no embedded periodic monitoring and review of the utilisation of the fleet to ensure that it meets the requirements of the authority and its users.

The Fleet Management and work-related road safety policies and procedures require review and update to reflect strategy changes and provide more robust guidance on the utilisation of the fleet.

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

- Fuel stocks are reviewed and topped up as required on a monthly basis; and
- Fleet records are adequately stored



- 1.5 Some areas for improvement were identified. All High recommendations are listed below:
- The Fleet Management and work-related road safety policies and procedures require review and update.

1.6 Recommendations summary:

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

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

Business Objective	Risk	Recommendations		
		High	Medium	Low
Policies and Procedures	<ul style="list-style-type: none"> Fleet management may not be effectively managed in the absence of procedural documentation; Fraudulent, invalid and/or incorrect claims are made on the usage allowance and maintenance of the vehicle; Employees may not have a business need or are not contractually required to have a business car: and Lack of or inadequate guidance on use of fleet vehicles, including roles and responsibilities, resulting in inconsistent or inefficient allocation of fleet vehicles. 	1	1	0
Management Controls and Monitoring	<ul style="list-style-type: none"> Fleet vehicles are allocated to/used by staff who do not meet the defined criteria; Lack of or inadequate process in place to monitor the use of fleet vehicles. Business miles are not accurately recorded or reimbursed to staff 	0	2	0



**Buckinghamshire and Milton Keynes Fire Authority
Fleet Management –Internal Audit Report**

Vehicle security, maintenance and Insurance	<ul style="list-style-type: none"> • Additional fines are incurred if vehicles are not maintained or serviced correctly according to Lease contract terms; • Fleet vehicles are not held securely overnight or in non-core business hours and are therefore subject to theft; • Vehicles and registration details are not held securely and are therefore subject to theft; • Fleet vehicles do not display a valid current road tax disc, resulting in reputational damage; and • Insurance claims cannot be made due to inadequate insurance cover and documentation for all vehicles. 	0	0	0
TOTAL		1	3	0

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

1.7 There were aspects of this audit which were considered to have value for money implications for the Authority or which indicated instances of over control. Any relevant findings will have been included in the findings and recommendations section of this report.

2. Background

- 2.1 The audit review of Fleet Management Audit formed part of the agreed audit programme for 2013/14. The review was carried out during Quarter 1 and 2.
- 2.2 The Fleet Management audit was categorised as medium risk as part of the audit needs assessment exercise based on its relative importance to the achievement of the Authority's corporate objectives. The Authority's objective for the area is to ensure that the controls in place over the use of pool vehicles and compliance with the Fleet Management Policy support the White Fleet Review. 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.
- 2.3 The Fleet Management audit was conducted reviewing the systems and procedures at Brigade Headquarters in the Workshop, ICT and Facilities and at Broughton Fire Station.



3. Recommendations and Action Plan

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

The priority of the findings and recommendations are as follows:

High immediate action is required to ensure that the objectives for the area under review are met.

Medium action is required within six months to avoid exposure to significant risks in achieving the objectives for the area under review.

Low action advised within 9 months to enhance control or improve operational efficiency.

	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
	Key Risk Area	Policies and Procedures			
1	A Fuel Recharges, Pool Cars and Completion of Expense Claims procedure and a Managing Work-related Road Safety procedure is in place.	<p>Audit reviewed the Fuel Recharges, Pool Cars and Completion of Expense Claims procedures and the Managing Work-related Road Safety procedure.</p> <p>From review of the Fuel Recharges, Pool Cars and Completion of Expense Claims policy we noted insufficient detail with regard to the following:</p> <ul style="list-style-type: none"> procedures for booking out a pool car including the drivers name and contact number procedures for booking back in a pool car employees who can use the pool cars, 	The Fuel Recharges, Pool cars and Completion of Expense Claims procedures and the Fleet Management and Work-related Road Safety procedure will be reviewed and updated as part of the Fleet Review and published on the shared drive and intranet.	High	<p>Recommendation Agreed: Y</p> <p>Response: :</p> <p>The Fuel Recharges, Pool Cars and Completion of Expense Claims procedure and the Managing Work-related Road Safety procedures will be reviewed and updated as appropriate to reflect the changes arising</p>



	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
		<p>i.e. does this include temporary, agency and contract staff</p> <ul style="list-style-type: none"> • that the terms and conditions of use of the pool car should be read and understood prior to a booking • any limitations on usage, for example not to be used out-of-county, to transport family members, and no smoking within the vehicle • the procedure refers to what is considered to be incidental private use, but does not clearly state that pool cars should not be used for private use and are intended to facilitate business activities. • No permissions are in place for pool cars and vans to be taken home, to ensure that it does not conflict or cause difficulties for subsequent bookings. Furthermore, it does not clarify the responsibilities for taking a vehicle home, for example, where possible the car should be parked on a driveway etc. • The procedure does not make it clear that any speeding, parking and other traffic offences are the responsibility of 			<p>from the Fleet Review.</p> <p>The detail of the booking procedures for pool cars will be captured in one procedural document, see management response to finding 2.</p> <p>Who to be actioned by: Fleet Manager When to be actioned by: 31st March 2014 – To allow for completion of the next part of the White Fleet Review</p>



	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
		<p>drivers.</p> <ul style="list-style-type: none"> • that the pool car is kept in a clean and tidy state. • where faults, defects or damage caused should be recorded and reported • Details of finish time and mileage to be recorded by the driver on the vehicle log sheet • that any damage to vehicles not covered under the authority's insurance will be charged to cost centres. The sanctions for persistent neglect, for example, may result in refusal to accept further bookings from offending drivers. • that ICT equipment should not be left unattended in vehicles. Any other equipment and personal valuables should be hidden from view when the vehicle is parked. The BMKFA is not liable for losses of money or personal effects. • clarification on returning car keys and fuel cards out of hours. • how to cancel a booking 			



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	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
		<ul style="list-style-type: none"> no cross-reference is made to the Managing work-related road safety procedure <p>The Fuel Recharges, Pool cars and Completion of Expense Claims procedure is overdue its review date of 31st January 2012.</p> <p>The Managing Work-related Road Safety procedure contains insufficient detail with regard to the following:</p> <ul style="list-style-type: none"> driver checks: no guidance is provided in respect to drivers with penalty points or driving convictions <p>We noted through interviews with officers that there is a lack of awareness of the policies.</p> <p>Where policies and procedures are not sufficiently documented there is a risk that the utilisation of the fleet could be open to misuse.</p>			
2	Vehicle log books are maintained and held with the vehicle to record	Audit reviewed the booking out and in procedures for pool cars across four units at BHQ Facilities, ICT and the Workshop, and	Documented procedures for booking out and in pool vehicles will be in place and applied	Medium	<p>Recommendation Agreed: Y</p> <p>Response:</p>



	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
	<p>mileage completed.</p>	<p>at Broughton Fire Station.</p> <p>Responsibilities for station and pool vehicles are held locally with Head's of Departments. There is no consistent approach to the booking in and out of pool vehicles across the authority.</p> <p>From our sample review we noted the following issues;</p> <ul style="list-style-type: none"> • Only the BHQ Workshop maintained a signing in and out book recording the movement of pool cars on and off the premises. From review we noted that the book was for all pool vehicles, which made it harder to track the individual movements of each vehicle and review vehicle utilisation. Furthermore, as vehicles were often returned out-of-hours and keys deposited in the secure key box, the vehicle time in would not be recorded. We noted that this was not updated and verified as returned upon retrieval of the keys from the secure key box. We further noted insufficient detail recorded for the destination of the vehicle, for 	<p>consistently across the service.</p>		<p>The booking procedures for pool cars will be formalised in one procedural document, to ensure that responsibilities and expectations are clear. The procedure will be made available on the intranet, and rolled out across the authority.</p> <p>Who to be actioned by: Fleet Manager When to be actioned by: 31st March 2014</p>



	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
		<p>example “various”, “local area” and “?” and instances where nothing was recorded.</p> <ul style="list-style-type: none"> • A vehicle log book is maintained and held in each vehicle. From review we found instances when the end mileage was not recorded. We noted details of journeys completed did not always contain sufficient detail, for example stating “local”. One of these “local” journeys was for 17 miles. • 3/4 use the outlook system to record when a vehicle is in use. The vehicle calendars available are held in personal outlook accounts and are not available for all officers across the team to review for ease of booking, tracing and monitoring vehicles. <p>Where booking in and out procedures are not clear, consistent and robust there is a risk that the utilisation of pool cars could be open to misuse.</p>			
3	Vehicle log books are maintained and held with the	Through interview with staff we noted that vehicle log books are not reviewed and monitored by management to monitor if the	Vehicle logs will be reviewed by management to ensure compliance with	Medium	Recommendation Agreed: Y



Buckinghamshire and Milton Keynes Fire Authority
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	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
	vehicle to record mileage completed.	<p>completion of the log is adequate and mileage recorded for journeys detailed is appropriate.</p> <p>Where vehicle mileage and utilisation is not monitored and reviewed there is a risk that the utilisation of pool cars could be open to misuse.</p>	vehicle log procedures, and that mileage recorded is appropriate for the journey details recorded.		<p>Response: Agreed, we will be looking to use Tom-Toms to replace manual records imminently. Who to be actioned by: Workshop Manager When to be actioned by: 31 March 2014</p>
4	White Fleet Review is currently being undertaken.	<p>The white fleet is currently undergoing a review to ascertain if current stock levels are appropriate. There are no routine embedded reviews of the utilisation of station and pool vehicles to ascertain if vehicles are being utilised adequately and appropriately.</p> <p>Audit reviewed the mileage completed during the period 01/01/13 to 12/08/13 for a sample of ten pool vehicles from the fuel usage reports. From our review we noted the following:</p> <ul style="list-style-type: none"> - The lowest mileage recorded for the period reviewed was 1,883 miles. - The highest mileage recorded for the period reviewed was 6,321 miles. 	Vehicle utilisation will be reviewed on a regular basis to ensure that the fleet stock is adequate and appropriate to meet service requirements.	Medium	<p>Recommendation Agreed: Y</p> <p>Response: The new policy approved by the Authority makes clear that 'The Authority will maintain a fleet of pool vehicles. Each vehicle will be provided where it is cost effective to do so and subject to a completed business case for their acquisition being approved by the Director of Finance &</p>



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	Control description	Findings & Consequences	Recommendation	Priority	Management Response and Action Plan
		<p>- The total mileage for ten pool vehicles was 38,575 miles.</p> <p>Where vehicle mileage and utilisation is not monitored and reviewed there is a risk that the current fleet is not adequate to meet service requirements and may result in wastage through on-costs to service a fleet not in line with demand/need.</p>			<p>Assets. Their continued use and/or allocation to departments, to be the subject of annual review by the Fleet Manager.</p> <p>Who to be actioned by: Fleet Manager</p> <p>When to be actioned by: Initial review is in hand and will be followed by annual review. Given new policy approval this is considered already actioned.</p>

Appendix A

AUDIT SCOPE AND FRAMEWORK

4. Specific Audit Scope

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

- Policies and Procedures
- Management Controls and Monitoring
- Vehicle security, maintenance and security

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:

- Red Fleet
- FDSO and Green Book vehicles
- Grey Fleet

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.

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Buckinghamshire & Milton Keynes Fire Authority



MEETING	Overview and Audit Committee
DATE OF MEETING	12 March 2014
OFFICER	Maggie Gibb, Internal Audit Manager David Skinner, Director of Finance and Assets
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	Draft Internal Audit Strategy and Annual Plan 2014/15
EXECUTIVE SUMMARY	This paper sets out the Internal Audit Strategy and the proposed Internal Audit Plan for 2014/15 (attached at Appendix A) for the approval of the Committee. There are no material changes from the strategy of previous years.
ACTION	To consider the scope of the Internal Audit activity in 2014/15.
RECOMMENDATIONS	That the latest Internal Audit Strategy and Plan for 2014/15 be approved.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within 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	Internal Audit Plan 2013/14

& BACKGROUND PAPERS	Internal Audit reports taken to Overview and Audit Committee.
APPENDICES	Appendix A – Draft Internal Audit Strategy and Annual Plan for 2014/15
TIME REQUIRED	5 minutes.
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk 01296 387327

Appendix A

**Buckinghamshire and Milton Keynes Fire
Authority**



**DRAFT INTERNAL AUDIT STRATEGY AND ANNUAL PLAN
FOR
2014/15**

Presented to the Overview and Audit Committee: 12 March 2014

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1 INTRODUCTION

- 1.1 This paper details the Internal Audit Strategy for 2014/15 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 2014/15 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

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 2014/15.

- 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 2014/15 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**:
 - Risk Management
 - Corporate Governance
- 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.

Responsible Officers

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APPENDIX A – INTERNAL AUDIT PLAN 2014/15

Auditable Area	Key Audit Objectives	Day Budget (Timing)	Type (See note 1)	Risk Assessed
Core Financial Controls	<p>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:</p> <ul style="list-style-type: none"> ○ Budget Setting/Monitoring ○ Procure to Pay ○ Payroll & Pensions ○ Debtors ○ Capital ○ Financial Regulations ○ General Ledger ○ Reconciliations ○ Treasury Management ○ Asset Management <p>This review will include a follow up of the 2014/15 audit report.</p>	30 days (Q4)	Risk	High
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)	Risk	High
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)	Risk	High
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)	Risk	High
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.	5 days (Q1)	Risk	High
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)	Risk	High

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)	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 Director of Finance and Assets.	15 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		

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

2014/15 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 2014	100% of Plan by End of April 2014	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