

Minutes of the meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 23 September 2015 at 10.00 am

**Present:** Councillors Bendyshe-Brown, Exon, Glover, Huxley, Mallen, Vigor-Hedderly, Watson (Chairman) and Wilson

**Officers:** M Osborne (Deputy Chief Fire Officer), G Britten (Director of Legal and Governance), D Sutherland (Acting Director of Finance and Assets), M Hemming (Deputy Finance Director), M Gibb (Internal Audit Manager), B Davidson (Internal Audit), G Barry (Information Governance and Compliance Manager), K McCafferty (Head of Human Resources), S Gowanlock (Corporate Planning Manager), M Grindley (External Auditor EY) D Guest (External Auditor EY) and Katie Nellist (Democratic Services Officer)

**Apologies:** Councillor Clarke OBE

**0A14 MINUTES**

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 15 July 2015, be approved and signed by the Chairman as a correct record.

**0A15 CORPORATE RISK MANAGEMENT**

The Corporate Planning Manager advised Members that the Corporate Risk Register was last reviewed by the Overview and Audit Committee on 15 July 2015, when it approved the removal of the Information Security risk from the Corporate Risk Register to the Legal and Governance Directorate Risk Register, given the reduction in the risk assessment to green RAG status.

The Risk Register was regularly reviewed by the Performance Management Board (PMB) 20 August 2015 and the Strategic Management Board (SMB) 1 September 2015 and at the 1 September 2015 SMB it was agreed that the Control Room risk score would be reduced following the successful implementation and testing of the business continuity arrangements.

A discussion had been held at SMB regarding the funding and savings risk and it had been decided not to reduce the risk score, pending clarification of the outcome of the Government's autumn spending review.

The overall distribution of corporate risk was shown at Annex A. Although the risk of industrial action had receded, it was decided it was better to be cautious and leave 'staff availability' as it was, as there were still other risks to consider i.e. pandemic flu.

The 'ageing workforce' risk which had been elevated back in March 2015 was pending the outcome of some of the new initiatives in place to mitigate that risk i.e. the new apprenticeship scheme.

There were no new risks identified and Internal Audit had been reviewing the directorate risk registers to provide an additional level of assurance.

A question was asked regarding staff availability and the latest position on industrial action regarding the pension dispute between the Fire Brigades Union (FBU) and the Government. There had been no industrial action called recently but there was now a legal challenge being mounted by the FBU in respect of the transitional arrangements. It was difficult to gauge how matters would progress but the mandate was still in place. Therefore, from the Authority's planning perspective, it was only seven days away from potential strike action. The general feeling was that the legal route was being pursued in lieu of any pending strike action, but the position was being closely monitored.

A question was asked regarding how the Authority managed risk for new organisational changes i.e. Milton Keynes project. It was advised that a risk log was created as part of the Programme Management Board for any large projects or proposals.

RESOLVED –

1. That the status report on identified corporate risk at Annex C be reviewed.

**OA16**

### **COMPLIMENTS, COMPLAINTS & CONCERNS**

The Information Governance and Compliance Manager introduced the report and advised Members that it had two purposes. The first was to introduce a suite of documents which replaced the existing procedures and managed the handling of compliments, concerns and complaints based on current best practice and advice from the office of the Local Government Ombudsman.

The second was to advise on any trends and corrective action taken to reduce or remove the problem that led to a complaint being made and to identify opportunities to improve public perception of the services of Buckinghamshire and Milton Keynes Fire Authority.

An officer from the Local Government Ombudsman (LGO) had run a training course for Station Managers and Investigating Officers at the beginning of the year and had made some recommendations that the Authority had taken on board. One was to ensure a statement of complaint clarified from the beginning what the complaint was actually about, this would help keep the procedure as short as possible. It was also advised to have an unreasonably persistent complainant procedure in place.

The actual number of complaints had reduced from previous years and the number of complaints being upheld had also gone down. This meant the quality of investigation was good as nothing was getting referred to the local Ombudsman.

A question was asked as to what the Authority did to encourage complaints. Members were advised it was clearly visible on the website how to make a complaint and at incidents; the officer in charge would refer members of the public back to it.

Whilst the LGO representative had been content with the procedures in place for dealing with complaints, it was agreed, at the request of Members, that officers would investigate the option of potentially assembling a panel of Members to hear complaints in exceptional circumstances for Members to consider in the next annual report.

Members asked that an analysis of written compliments be added into the next annual report.

RESOLVED –

1. That the document suite be approved.
2. That the report be noted.

## **0A17**

### **INTERNAL AUDIT REPORTS**

#### **(A) Internal Audit Report: Final Audit Report**

The Internal Audit Manager outlined the findings and recommendations of the Knowledge and Information Systems (KIS) finalised audit report. The report had been given a 'reasonable' level of assurance, that relevant risks were effectively identified, managed and controlled.

There was one high and one medium priority recommendation, both had been agreed by management and were due for implementation next month. Both would be followed up and reported back at the next meeting.

The Chairman asked that future final audit reports showed more specific findings.

RESOLVED –

That the recommendation raised in the finalised Internal Audit report be noted.

#### **(B) Internal Audit Report: Update of Progress of the Annual Audit Plan**

The Internal Auditor advised that the purpose of the report was to update Members on the progress of the internal audit annual plan; work was progressing on the 2015/16 plan and following discussions with the Acting Director of Finance and Assets the

first three audits were at a planning stage (Asset Management, Pensions Administration and Core Financial Controls).

A question was asked as to whether all audit recommendations were followed up and Members were assured that they were.

A question was asked as to whether the Authority provided sufficient resources for Internal Audit to perform the tasks they needed to perform. Members were assured that the External Auditors would always look to see that there were mechanisms in place for the Authority to get its level of 'assurance' and would raise it with the Authority if necessary.

RESOLVED –

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

(The Internal Audit Manager left the meeting)

## **OA18**

### **AUDIT RESULTS REPORT**

The Committee considered the Audit Results report which summarised the findings from the 2014/15 audit.

The External Auditor advised Members that the Audit had been finalised over the last month and there were some aspects that had been updated since the report was produced. The External Auditor confirmed that an unqualified audit opinion on the financial statements would be issued today, along with the Whole of Government Accounts. Once submitted the Audit Certificate on completion of the Audit would also be issued.

The External Auditor thanked officers for a very smooth and open process.

Having raised "risk of management override" as a significant audit risk in the Audit Plan, the External Auditors were able to report there were no issues.

The External Auditor explained to Members that GAD v Milne was a national issue which was affecting all fire and rescue authorities. It would not impact on the bottom line of the accounts and they were working with management to determine the final accounting treatment.

Members were pleased to see that the Audit had been signed off early.

A question was asked as to whether the previous issue of the injury awards had been dealt with. Members were advised that there had been a new Fire Minister and the issue was still unresolved, but the Authority was well prepared and would be able to meet its obligations when required.

RESOLVED –

That the contents of the report are noted.

## **OA19**

### **ADOPTION OF THE AUDITED STATEMENT OF ACCOUNTS**

The Acting Director of Finance and Assets was pleased to be bringing to Members today the adoption of the Audited Statement of Accounts, as this was a big improvement on the position the Authority was in last year.

As previously mentioned, there was only one minor amendment concerning the GAD v Milne case. The Deputy Director advised Members that it was a purely technical disclosure and had no effect on any of the figures presented, but was an amendment to page 74 'Events after the Balance Sheet Date'.

Events after the Balance Sheet Date showed no events that required additional disclosure in the statements, but now there was an issue to disclose and this was the standard wording that had been agreed with the External Auditors, that would be used by all fire authorities to disclose the impact of GAD v Milne. This would be covered by HM Treasury, so there would be no impact on the Authority's level of reserves and expenditure.

The Acting Director of Finance and Assets supported by the External Auditors confirmed to Members that the impact of GAD v Milne would be funded by central Government.

(Councillor Wilson left the meeting)

RESOLVED –

That the Statement of Accounts for the financial year ended 31 March 2015, with the inclusion of the following text inserted at Note 30 on page 74, be signed by the Chairman of this Committee:

*"In May 2015, the Pensions Ombudsman (Ombudsman) published their Final Determination in the case of Milne v Government Actuaries Department (GAD). This case centred on whether GAD had a proactive responsibility to review the commutation factors used in the calculation of the lump sum payments made to pensioners when they opt to take an increased amount of their pension benefit in that form.*

*The Ombudsman found in favour of the plaintiff, which meant that for all Firefighters Pension Scheme 1992 cases where pension entitlements were drawn between 1 December 2001 and 22 August 2006 recalculation of lump sum payments should take place based upon revised commutation factors to be issued by GAD. Payment of any additional amounts identified as due should be made with simple interest calculations as well.*

*We are currently working through the revised calculations and expect to make the necessary payments by 31 March 2016. There has therefore been no impact on the financial statements for 2014/15".*

**OA20 LETTER OF MANAGEMENT REPRESENTATION**

The Committee considered the Letter of Management Representation to Ernst & Young to be signed by the Chief Finance Officer and the Chairman of the Committee in order for the audit opinion and conclusion to be issued.

RESOLVED –

That the Letter of Representation for the Authority be signed by the Chief Finance Officer and the Chairman of the Committee.

**OA21 COUNTER FRAUD AND CORRUPTION POLICY**

The Committee considered the Counter Fraud and Corruption Policy which was part of a triennial review. This framework sets out the Authority's determination to ensure a 'zero-tolerance' towards corruption and to provide robust counter fraud and corruption procedures.

There had only been a few minor changes to the policy to update job titles and links to updated policies.

RESOLVED –

That the revised Counter-Fraud and Corruption Policy be approved.

**OA22 ANTI MONEY LAUNDERING POLICY**

The Committee considered the Anti Money Laundering Policy which was part of a triennial review. The Money Laundering Regulations 2007 require the Money Laundering Reporting Officer to take appropriate measures to ensure that all relevant employees were made aware of the law in this area and understand how to recognise and deal with potential instances of money laundering or terrorist financing.

RESOLVED –

That the Anti-Money Laundering Policy be approved.

**OA23 DATE OF NEXT MEETING**

The Committee noted that the next meeting of the Committee would take place on Wednesday 2 December 2015 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 11.04 AM

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