

Minutes of the meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 15 JULY 2015 at 10.00 am

Present: Councillors Bendyshe-Brown, Dransfield (substitute for Mallen), Exon, Huxley, Reed (substitute for Clarke OBE), Watson (Chairman) and Wilson

Officers: J Thelwell (Chief Fire Officer), M Osborne (Deputy Chief Fire Officer), G Britten (Director of Legal and Governance), L Swift (Director of People and Organisational Development), D Sutherland (Acting Director of Finance and Assets), M Hemming (Deputy Finance Director), M Gibb (Internal Audit Manager), B Davidson (Internal Audit), J Parsons (Head of Service Development), G Smith (Head of Service Delivery), S Gowanlock (Corporate Planning Manager), K McCafferty (Head of Human Resources) and D Guest (External Auditor EY)

Duncan Payne (Firefighter)

Apologies: Councillors Clarke OBE, Glover, Mallen, Vigor-Hedderly

0A01 ELECTION OF CHAIRMAN

(Councillor Bendyshe-Brown presiding)

It was moved and seconded that Councillor Watson be elected Chairman of the Committee for 2015/16.

RESOLVED –

That Councillor Watson be elected as Chairman of the Committee for 2015/16.

0A02 APPOINTMENT OF VICE-CHAIRMAN

It was moved and seconded that Councillor Bendyshe-Brown be appointed as Vice-Chairman of the Committee for 2015/16.

RESOLVED –

That Councillor Bendyshe-Brown be appointed as Vice-Chairman of the Committee for 2015/16.

0A03 MINUTES

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 11 March 2015, be approved and signed by the Chairman as a correct record.

0A04 CORPORATE RISK MANAGEMENT

The Corporate Planning Manager introduced the Corporate Risk Management report which provided an update of the current status of identified corporate risks. Since last reviewed by the Overview and Audit Committee on 11 March 2015, a few changes had been made to the risk register.

The probability score for the Information Security risk had been downgraded to reflect the impact of further training; updated protective marking; and harm testing procedures. It was recommended to be removed from the register.

The staff availability risk had been reduced from 5 to 3 given the current outlook for further industrial action over the FBU pensions dispute with the Government.

The wording of the Funding and Savings Requirement risk had been updated to reflect latest savings requirement and level of funding pressures reserve in line with the MTFP.

The Control Room continuity risk had been redefined to reflect the risks to service continuity following transfer to the new Thames Valley Fire Control Service and now that Secondary Control was in place at Kidlington, Oxfordshire and further back up arrangements with North Yorkshire Fire and Rescue Service.

An emerging risk to operational staff resources arising as a result of an ageing workforce profile and linked to recent pension changes was discussed. A question was asked as to why the Control Room continuity risk still had an amber rating now that it was live. It was explained that this was partly a function of cautious scoring as it had been given a low probability score. Members asked if this could be reviewed before the next meeting of the Committee.

A question was asked as to why after reducing the council tax precept by 1% financial funding and savings had been given an amber rating not green. It was advised that although the Fire Authority was currently in a good position, the future long-term funding was still unknown. Officers confirmed that Member's observations would be taken into account in reviewing risk scores.

The Chief Fire Officer had written to the Chancellor and all local MPs to request a longer term view on future funding to give the Service an opportunity to plan more appropriately for the future.

RESOLVED –

1. That the status report on identified corporate risks be reviewed.

2. That the removal of the Information Security risk from the Corporate Risk Register and transferred to the Legal and Governance Directorate Risk Register for future monitoring given the reduction in the risk assessment to Green RAG status be approved.

OA05

INTERNAL AUDIT REPORTS:

(A) Internal Audit Report: Final Audit Reports

The Internal Audit Manager updated Members on the findings of three finalised Internal Audit reports issued since the last Overview and Audit Committee meeting in March. Housing and Accommodation Allowances, HR People Management and Core Financial Controls.

The Housing and Accommodation Allowances Final Report was given a 'reasonable' level of assurance that relevant risks had been effectively identified, managed and controlled. Some areas for improvement had been identified; however, no high priority recommendations were raised. Of the five actions identified, four were now complete and one was in progress. It was also noted that a report reviewing the housing policy was being presented to the next Executive Committee meeting.

The HR People Management Final Report was given a 'substantial' level of assurance that relevant risks had been effectively identified, managed and controlled. Of the two actions identified (one medium and one low priority) one had been implemented and one was in progress due to be implemented by the end of August 2015.

The Chief Fire Officer asked Members to note what he described as an excellent result.

It was explained that the Core Financial Controls Final Report is one of the main audits in the programme each year and covers all the key financial areas and for the second year was given a 'substantial' level of assurance that relevant risks had been effectively identified, managed and controlled. Of the eight actions identified, one was high priority, four medium and three low priority. All had been implemented, or were not yet due to be implemented but work was progressing.

RESOLVED –

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

(B) Internal Audit Report: Update of progress of audit recommendations

The Internal Audit Manager stated that the purpose of this report was to update Members on the progress of the implementation of audit recommendations made as at 8 June 2015.

The Committee noted that out of the 54 recommendations arising from the various audit reports, 42 (78%) had been fully implemented and 12 were on track but not yet due to be implemented.

There were no outstanding recommendations to bring to the attention of the Committee at this time.

The Members wished to record their thanks to officers for making good progress on resolving past audit points.

RESOLVED –

That the progress on the implementation of recommendations be noted.

OA06 ANNUAL REPORT OF THE CHIEF INTERNAL AUDITOR 2014/15

The Committee, as the Committee charged with governance, considered the Annual Report of the Chief Internal Auditor 2014/15 on the internal control environment.

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

The opinion was consistent with the outcomes of the individual audits, in which of the six audits completed all had opinions of 'reasonable' or 'substantial' assurance.

The reason behind the overall 'reasonable' level of assurance, was that Internal Audit work was limited to a certain number of days and a certain number of audits per year, so only a 'reasonable' level of assurance can be given.

The Acting Director of Finance and Assets advised Members this demonstrated good progress on internal audit matters.

RESOLVED –

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

OA07 FINANCIAL INSTRUCTIONS

This report presents the updated Financial Instructions as approved by the Chief Fire Officer and Acting Director of Finance and Assets in May 2015. The changes were required to update

role titles, clarify the acceptance of electronic signature or system workflow authorisation and to reflect substantive changes such as the introduction of purchasing cards and the removal of Imprest accounts.

A more substantial overhaul of these Instructions would be required next year if the finance system was replaced as part of the business and systems integration project.

RESOLVED –

That the updated Financial Instructions be noted.

OA08

ANNUAL GOVERNANCE STATEMENT 2014/15

The report presented the 2014/15 Annual Governance Statement and also contained the progress on the implementation of the recommendations of the 2013/14 Annual Governance Statement and highlighted the recommendations for 2015/16.

The Director of Legal and Governance asked Members to note that the Authority had acted on the recommendations from Ernst & Young in their audit last year which suggested that the Authority brought forward the Annual Governance Statement to an earlier meeting in the calendar. Although not a legal requirement, it was felt this was a constructive recommendation and this report was being presented earlier than in previous years.

An extensive amount of work had gone into the production of the Annual Governance Statement this year by the Corporate Planning Manager and the Deputy Finance Director.

The objectives set in the previous Annual Governance Statement had all been achieved and through the Performance Management Board the directors across the service had identified areas of weakness and areas that need to be addressed.

In approving the overall governance arrangements a Member queried as to whether the Committee should be taking a greater role in matters within its Terms of Reference and asked the Chairman to consider a work plan for the Committee.

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 2015/16 Statement be agreed.

OA09**STATEMENT OF ACCOUNTS 2014/15: VERBAL UPDATE**

The Acting Director of Finance and Assets advised Members that the Statement of Accounts had been signed off at the end of May 2015.

The Acting Director of Finance and Assets had taken the opportunity this year to fast track the programme for signing the statement of accounts because in 2017/18 it would be a statutory duty. Next year the Statement of Accounts would be presented at the July meeting for sign off, which would stand the Authority in good stead in preparation for 2017/18.

The External Auditor reiterated that the deadline for Ernst & Young to complete the audit and for the accounts to be signed off was being moved forward in 2017/18, but there was no reason why this should not be possible in 16/17 with the steps now having been put in place.

The Acting Director of Finance and Assets felt that the new Audit Manager and Auditor Director had demonstrated a positive commitment in his working relationship with the Authority; Members were looking forward to a new working relationship with Ernst & Young.

The Chairman of the Overview and Audit Committee requested sight of the draft unaudited statement of accounts prior to the next meeting of the Committee.

OA10**INJURY AWARDS: VERBAL UPDATE**

The Director of People and Organisation Development updated Members on the HR people recommendations from the Injury Awards Final Report. The first two points were also high-lighted in the Annual Governance Statement as actions from 2015/16.

BMKFA should review its arrangements for the administration of its pension fund. The Director of People and Organisational Development was pleased to report that this was well underway and a timetable of actions had been established. The plan was to have a new pension's administration service in place by 1 April 2016. This would be in collaboration with Royal Berkshire Fire and Rescue Service whose current arrangements end in March 2016.

BMKFA should review its processes for handovers between leavers and joiners. This had been a particular issue in the injury awards process. The recruitment process had been amended to incorporate this and there was also new guidance for back up.

BMKFA should develop a policy within Human Resources for dealing with injury awards under the 2006 Compensation Scheme to complement the policies addressing ill-health

retirements. The Authority has decided to wait until the new pension scheme was in place and until when the new guidance from DCLG becomes available. A new policy had been drafted and would go out for consultation at the end of July 2015. It was planned to have the policy in place for September/October 2015.

The Chief Fire Officer advised Members that since the recent elections there was a new Fire Minister, Mark Francois MP. The Chief Fire Officer had written to Neil O'Connor, Director Fire, Resilience and Emergencies at DCLG asking at what point would the Minister be making a decision regarding this issue and the response was that the Minister still hadn't made a decision.

OA11

REVISED WHISTLEBLOWING PROCEDURE

The Director of People and Organisation Development advised Members that there was a rigorous timetable in place to review all the Authority's employment related policies and procedures and this update of the whistleblowing procedure was being presented at this meeting in line with the current procedural review arrangements. There had been no significant legislation changes, but approval was sought for the minor amendments being proposed to the procedure as detailed.

It was also important to keep Members updated if there had been any cases of whistleblowing and the Director of People and Organisational Development confirmed there had been no cases of whistleblowing to report.

Members all agreed it was important that everyone within the organisation was aware of this policy and the Chief Fire Officer reminded Members they were all very welcome to visit their local fire station and talk directly with firefighters.

RESOLVED –

1. That the revised whistleblowing procedure be approved for publication.
2. That the next approval of the whistleblowing procedure be in 2018, with any interim amendments, as appropriate, be approved by delegated authority to the Director of People and Organisational Development.

OA12

REVISED CODE OF CONDUCT

The Director of People and Organisational Development advised Members that the Authority's Code of Conduct was first issued in 2006. Since being published, the Code of Conduct had been detailed in a variety of documents, built up over time to reflect different circumstances.

What the Authority had tried to do, reinforced by internal audit recommendations in the corporate governance audit last year, was to bring together all standards into a single document. The Code had also taken into consideration constructive feedback provided during the formal consultation process held in March-April 2015 and also included some new guidance on emerging areas such as social media and cyber bullying.

The Chief Fire Officer reminded Members that the service doesn't only go to fires it visits the vulnerable and elderly in their homes and needs to be presentable and respectable and uphold professional standards at all time.

RESOLVED –

That the revised Code of Conduct was recommended for approval by the Executive Committee.

OA13

DATE OF NEXT MEETING

The Committee noted that the next meeting of the Committee would take place on Wednesday 23 September 2015 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 11.35 AM