BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY
BUCKINGHAMSHIRE FIRE AND RESCUE SERVICE

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

To: The Members of the Overview and Audit Committee

26 February 2018

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 7 March 2018 at 10.00 am** when the business set out overleaf will be transacted.

Yours faithfully

Graham Britten
Director of Legal and Governance

Chairman: Councillor Watson
Councillors: Cranmer, Exon, Glover, Irwin, Sullivan, Teesdale and Wilson

MAKING YOU SAFER

Recording of the Meeting

The Authority supports the principles of openness and transparency. It allows filming, recording and taking photographs at its meetings that are open to the public. Requests to take photographs or undertake audio or visual recordings either by members of the public or by the media should wherever possible be made to enquiries@bucksfire.gov.uk at least two working days before the meeting.

The Authority also allows the use of social networking websites and blogging to communicate with people about what is happening, as it happens.

Adjournment and Rights to Speak – Public

The Authority may, when members of the public are present, adjourn a Meeting to hear the views of the public on a particular agenda item. The proposal to adjourn must be moved by a Member, seconded and agreed by a majority of the Members present and voting.

Prior to inviting the public to speak, the Chairman should advise that they:

(a)   raise their hands to indicate their wish to speak at the invitation of the Chairman,
(b)   speak for no more than four minutes,
(c)   should only speak once unless the Chairman agrees otherwise.

The Chairman should resume the Meeting as soon as possible, with the agreement of the other Members present.

Adjournments do not form part of the Meeting and should be confined to times when the views of the public need to be heard.

Rights to Speak - Members

A Member of the constituent Councils who is not a Member of the Authority may attend Meetings of the Authority or its Committees to make a statement on behalf of the Member's constituents in the case of any item under discussion which directly affects the Member's division, with the prior consent of the Chairman of the Meeting which will not be unreasonably withheld. The Member's statement will not last longer than four minutes.

Where the Chairman of a Committee has agreed to extend an invitation to all Members of the Authority to attend when major matters of policy are being considered, a Member who is not a member of the Committee may attend and speak at such Meetings at the invitation of the Chairman of that Committee.

Questions

Members of the Authority, or its constituent councils, District, or Parish Councils may submit written questions prior to the Meeting to allow their full and proper consideration. Such questions shall be received by the Monitoring Officer to the Authority, *in writing or by fax,* at least two clear working days before the day of the Meeting of the Authority or the Committee.

OVERVIEW AND AUDIT COMMITTEE
TERMS OF REFERENCE

Overview

1. To review current and emerging organisational issues and make recommendations to the Executive Committee as appropriate.

2. To comment upon proposed new policies and make recommendations to the Executive Committee as appropriate.

3. To review issues referred by the Authority and its other bodies and make recommendations to those bodies as appropriate.

4. To make recommendations to the Executive Committee on:

    (a) the Electronic Services Delivery Plan;

    (b) the Brigade Personnel Strategy;

    (c) Levels of Incident Response;

    (d) the Corporate Risk Management Policy;

    (e) the Authority's Information Policy; and

    other such policies and procedures as are required from time to time

5. To consider and make recommendations to the Authority on the Annual Treasury Management Strategy.

Audit

1. To determine the internal and external audit plans and the Internal Audit Strategy

2. To determine the Internal Audit Annual Plan and Annual Report (including a summary of internal audit activity and the level of assurance it can give over the Authority's governance arrangements).

3. To consider and make recommendations on action plans arising from internal and external audit reports, including arrangements to ensure that processes which deliver value for money are maintained and developed.

4. To consider and make recommendations to the Executive Committee on reports dealing with the management and performance of the providers of internal audit services.

5. To consider and make recommendations on the external auditor's Annual Audit Letter and Action Plan, relevant reports and the report to those charged with governance.

6. To consider specific reports as agreed with the Treasurer, Internal Audit, Monitoring Officer, Chief Fire Officer, or external audit and to make decisions as appropriate.

7. To comment on the scope and depth of external audit work and to ensure it gives value for money.

8. To oversee investigations arising out of fraud and corruption allegations.

9. To determine Insurance matters not delegated to officers, or another committee.

10. To consider and determine as appropriate such other matters as are required in legislation or guidance to be within the proper remit of this Committee.

Governance

1. To:

    (a) make recommendations to the Authority in respect of:

        (i) variations to Financial Regulations; and

        (ii) variations to Contract Standing Orders.

    (b) receive a report from the Chief Finance Officer/Treasurer when there has been any variation to the Financial Instructions in the preceding twelve month period.

2. To determine the following issues:

    (a) the Authority's Anti-Money Laundering Policy;

    (b) the Authority's Whistleblowing Policy; and

    (c) the Authority's Anti Fraud and Corruption Policy.

3. To determine the Statement of Accounts and the Authority's Annual Governance Statement. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Authority.

4. To consider the Authority's arrangements for corporate governance and make recommendations to ensure compliance with best practice.

5. To monitor the Authority's compliance with its own and other published standards and controls.

6. To maintain and promote high standards of conduct by the Members and co-opted members of the Authority.

7. To assist Members and co-opted members of the Authority to observe the Authority's Code of Conduct.

8. To advise the Authority on the adoption or revision of a code of conduct.

9. To monitor the operation of the Authority's Code of Conduct

10. To deal with cases referred by the Monitoring Officer.

11. To advise on training, or arranging to train Members and co-opted members of the Authority on matters relating to the Authority's Code of Conduct.

12. To monitor the operation of any registers of interest, of disclosures of interests and disclosures of gifts and hospitality in respect of officers or Members

Risk

1. To monitor the effective development and operation of risk management and corporate governance within the Authority.

2. To consider reports dealing with the management of risk across the organisation, identifying the key risks facing the Authority and seeking assurance of appropriate management action.

Employees

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

2. To advise the Executive Committee on the adoption or revision of any policies, codes or guidance:

   (a) regulating working relationships between members and co-opted members of the Authority and the employees of the Authority;

   (b) governing the conduct of employees of the Authority; or

   (c) relating to complaints; and

   other such policies and procedures as are required from time to time.

3. To monitor the operation of any such policies, codes or guidance mentioned at 2 above.

4. To comment on the training arrangements in connection with any of the above.

General

1. To make such other recommendations to the Executive Committee on the issues within the remit of the Overview and Audit Committee as required.

2. To review any issue referred to it by the Chief Fire Officer, Treasurer, or Monitoring Officer, or any Authority body within the remit of these terms of reference.

3. To consider such other matters as are required in legislation or guidance to be within the proper remit of this Committee.

4. To commission reports from the Chief Fire Officer, the Internal Audit Service, the Monitoring Officer, or such other officer as is appropriate, when the Committee agrees that such reports are necessary.

5. To support the Monitoring Officer and the Treasurer in their statutory roles and in the issue of any guidance by them.

6. To receiving reports from the Monitoring Officer in his/her statutory role or otherwise relating to ethical standards and deciding action as appropriate.

7. To respond to consultation on probity and the ethical standards of public authorities.

AGENDA

Item No:

1.   Apologies

2.   Minutes

To approve, and sign as a correct record, the Minutes of the meeting of the Committee held on 15 November 2017 (Item 2) **(Pages 9 - 14)**

3.   Disclosure of Interests

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

4.   Questions

To receive questions in accordance with Standing Order S0A7.

5.   Appointment of Vice Chairman

To appoint a Vice Chairman for 2017/18

6.   RIPA Policy (Minute OA39 - 090316)

To note that there has been no covert surveillance conducted by officers since the last meeting of the Committee.

7.   Operational Assurance Improvement Plan

To consider Item 7 **(Pages 15 - 58)**

8.   Internal Audit Reports

(a)   Internal Audit Report: Draft Internal Audit Strategy and Annual Internal Audit Plan 2018/19

To consider Item 8a **(Pages 59 - 72)**

(b)   Internal Audit Report: Final Audit Reports

To consider Item 8b **(Pages 73 - 88)**

(c)   Internal Audit Report: Update of Progress of the Annual Audit Plan 2017/18

To consider Item 8c **(Pages 89 - 92)**

(d)   Internal Audit Report: Update on Progress of Audit Recommendations

To consider Item 8d **(Pages 93 - 96)**

9. **Ernst & Young Audit Plan 2017/18**

   To consider Item 9 **(Pages 97 - 134)**

10. **Treasury Management Performance 2017/18 - Quarter 3**

    To consider Item 10 **(Pages 135 - 142)**

11. **Corporate Risk Management**

    To consider Item 11 **(Pages 143 - 158)**

12. **General Data Protection Regulation (GDPR) Progress**

    To consider Item 12 **(Pages 159 - 178)**

13. **2016/17 Compliments and Complaints**

    To consider Item 13 **(Pages 179 - 188)**

14. **IT Disaster Recovery**

    To consider Item 14 **(Pages 189 - 192)**

15. **Business and Systems Integration Project: Progress Report**

    To consider Item 15 **(Pages 193 - 204)**

16. **Financial Instructions**

    To consider Item 16 **(Pages 205 - 264)**

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

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Minutes of the meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 15 NOVEMBER 2017 at 10.00AM

Present:	Councillors Exon, Glover, Irwin, Watson (Chairman) and Wilson
Officers:	J Thelwell (Chief Fire Officer), M Osborne (Deputy Chief Fire Officer), D Sutherland (Director of Finance and Assets), G Britten (Director of Legal and Governance), L Swift (Director of People and Organisational Development), N Boustred (Head of Service Delivery), J Parsons (Head of Service Development), M Gibb (Internal Audit Manager), B Davidson (Internal Audit), R Karia (Ernst & Young), A Carter (BASI Project Manager), G Barry (Information Governance and Compliance Manager) S Gowanlock (Corporate Planning Manager) A Hussain (Principal Accountant) and C Jordan (Team PA)
Apologies:	Councillors Brunning and Teesdale

0A19   MINUTES

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 26 July 2017, be approved and signed by the Chairman as a correct record.

OA20   RIPA POLICY (MINUTE OA39 – 090316)

RESOLVED –

To note that there had been no covert surveillance conducted by officers since the last meeting of the Committee.

0A21   INTERNAL AUDIT REPORTS

a) Final Audit Report: 2017/18 Fleet Management Audit

The Internal Audit Manager advised that the purpose of this report was to update Members on the findings of the finalised Internal Audit reports issued since the last Overview and Audit Committee meeting.

The 2017/18 Fleet Management Audit had been finalised and recommendations had been agreed with the Fleet Manager and Director of Finance and Assets and suitable deadlines dates for implementation had been agreed. The outcome of the report was that a 'substantial' level of assurance was given and no significant weaknesses in the control framework were identified. One area of improvement identified was in relation to the system management and training of staff to understand and fully utilise the systems capabilities available. Members were advised by the Director of Finance and Assets that the implementation of the next phase of the BASI project should address those elements.

RESOLVED –

1. That the recommendations raised in the finalised Internal Audit reports be noted.

2. That the next Fleet Management Audit be scheduled for 2020/21.

b) Update on Progress of Audit Recommendations

The Internal Audit Manager advised that the purpose of this report was to update Members on the progress of the implementation of audit recommendations made as at 16 October 2017.

In total there were 25 recommendations to report on, 21 (84%) had been fully implemented, 2 (8%) were on track but not yet due and 2 (8%) were not implemented and the due date revised.

It having been observed by a Member that the approval of the review of the Financial Instructions was not on the agenda for the meeting in spite of the notes in the Update Report, the Director of Finance and Assets advised that this would be on the agenda for the March meeting.

RESOLVED –

That the progress on implementation of recommendations be noted.

c) Update on Progress of the Annual Audit Plan

The Internal Audit Manager advised that the purpose of this report was to update Members on the progress of the annual Internal Audit Plan since the last meeting.

Work was progressing according to the plan and the work for the Corporate Governance and Property Management audits was progressing. The audit of the Core Financial Controls was at the planning stage and the scope and start date would be agreed in due course.

Members was concerned that out of the 115 days allocated, 65 would be used in quarters 3 and 4 and asked would it not be better to spread the audits evenly. The Internal Audit Manager explained that the Core Financial Controls Audit, which was the largest audit, had to be untaken at the end of the financial year. It was highlighted that the External Audit took place in April/June.

It was suggested by a Member that as the financial reporting of year end was now earlier, in future years the Internal Audits

should be spread more evenly; and that in future, a 'Quarter by Quarter' audit plan showing the proposed number of days in each quarter might assist the Committee.

RESOLVED –

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

OA22   2016/17 STATEMENT OF ASSURANCE

The Corporate Planning Manager presented the 2016/17 Statement of Assurance to the Members.

Following its introduction by the National Framework, it was explained that in previous years the Committee had received the four previous Statements at its March meeting, but this year production could be brought forward thanks to the earlier sign-off of the Statement of Accounts.

The Committee's attention was drawn to the Operational Assurance section of the Statement which included the steps taken to respond to the findings of the independent appraisal of the Authority's operational assurance model undertaken by OAL Ltd; and that a detailed report on this had been presented to the Committee in March with a further one due at its March 2018 meeting.

Following the presentation a discussion ensued asking, as the Statement of Assurance was a 'look back' document, how such assurance could be used going forward. It was explained that the document itself was in a prescribed format, however, future assurance could be provided to the Authority by a combination of the Medium Term Financial Plan (MTFP), the Public Safety Plan (PSP), the mid-term review of the Corporate Plan and the forward-looking elements of the Annual Governance Statement. Members were reminded that the creation of the new Inspectorate for Fire and Rescue Authorities should give further assurance as to operational activity and value for money.

The Committee was advised of the procedure for backup arrangements in response to a Member's question regarding the resilience and the non-staffed secondary control room.

RESOLVED –

That the 2016/17 Statement of Assurance be approved for signature by the Chairman of the Overview and Audit Committee and the Chief Fire Officer.

OA23   TREASURY MANAGEMENT PERFORMANCE 2017/18 – Q2

The Director of Finance and Assets presented the report and informed the Committee that investments made had been preforming well.

RESOLVED –

That the Treasury Management Performance 2017/18 – Quarter 2 report be noted.

OA24   **TREASURY MANAGEMENT STRATEGY DEVELOPMENT**

The Director of Finance and Assets advised Members that the sentence "(based on recommendation from the Executive Committee)" in Recommendations be struck out.

The Director of Finance and Assets outlined the report and asked the Committee to agree in principle with the recommendations of the report. Performance of the current strategy was discussed and the Committee's attention was drawn to the benchmarking data in the report.

Recommendation 5 was highlighted as an opportunity to invest in a property fund. Members spoke in support of investing in property funds and exploring options for potential direct investment in property for both income and accommodation for firefighters.

The Committee was advised that if it was to agree in principle, the Director of Finance and Assets would consult upon investment options with the Lead Member for Finance and the Chairman of the Overview and Audit Committee and present the updated Strategy to the Fire Authority meeting on the 14 February 2018.

RESOLVED –

1. That the duration limit to be used for 2018/19 should be the Capita recommended limit plus six months (e.g. the limit for counterparties rated 'Red' will be 1 year);

2. That the limit of 100 days is removed from non-UK based counterparties and that the duration limit is as per the Capita rating (but not including the plus six months option in Recommendation 1);

3. Any counterparty rated at least 'Green' by Capita should be added to the counterparty list regardless of location;

4. The top-ten building societies (by group assets) should be added to the counterparty list. The duration of investment will be limited to 1 year and the total amount invested with any one non-rated building society at any point in time will not exceed £2 million; and

5. That up to £3 million can be invested in a property fund be included within the Treasury Management Strategy for 2018/19 that would be considered for approval by the Fire Authority.

OA25   CORPORATE RISK MANAGEMENT

The Corporate Planning Manager presented the Corporate Risk Management Report.

A discussion took place regarding risk 14.4 'Staff Availability'. Concern was raised about retaining staff and the need to look at other ways to retain and attract staff given the high costs of housing in the area and the competition for recruitment from neighbouring brigades, most notably the London Fire Brigade which could offer 'London weighting' and had relaxed its entry requirements. The Committee was advised of the progress of the apprentice intakes and the high number of applicants for the flexi-firefighter roles.

Members were also concerned that Information Security Failure had become a high risk so quickly. The Corporate Planning Manager reassured the Committee that the Authority's Strategic Management Board reviewed the Risk Register every month and tried to anticipate risks but due to the nature of Information Security this risk had become a problem globally due to an exponential growth of ransomware attacks; and that Members should feel free at any time to raise risk issues with officers. The Committee was updated on the improvements that had been made by the IT department. It was also advised that most service risks were captured in department registers which were reported to the Strategic Management Board via the Performance Management Board. Also that external risks were monitored through studying other sources of risk information such as the World Economic Forum, National Risk Registers and the Local Resilience Forum.

In answer to a question as to readiness for the General Data Protection Regulation, the Committee was advised that officers were implementing the Information Commissioner's Office's 12 step plan which was included in the Annual Governance Statement priorities for 17/18 approved by the Committee at its meeting in July 2017.

RESOLVED –

1. That the status on identified corporate risks at Annex C be reviewed and approved.

2. That comments to officers for consideration and attention in future updated/reports be provided.

OA26   ANNUAL PERFORMANCE MONITOR 2016-17

Overview and Audit Committee (Item 2), 7 March 2018

The Head of Service Development presented the Annual Performance Monitoring 2016/17 report and highlighted the progress that had been made.

A discussion took place regarding how the figures were reported and how the Authority compared to other Fire and Rescue Authorities.

RESOLVED –

That the outturn performance against the outcome measures specified in the Corporate Plan 2015-20 be noted.

OA27   **BUSINESS AND SYSTEMS INTEGRATION PROJECT: PROGRESS REPORT**

The BASI Project Manager presented the report and informed the Committee that the project was on track and budget. Feedback from staff members had been good and the HR/Payroll project had won the "New Customer Project of the Year" award at the MHR Impact Awards. The Resource Management tender had been awarded to Fire Service Rota and the plan was for this to be operational in Quarter 2, 2018/19.

RESOLVED –

That the report be noted.

OA28   **LOCAL PENSION BOARD UPDATE – NOVEMBER 2017**

The Director of Finance and Assets advised Members that a report from the Local Pension Board would be presented annually to the Overview and Audit Committee for note.

RESOLVED –

That the report be noted.

OA29   **DATE OF NEXT MEETING**

The Committee noted that the next meeting of the Committee would take place on Wednesday 7 March 2018 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 11:40AM

ITEM **7**

Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	7 March 2018
OFFICER	Julian Parsons, Head of Service Development
LEAD MEMBER	Councillor David Carroll
SUBJECT OF THE REPORT	**Operational Assurance Improvement Plan**
EXECUTIVE SUMMARY	The purpose of this report is to provide an update on current progress towards the delivery of the Service's approved Operational Assurance Improvement Plan (OAIP).
	The content of the OAIP was derived from the 30 improvement recommendations arising from the 'Review of Operational Assurance Arrangements' undertaken by Operational Assurance Limited (OAL) in October 2016, three of which were considered as 'particular priorities'.
	In November 2017, OAL were invited back into the Service, in order to undertake a further independent review of the progress made against the previously identified improvement recommendations, during the preceding 12 months.
	The subsequent 'checkpoint' report, which can be found in **Annex A**, was extremely positive, highlighting the considerable progress made against all the previously accepted recommendations.
	Particular emphasis was placed upon the work undertaken to address Priority Recommendation 1, notably the training package based on the 'Balmoral Bar' incident and development of the operationally focused Operational Assurance monthly report, both of which were considered exemplars.
	The content of the 'checkpoint' review report was discussed by members of the Operational Assurance Group (OAG) during the meeting held on the 18 January 2018. This resulted in an updated version of the OAIP, which can be found in **Annex C**
	Another topic of discussion at the OAG was the recently received 'Joint Emergency Services Interoperability Programme (JESIP) Assurance Visit Executive Summary Report', which can be found in **Annex B**.
	The report contains 19 observations made by the

	JESIP team during their visit on the 14 June 2017, which was one of a number undertaken by the team involving Police, Fire and Ambulance services across England, Wales and Northern Ireland.
	The purpose of the visits was to act as a critical friend to Services and provide an independent view of how far Services had progressed with embedding the JESIP models and principles into their business as usual activity.
	The whole day was structured around the Service's self-assessment return, with the JESIP team asking for evidence against the answers provided.
	Whilst many of the observations were very positive, there was nevertheless a particular aspect in relation to JESIP command refresher training, which the team highlighted as the biggest risk, being as none had taken place nor was their a plan in place for this.
	As a consequence the identified areas of improvement contained within this report, will now be incorporated into a revised OAIP.
ACTION	Noting.
RECOMMENDATIONS	It is recommended that: 1. The content of both the OAL 'checkpoint' review and JESIP Assurance visit report be noted. 2. The progress made against each improvement recommendation detailed within the updated OAIP, is also noted.
RISK MANAGEMENT	Delivery of the OAIP will contribute towards ensuring that the Service's operational 'safe systems of work' are continuously improved to conform to the latest safety standards and are efficient, effective and responsive to significant changes in the external or internal environments. Failure to deliver the OAIP could expose: • the Service, its personnel, and the public to operational, health and safety risks; • Buckinghamshire & Milton Keynes Fire Authority (BMKFA) to reputational and / or financial risks. The OAIP will inform the ongoing development of our workforce plan particularly in relation to areas such as maintenance of operational skills and acquisition training and assessment. Equally the OAIP does not appear to raise any immediate privacy issues.
FINANCIAL IMPLICATIONS	There are no financial implications associated with this report.

LEGAL IMPLICATIONS	There are no legal implications associated with this report.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	Although the Authority has committed to a default position of collaboration with the other Thames Valley Fire and Rescue Authorities (FRAs), the OAIP relates specifically to Buckinghamshire Fire and Rescue Service, however any opportunity to collaborate will be explored.
HEALTH AND SAFETY	There are no implications relating to health and safety associated with this report. The delivery of the OAIP will unquestionably supplement and enhance the existing health and safety culture.
EQUALITY AND DIVERSITY	No immediate issues identified in relation to the OAIP, however, IIAs will be completed for any changes that result from subsequent activities, where there is potential for equality and / or diversity issues to arise.
USE OF RESOURCES	**Communication with stakeholders** The OAL recommendations and associated OAIP have been both published and communicated to all staff, in order to ensure there is a clear understanding and appreciation of the collective responsibility there is toward continuous improvement. **The system of internal control** From a monitoring and reporting perspective the Head of Service Development will be leading on the improvement plan and chair the OAG. The Head of Operational Training and Assurance will also be responsible for delivering the Operational Improvement Plan in conjunction with the reformed Operational Assurance Team (OAT). **The medium term financial strategy** It is intended that the achievement of the OAIP can be met within the existing budget. **The balance between spending and resources** No immediate funding requirements have been identified. The recommended monitoring system is the e-safety application that has already been procured and purchased for other purposes. **The management of the asset base** There are currently no identified impacts on the asset base. **The arrangements to promote and ensure probity and propriety** Delivery of the OAIP is expected to have a positive impact against these criteria by creating a more robust and transparent operational assurance environment within the Service. **Environmental**

	Delivery of the OAIP will enhance the Service's ability to identify and manage potential environmental hazards in both the internal and external environments.
PROVENANCE SECTION & BACKGROUND PAPERS	**Background** Review of Operational Assurance Arrangements, OAL, October 2016.
APPENDICES	A. Review of Operational Assurance Arrangements Progress Checkpoint B. JESIP Assurance Visit Executive Summary Report C. Operational Assurance Improvement Plan
TIME REQUIRED	10 Minutes.
REPORT ORIGINATOR AND CONTACT	Steve Wells, Head of Operational Training and Assurance swells@bucksfire.gov.uk 01296 744426

Review of Operational Assurance Arrangements
Progress Checkpoint

Buckinghamshire & Milton Keynes Fire and Rescue Service

November 2017

Operational Assurance

Contents

Operational Assurance

Glossary

ADSU	Automatic Distress Signalling Unit
ARA	Analytical Risk Assessment
BMKFRS	Buckinghamshire & Milton Keynes Fire & Rescue Service
CC	Crew Commander
FDO	Flexible Duty Officer
ICLx	Incident Command Level (1,2,3,4)
ICTT	Incident Command Training Team
ICU	Incident Command Unit
IRMP	Integrated Risk Management Plan
JESIP	Joint Emergency Service's Interoperability Programme
KLOE	Key Line of Enquiry
NOGIC	National Operational Guidance Incident Command
OA	Operational Assurance
OAL	Operational Assurance Ltd
OISG	Organisational Improvement Steering Group
PDR	Personal Development Review
QA	Quality Assurance
SDS	Shift Duty System
SSRA	Site Specific Risk Assessment
SFJ	Skills for Justice (an accrediting body)
SOP	Standard Operating Policy
WC	Watch Commander

3

Operational Assurance

1.   Executive Summary

In October 2016, Operational Assurance Limited (OAL) undertook an independent review of Operational Assurance (OA) within BMKFRS. The review considered the application of a newly developed Assurance Model, and examined two core areas: 'Incident Command' and 'Operational Training and Command Competence'. OAL made 30 recommendations, of which 26 were accepted by the BMKFRS management team.

In November 2017, OAL were invited to revisit BMKFRS to provide an independent check on the Service's progress on implementation of those recommendations.

OAL's conclusions from this checkpoint were extremely positive. BMKFRS has made considerable progress against all the accepted recommendations and, in particular, three areas identified as 'Priority' have received significant attention and progression.

Service management are to be congratulated in the efforts made to redistribute finite resources towards delivering this important work-stream and most notably the resourcing of an Operational Assurance function that now has the capability of meeting service expectations.

While undertaking this follow up review, OAL were provided with strong evidence to support and demonstrate the progress made by the service during the preceding 12 months period. Of particular note was the work undertaken to address Priority Recommendation 1:

> *"BMKFRS should continue to develop and resource effective internal processes through which matters arising from significant external and internal events are captured, communicated and effectively managed through to a conclusion that is acceptable to the service."*

In addressing this recommendation, the work undertaken to ensure the organisation can effectively capture, analyse and embed the lessons learnt from significant external events has been comprehensive. Specifically, a training package based on the 'Balmoral Bar' incident and development of an operationally focused Monthly Report are considered exemplar.

Whilst some recommendations have been confirmed as complete, a number were found to be in progress due to interdependency with other work-streams, such as the introduction of an Active Monitoring System (AMS) and attendant operational debriefing repository. Service managers are committed to maintaining effort and focus in order to ensure that those work-streams still in progress are pursued through to completion, in order that the considerable and comprehensive work undertaken to date will not be lost to competing priorities.

The body of this report lists each recommendation made, with an assessment of the current status of implementation and a narrative examining the evidence provided to OAL in order to reach that assessment.

Operational Assurance

2.   Background

In October 2016 representatives from Operational Assurance Limited (OAL) undertook an independent review of service Operational Assurance (OA) within Buckinghamshire & Milton Keynes Fire & Rescue Service (BMKFRS).

The review considered the application of a newly developed Assurance Model introduced following significant internal restructuring, and examined two core areas:

- **Incident Command**: This element tested the function of the Assurance Model and the internal OA team through focusing on the adoption and application of the 'National Operational Guidance for Incident Command' (NOGIC) within BMKFRS.

- **Operational Training and Command Competence**: This element tested the function of the model and OA team through focusing upon the BMKFRS Training Framework and its impact upon OA and operational competency.

During the course of the review OAL identified some 30 recommendations for BMKFRS to consider, along with three key themes that OAL suggested should be of particular priority.

P.1   BMKFRS should continue to develop and resource effective internal processes through which matters arising from significant external and internal events are captured, communicated and effectively managed through to a conclusion that is acceptable to the service

P.2   BMKFRS should develop the use of an active monitoring system to act as a smart, service-wide tool. This system should incorporate a user-friendly database that is capable of providing auditable records and is easily accessible to all staff.

P.3   BMKFRS should consider re-establishing an effective Operational Assurance forum, with the necessary direction and authority to assist in the formal management and progression of issues arising, through to meaningful resolution.

Of the 30 recommendations made, 26 were adopted by the BMKFRS management team. Those remaining were:

- Recommendation 9.2.1   Placement of risk management packs
- Recommendation 9.3.1   Internal communication of SSRA information
- Recommendation 11.1.1   Awareness of NOGIC roles for all staff
- Recommendation 11.1.3   Station and Watch commander NOGIC exercising

BMKFRS management incorporated the accepted recommendations into a comprehensive action plan for progression.

In November 2017 OAL were invited to revisit BMKFRS in order to provide an independent review of progress in action implementation.

5

Operational Assurance

3.   Review Results

3.1 Key Findings of 2016 report

Recommendation	Key Findings: Policy and Guidance	Current Position – In Progress
5.4.1	It is recommended that the Operational Assurance model is clearly published and communicated, that roles and responsibilities are clearly identified and finally, that understanding is confirmed.	Comment: The BMKFRS Operational Assurance model has been recently redesigned to more effectively capture the developing function and is also more cyclical to remove the previous pinch points identified in the initial report, whereby all activities were depicted as being channelled through the OA department. Whilst the revised version appears more holistic (and comprehensive), service managers confirmed the model will require explanatory documents to explain the specific roles and responsibilities to key stakeholders. Although there is clear sight and knowledge of the revised OA model at strategic level, this has yet to be shared with operational staff, or their understanding confirmed. A Procedural Note to capture the revised model for delivering Operational Assurance in BMKFRS is currently under development. It is intended that once completed and communicated, this Procedural Note will address the above issues with the result that this recommendation will be fully addressed.

Operational Assurance

3.2 The BMKFRS Assurance Model

Recommendation	Key Findings: External Inputs	Current Position – Complete
6.2.1	BMKFRS should review the processes currently employed to capture, scrutinise, manage and communicate matters arising from external inputs. This should include consideration of the service's current process for undertaking gap analysis of these external reports in order to manage identified risks to conclusion or acceptance on the service risk register.	Comment: Work undertaken to ensure the organisation can effectively capture, analyse and embed the lessons learnt from significant external events has been comprehensive. Specifically, the training package developed and delivered relating to the Balmoral bar incident and also the development of the operationally focused Monthly News Letter are considered exemplars of best practice. There is now a formalised process in place within the assurance model to address these external events and to manage them to conclusion within the service
Recommendation	**Key Findings: Issue Resolution**	**Current Position – In Progress**
6.4.1	BMKFRS should review its Procedure Note: 'Operational Assurance; Incident Monitoring and Improvement' at the earliest opportunity to ensure it aligns more closely with the service's new ways of working. Any revised guidance issued should clearly set out the Monitoring Officer role and re-establish the 'Thematic Reviews' process.	Comment: A Procedural Note to capture the revised model for delivering Operational Assurance in BMKFRS is currently under development. Once completed this recommendation will be fully addressed.

Operational Assurance

Recommendation	Key Findings: Issue Resolution	Current Position – Complete
6.4.2	BMKFRS should consider re-establishing an effective Assurance Forum with the necessary direction and authority to manage and progress OA issues arising through to meaningful resolution and involving: a) The application of a recognised and accountable health and safety process linked directly to OA, which includes suitable arrangements to manage these elements. b) The progression of issues to inform the service Risk Register, Training Needs Analysis (TNA), Integrated Risk Management Plan (IRMP), etc.	Comment: The BMKFRS Operational Assurance Group (OAG) was established in early 2017. The OAG is chaired by the Head of Operational Training and Assurance and supported by a broad selection of standing members including representatives from Health and Safety, Training Department, Quality Assurance, Operational Assurance, two Territorial Commanders, representative bodies and ah-hoc attendees. The OAG is supported by a comprehensive terms of reference and since the inaugural meeting in February 2017 has met on a monthly basis. Regularised minutes from the monthly meetings evidence OAG management of Operational Assurance issues and demonstrate the groups' authority to progress matters through to a meaningful resolution. The role of the OAG is considered to be embedded within BMKFRS and its function accepted as business as usual. This recommendation is now fully addressed.

Operational Assurance

Recommendation	Key Findings: Issue Resolution	Current Position – In Progress
6.4.3	BMKFRS should ensure the process of OA is adequately supported by an effective, user-friendly Information Technology (IT) system that incorporates an intelligent and auditable database.	Comment: BMKFRS is currently progressing development of its electronic Active Monitoring System (AMS). This work stream is considered pivotal to the effective delivery of the BMKFRS Assurance Model and links directly to a number of recommendations within the OAL report and the related improvement plan. OAL has directly observed preliminary prototypes of the proposed system as well as dataflow process maps which appear comprehensive and fully designed to meet the expectations of the service. Reports from responsible officers confirmed that the initial rollout of the software will begin by the end of quarter 3 (2017/18) with additional modules being introduced as they become available. Once this system is in full use within BMKFRS this recommendation will be fully addressed.

Operational Assurance

Recommendation	Key Findings: Debriefing Activities	Current Position – In Progress
6.5.1	BMKFRS should review and re-energising its debriefing process. This should be promoted to the operational staff as a key element of continuous service improvement. Any review undertaken should consider: (i) Addressing current poor practices to ensure the onus for initiating a timely debrief sits firmly with incident commander. (ii) Continuing efforts to simplify the existing processes. (iii) Producing regular outcome reports to inform staff, promote inclusion and demonstrate the value of the process. (iv) Ensuring non-compliance is identified and valued contribution recognised and rewarded.	Comment: Since the initial review by OAL, progress has been made in the efforts to re-energise the debriefing processes. Notably: The service has recently committed to the acquisition of debrief training to take place in February 2018. This will consist of a two-day course for up 16 selected candidates and will be based upon the JESIP principles. The intention of this training is for consequent cascade training to other personnel with follow up training as and when required. Whilst effort has been made to commence drafting the new debriefing policy, a conscious decision has been taken by managers to limit this process until learning from the forthcoming courses can be incorporated into the new procedures and the Active monitoring System introduced. During the intervening period the newly resourced OAT oversees the range of operational incidents to help ensure any incidents of note are subjected to an appropriate level of debrief. Once fully embedded in the AMS with supporting policy and procedures this recommendation will be fully addressed.

Operational **Assurance**

Recommendation	Key Findings: Maintenance of Operational Skills	Current Position – In Progress
6.7.1	BMKFRS should seek to place greater emphasis on the individuals' responsibility for completion and maintenance of their own skill-set.	Comment: BMKFRS has commenced a work stream to help address problems associated with employing an increasingly flexible approach to providing fire cover and specifically, the impact this is has upon individuals being distanced from their own training records and recognising their own development needs. Progress made to date includes: • The maintenance of individual professional competencies is now discussed during all personal development reviews of operational staff and the outcomes documented and monitored. • An evaluation of how maintenance of competence is being captured within the Core Training Records (CTR) has been commenced. • The maintenance of competence requirements are being aligned to the eight core operational skills detailed within the Fire Professional Framework. • Individual security access will be provided within the AMS commensurate with requirements of each user.
Recommendation	Key Findings: Maintenance of Operational Skills	Current Position – Complete
6.7.2	BMKFRS should consider incentivising the process through making the completion of Maintenance of Skills (i.e. competence), a prerequisite for being able to access the bank working system.	Comment: BMKFRS has reviewed its processes for accessing the 'Bank' system, in consideration of disincentives to obtaining professional qualifications.

Operational Assurance

3.3 Operational Training and Command Competence

Recommendation	Key Findings: Acquisition Training and Assessment	Current Position – Complete
7.1.1	BMKFRS should give consideration to making the qualification acquisition process more attractive to its prospective candidates.	Comment: The outcome of the service appointment boards has been monitored and whilst it is acknowledged that the qualification acquisition process is causing a 'choke point' with Station Commander development, the recent round of examinations attracted a record number of applicants. This marks a cultural change for the organisation and supports corporate aspirations that all FRS operational managers of the future will have professional standards and technical qualifications.

Operational Assurance

Recommendation	Key Findings: Staff Opinion	Current Position – Complete
7.3.1	BMKFRS should explore a joint enterprise with neighbouring FRS in order to share facilities and provisions at FSC. Such a joint enterprise should seek to explore: a)　Economic savings by combining appraisal assessment with other FRS. b)　Potential renegotiation of the service level agreement between FSC and BMKFRS. c)　Greater flexibility in the provision of larger scale scenarios with the consequent strengthening of the functional role competences. d)　Opportunities to include risk critical functions such as Operational Support Units and Incident Command Units. e)　Shared operational awareness between FRS. f)　Shared operational awareness between all emergency service's and other first responders, (this will have the added benefit of meeting JESIP exercising requirements). g)　A strengthening of inter-service working and coordinated operational procedures.	Comment: The requirements of recommendation 7.3.1 were incorporated into the operational training tender process. A three-year contract to support the delivery of operational training was awarded to the Fire Service College (Capita), and commenced on the 1 June 2017. The existing quality assurance processes within BMKFRS will be utilised to ensure service expectations are being met.

Operational Assurance

Recommendation	Key Findings: Management of FSC Outcome Reports	Current Position – In Progress
7.4.1	BMKFRS should review its processes for monitoring staff during their development phase. In particular the service should consider strengthening its feedback process to include organisational awareness of an individual's performance through to completion of any related development needs and/or associated development plans.	Comment: The details of BMKFRS staff with outstanding development plans has been collated and circulated to Station Commanders. This information has been accompanied with interim guidance clarifying the procedures for managing development plans and supported by monitoring systems to capture when such plans are issued and completed. Currently the service is still progressing a number of outstanding development plans. This process is to be further supported by detailed guidance to be included within a 'Validation Training Procedure Note', currently under draft.
Recommendation	Key Findings: QA of Station Based Training	Current Position – Complete
7.8.1	BMKFRS should review (and potentially reduce) the quota of 288 QA assessments (summative sampling) per year to a more achievable figure.	Comment: In line with recommendation 7.8.1 BMKFRS has reviewed the number of Quality Assurance assessments to be completed during each training year and a revised target of 80 QA audits has now been set which is in accordance with accepted sampling ratios. This revised target is intended to strike the balance between maintaining an achievable workload, without undermining the evaluation of required performance standards. Performance against the revised target is being continually monitored and the QA process is currently well on track to achieve the set target of 80 visits during the current training year.

Operational **Assurance**

Recommendation	Key Findings: QA of Station Based Training	Current Position – In Progress
7.8.2	It is recommended that BMKFRS consider extending the QA role in line with the service's 'blended approach'. This may include offering the Vocational Assessor qualification to whole-time and On Call personnel and allowing them to undertake lower tier QA processes (interim sampling).	Comment: BMKFRS has explored options for utilising appropriately skilled Associate Instructors to QA (predominantly) On Call station instructors The progression of this recommendation is currently on hold in consideration of the achievement (or otherwise) of revised QA targets set in accordance with recommendation 7.8.1 above.

Operational **Assurance**

3.4 Operational Exercising

8.1	Key Findings: Obtaining Evidence	Current Position – Complete
8.1.1	BMKFRS should review the provision of operational exercising in order to provide increased opportunity for commanders to: a) Practice command decision making b) Practice logistical controls c) Practice operational procedures etc. at larger, developing and more complex scenarios	Comment: The provision for operational exercising, to include the ability to facilitate larger scale exercises, was incorporated into the new three-year training specification that commenced in April 2017. In evidence of this, in July 2017 two large-scale exercises took place on consecutive evenings at the FSC and involved five available appliances, plus additional training appliance crewed by voluntary attendees and (importantly) a Command Unit. Each exercise involved two Station Commanders and a Group Commander, who took a full and active part and an Area Commanders attending in an observer capacity. These exercises were themed upon the 'Balmoral bar incident' and were used to recreate the same challenges (competing priorities, multiple rescues, deep seated fire, crew welfare etc.) and were used to confirm organisational learning following the considerable work previously undertaken by the OAT to earlier in the year. A further two exercises were confirmed as programmed to take place in February 2018. OAL also observed the comprehensive 'internal' exercise programme and supportive guidance and documentation currently under development. Initial plans are for the completion of one territorial exercise per month (12 per annum), to take place 'in and around' the service's Site-Specific Risk Sites. The programme and guidance are scheduled for further discussion/progression at the forthcoming OAG meeting and if fully incorporated, will ensure BMKFRS has comprehensive operational exercising arrangements that afford its operational staff every opportunity to train to the highest standards, and under realistic conditions.

16

Operational **Assurance**

3.5 Active Monitoring

10.1	Key Findings: Locating Key Documents	Current Position – In Progress
10.1.1	BMKFRS should develop the use of an active monitoring system to act as a smart, service-wide tool. This system should incorporate a user-friendly database that is capable of providing auditable records and is easily accessible to all staff. It should allow the rapid location and filtering of key information for any user. This issue is further covered in Section 12: 'Internal Communications'.	The AMS currently in development has supportive data flow maps so as to maintain and achieve efficiency and accuracy. OAL has observed these plans and when implemented will meet the needs of this recommendation. Prototypes are in use by OA and H&S as a means of testing the system with an intent to deliver initial Beta versions by the beginning of Q3 2017/18
10.2	Key Findings: Allocation of Action Plans	Current Position – In Progress
10.2.1	That any system used for this purpose should operate independently of any individual in the service and each issue should remain 'live' on the system until resolved or accepted on the risk register.	Responsibilities are assigned within the AMS and are supported by an automatic email function so as to advise those allocated to resolving issues.
10.3	Key Findings: Reporting by Exception	Current Position – In Progress
10.3.1	It is recommended that BMKFRS extend this form of monitoring to include training events; with the consequent benefits to organisational learning and that these reports are included for staff review (commensurate to suitable anonymity measures).	The drop down selection fields within the AMS already include training events and has capacity to be further extended to capture other events.
10.4	Key Findings: Staff Access	Current Position – In Progress
10.4.1	Include a provision within the AMS to provide feedback on concluded issues and in particular to the source of the initially identified issue.	Individual access to the AMS will be provided so as to allow all operational staff to review issues and supported by inclusion in the Monthly Reports when required.

Operational Assurance

10.5	**Key Findings: Role of the Monitoring Officer**	**Current Position – Complete**
10.5.1	Provide formal training and/or guidance for Monitoring Officers to ensure a uniform approach to monitoring and to clarify the operational standards required from all staff.	Members of OAT have provided refresher input on the role of the Monitoring Officer, to all existing FDS Officers during recent monthly training events. This input set out Service expectations for monitoring/mentoring, scoring principles, etc. and referenced HSG65 and the 'OTHERS' methodology. Candidates on the FSC Level 1 course also receive input on what to expect from a Monitoring Officer, during the course. BMKFRS is currently developing clear guidance on performance of the Monitoring Officer role. This guidance will set out management expectation and once introduced should help support acquisition of the requisite skillset and delivery of the role. Any issues identified by the monitoring officer will be included as an item within the AMS so as to monitor resolution and to ensure visibility by the OA Team.
	Key Findings: Active Monitoring form	**Current Position – Complete**
10.5.2	Moving forward, the new active monitoring form should directly correspond with the WM7 NOS.	A new active monitoring form and supporting checklist have been created and are now in use in a draft format. Once fully reviewed BMKFRS intend to make the form electronic and have this integrated into the AMS system and aligned with Thames Valley partners.

Operational **Assurance**

	Key Findings: Active Monitoring at FSC	Current Position – Complete
10.5.3	Active monitoring should be expanded to the training events taking place at FSC to ensure the service is effectively capturing and progressing all available learning opportunities.	BMKFRS has identified opportunities for Level 2 and 3 officers to perform the Monitoring Officer role at FSC during validation exercises and also to undertake active monitoring of BMKFRS operational staff whilst engaged in firefighting activities, during the four planned large-scale exercises. Evidence was produced that this is now taking place.

Operational Assurance

3.6 National Operational Guidance for Incident Command

	Key Findings: Understanding of the functional roles	Current Position – Complete
11.1.1	BMKFRS should ensure all staff have awareness and understanding of the functional roles within NOGIC, and that this is tested.	The L2 ICS refreshers at the FSC include a facilitated discussion session around the role of functional officers- in particular Command Support Commander, Safety Officer and Monitoring Officer. The role of Operations Commander and Sector Commander are also included.
	Key Findings: Guidance for Commanders	Current Position – Complete
11.1.2	Station and watch commanders should be provided clear guidance on the standards of NOGIC specific knowledge expected from its commanders and crews.	These roles are included in training and exercises and should now be considered as business as usual.

Operational Assurance

3.7 Internal Communications

Recommendation	Key Findings: Internal Communications	Transferred to Separate Project
12.1.1	Review the functionality 'I Drive' as it appears the system does not meet with service expectations with regard to ease of use.	Comment: The BMKFRS document management strategy is now being reviewed independently and therefore no longer forms part of the OAL review process.
12.1.2	Review the content of the service's Intranet to ensure key information is easily accessible by staff, which should include a more logical hyperlink process.	Project plan, team and PID agreed with target completion date of April 1st 2018. This project now has a standalone risk register.
12.1.3	Review the methods employed for communicating and validating the passage of important messages to operational staff at fire stations. Any review should also consider the communication of key information between whole-time and On Call staff.	

Operational Assurance

4.   Conclusion

As can be evidenced from the above findings, BMKFRS has made significant progress in addressing the wide-ranging recommendations contained within the previous report *Review of Operational Assurance Arrangements, July 2016.*

During the intervening 12 month period between the OAL visits, an impressive array of work has been undertaken to ensure that virtually all recommendations have been either fully addressed and embedded within the service, or have been subject to significant development and progression.

The three key areas identified as 'Priority Recommendations' have received particular attention. This has included the provision of a (now) well resourced OAT to provide a capable, motivated and clearly well managed team that is developing to meet all expectations, and the establishment of the Operational Assurance Group (OAG) to ensure that matters arising are effectively managed through to a conclusion that is acceptable to the service.

Of particular note is the work now undertaken to 'capture and communicate' matters arising from significant external and internal events. This area is considered **an exemplar of good practice** and is undoubtedly worthy of sharing for the benefit of other UK FRS

A number of recommendations were found to be 'in progress' and it will be imperative that the service maintains its effort and focus in order to ensure the above work-streams are pursued through to completion, or risk the considerable and comprehensive work undertaken to date being lost to other competing priorities.

In particular the development of an active monitoring system (AMS) to act as a smart, service-wide tool is considered pivotal to the realisation of the holistic OA Model within BMKFRS.

OAL were pleased to note the commitment of senior management to these efforts.

As with the 2016 activity, throughout this checkpoint review BMKFRS staff at all levels were open, honest, enthusiastic and gave freely of their time. OAL would like to thank all involved for their participation.

Operational Assurance

JESIP Assurance Visit

Executive Summary Report

Buckinghamshire Fire and Rescue Service

Wednesday 14th June 2017

Contents

Date: 11th December 2017

Dear Mr Boustred,

Thank you for welcoming us into your organisation on 14th June 2017 for your JESIP assurance visit.

As promised, please find enclosed your Executive Summary. Please note that the observations in this summary are based on the verbal feedback given to you on the day and suggestions are made in an advisory capacity only.

You will also find enclosed the HMIC Tri-Service Review Recommendations, the review was commissioned by Ministers in 2015. In response to the review, the JESIP national strategic leads for Ambulance, Fire and Police set out seven objectives to address the recommendations, they are also included for your information.

The final document in this pack is the JESIP Maturity Matrix. This Maturity Matrix will assist you in assessing your own level of embedding JESIP. It is possible that this document will be referenced by HMICFRS/CQC (or similar organisation) in any future reviews relating to the embedding of JESIP.

Your Executive Summary will be used to assist the JESIP team in preparing a sector report highlighting the progress with embedding JESIP across Ambulance, Fire and Police along with any trends and notable practice. This Executive Summary and the sector report will be shared with the Interoperability Board and national strategic leads for Ambulance, Fire and Police. The JESIP team will not share your Executive Summary with any other sources.

Thank you once again for your hospitality on the day and if you require assistance or have any queries please don't hesitate to contact us.

Kind regards,

JESIP Team

Assurance Visit Feedback

Sector	Fire and Rescue
Service / Organisation	Buckinghamshire Fire and Rescue Service
Date of Visit	Wednesday 14th June 2017
JESIP Strategic Lead	Neil Boustred
JESIP Delivery / Training Lead	Andrew Pennick
JOL SPoC	Steve Wells
JESIP Team Members	Brian Welsh and Lisa Ambler

Overview

The following observations were made by the JESIP team during their visit to Buckinghamshire Fire and Rescue Service (FRS) and the observations are those which were shared during the hot debrief session at the end of the visit. These observations are made purely in an advisory capacity.

Observations

1. Buckinghamshire FRS have demonstrated that they understand what is required to embed JESIP and have made excellent progress with doing so. They have a very positive attitude towards JESIP and recognise the positive impact it has had on improving interoperability locally and beyond.

2. **Doctrine:** Buckinghamshire FRS have adopted NOG and are confident there is a robust process in place for updating policies and procedures to align with NOG. This process should ensure that interoperability is reflected in doctrine, policies and procedures.

3. As the remaining policies are renewed we would advise actually embedding JESIP products e.g. the five key principles, into policies themselves rather than just referencing them. This would assist in continuing to raise the awareness of interoperability principles with staff across the service.

4. We would ask you to consider putting the JESIP principles into your operational assurance template. This would support the capture of how front line staff and partner agencies are applying JESIP principles in multi-agency environments.

5. The JESIP App is pre-loaded onto work phones is good along with the aide memoires vastly distributed. Additionally there is a JESIP theme / link on the intranet for staff to further explore the JESIP website and information.

6. A more user friendly Intranet to support operational staff accessing current JESIP information would support embedding across all staff. We would ask you to consider

using this to further promote JESIP principles and also evaluating what more could be done on the force intranet site to make it easier for staff to find out about JESIP.

7. **Training:** There was evidence of good joint working in your level 1 commander training at the Fire Service College course and your input with the student paramedics. However after discussions with the service Delivery Lead, we encourage wider partner engagement and participation at operational tactical commander level in any future development.

8. It is excellent that 96% of all staff have completed the eLearning and that this has been mandated to be completed on a two yearly frequency along with other core competencies e.g. BA.

9. At the point of the visit, no JESIP command refresher training had taken place nor was there a plan in place for this. We would highlight this is as the **biggest risk** for the service. The national expectation for delivery of ongoing JESIP training, as highlighted in the HMIC 2015 Tri-Service Review Recommendations which are included in this summary, that commanders attend a multi-agency training course every three years to support the continued embedding of JESIP.

10. We would suggest using the revised JESIP command product to deliver training to those identified as needing JESIP command training alongside those on promotion or requiring refresher training. The inclusion of Cat 1 and 2 responders in these courses is welcomed and should be encouraged further.

11. When services wish to use non-JESIP training products, we would also advise cross referencing against the Learning Outcomes Framework. This is to ensure that any locally produced training and exercising is in line with JESIP and the appropriate learning outcomes are achieved.

12. We would advise Bucks FRS to ensure this training commitment is included in the service Learning and Development plan. We feel that if this training commitment is not written into the organisational Learning and Development plan, then it may always be a struggle to deliver. We would suggest conducting the training over a 3-year rolling programme with partner agencies, rather than one hit would be a more robust and deliverable system of delivery.

13. **Testing and Exercising:** Consideration should be undertaken to make exercising part of CPD requirements. Staff need to be exposed to partners to use JESIP. The JESIP team would recommend reviewing the JESIP templates which are designed to complement local exercise planning and ensure interoperability/JESIP objectives are built in, checked for by umpires and captured in any de-brief. These are the JESIP Exercise Objectives template, the Umpire Evaluation template and the Multi-Agency De-Brief template.

14. We know from past experience that joint training is key to improving interoperability. It helps with breaking down communication barriers, establishes an understanding of the joint working models (M/ETHANE, principles for joint working and the JDM) as well as allowing staff to learn how each agency responds to incidents and why. Learning in this "joint" environment continues to be the real success factor for JESIP.

15. **Joint Organisational Learning (JOL) / Debriefing:** Although a new ops assurance team has been established, the procedure for debriefing, capturing and recording of JOL requires improvement, however action is being undertaken to resolve this process. Additionally, a more formal process to engage with partner agencies around agreement to input JOL under the national database would improve current practices.

16. The focus group were unaware of any JOL action notes that have been submitted from the JESIP team to services, i.e. identification of public order commanders. JESIP would support a more robust and quality assured process to ensure actions to support learning are shared appropriately across your organisation

17. We would suggest that where forms are developed through the ops assurance team, to capture lessons that JESIP / JOL be an integral part of this process i.e. a JESIP debriefing template.

18. **Standard Airwave Test:** Staff appeared unaware that it's carried out since the control room moved to Thames Valley. Control rooms may still do it, but they don't engage with Bucks officers. This should be resolved as soon as possible.

19. We would suggest a review of the original Standard Airwave Test provided by JESIP to help increase confidence around talk group use and changing channels. This requires co-ordination between the services and should include a method that allows commanders on duty to be included, not just control rooms. The test should also be recorded in terms of it taking place and if deemed appropriate shared with the LRF partners.

Please note:
All observations contained within this executive summary are based on the information presented to the visiting JESIP team members at the time of the visit. Any suggestions made by the JESIP team on the day and in this report are in an advisory capacity.
Those attending the focus group were selected by the service following a suggested group make-up made by JESIP prior to the visit.

HMIC Tri-Service Review 2015 – Recommendations

HMIC Tri-Service Review 2015 – Recommendations

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A tri-service review was commissioned by Ministers in 2015 to assess the level at which JESIP had been embedded by emergency services across the UK.

Her Majesty's Inspectorate of Constabulary (HMIC) in collaboration with the Chief Fire Officers' Association (CFOA) and the Association of Ambulance Chief Executives (AACE) carried out the review in the summer of 2015 and published a report[1] in April 2016 which included the following recommendations:

1. All operational staff across the emergency services likely to attend operational incidents need at the very least to have an awareness of JESIP regardless of rank or grade.

2. The emergency services need to develop a programme for delivering future JESIP tri-service training. This should incorporate refresher training, initial training for newly promoted commanders and awareness for new recruits. It should also be extended to Local Resilience Forums and other category 1 and 2 responders.

3. Multi-agency testing and exercising programmes need to be better co-ordinated and risk-based beyond Local Resilience Forum Community Risk Registers/National Risk Assessments[2].

4. There needs to be a greater knowledge and understanding of the capabilities of Airwave and the use of the interoperable channels at incidents.

5. The emergency services need to have more effective processes in place for learning and embedding lessons locally and, for cascading the learning to staff. The knowledge and understanding the Joint Organisational Learning process needs to be greatly improved.

6. Ministerial oversight of JESIP must continue to ensure the focus remains firmly around improving interoperability across the three services beyond major and complex incidents and into business as usual especially given competing priorities. This should be underpinned by a programme of assurance to assess progress against the revised maturity matrix.

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[1] Full report can be downloaded from the HMIC website
[2] Learning shared via the Joint Organisational Learning (JOL) arrangements should influence future exercise scenarios/objectives

Strategic Objectives to achieve new JESIP Vision

Strategic Objectives to achieve new JESIP Vision

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1. Joint Doctrine, including enhanced and new doctrine being developed in 2015/16, to be fully embedded into relevant national policy, local plans and procedures including specialist response capabilities.

2. Effective JESIP training for all relevant Emergency Services personnel throughout career life-cycles aligned to National Occupational Standards[3] and incorporated into local training plans. Specific requirements:

   a. All Commanders to complete a JESIP Commander course every 3 years in a joint agency setting.

   b. All Control Room Managers and Supervisors (CRMS) to attend a JESIP CRMS course every 3 years in a joint agency setting.

   c. All Control Room staff to have and maintain a minimum core level of knowledge and understanding of JESIP to enhance their ability to respond effectively upon receipt of the first call.

   d. All relevant front-line response staff to attain a basic knowledge and understanding of JESIP to enhance their ability to respond effectively upon arrival as the first personnel on-scene.

3. Appropriate assurance processes to assess annually the level to which JESIP has been embedded at the national and local level. Specific requirements:

   a. HMIC[4] to lead a further tri-service fieldwork review of Emergency Services progress in embedding JESIP.[5]
   b. In support of this, all Emergency Services to complete an annual self-assessment survey to demonstrate their progress.
   c. Local assurance of Commanders, CRMS and organisational response capability to be undertaken through Commander and CRMS participation in a [joint] exercise every 3 years.
   d. Integration of JESIP principles and objectives into national exercise programmes such as the National Counter Terrorism Exercise Programme.

4. Joint Organisational Learning[6] to become the standard for multi-agency learning from incidents and exercises to ensure lessons are identified, analysed and lead to positive change. To be underpinned by a standard multi-agency debriefing process delivered locally to ensure consistency in lesson identification, analysis and reporting into JOL.

5. Align strategy for embedding JESIP with advancement of emergency services collaboration.

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[3] JESIP Strategic Board paper 'Sustaining Interoperability', April 2014.
[4] There is no formal inspectorate body for Fire and Ambulances services. Date of future review to be confirmed.
[5] Review could potentially also include specialist capabilities (e.g. MTFA, CBRN) to enhance wider assurance.
[6] JOL was launched in July 2015 to provide a national system to identify and analyse learning and oversee implementation of change.

JESIP Maturity Matrix

JESIP Maturity Matrix – Levels

These are the definitions used in this matrix to describe the overall culture of organisations where JESIP has been embedded. The intention is to reach and then maintain level four across all areas.

Level One	Level Two	Level Three	Level Four
(chaotic/not intuitive)	(informal/ad-hoc)	(Pro-active/effective)	(Optimal/best practice)
A predominant culture of single service working. Interoperability principles[7] are not adopted and joint working is chaotic or not visible	Some positive examples of 'interoperable working', but a highly inconsistent picture meaning Interoperability principles not fully embedded	A locally consistent commitment to interoperable working, but not yet fully embedded as part of organisational culture	A fully embedded culture of interoperable working

[7] In the context of this document Interoperability principles is a collective term including the Principles for Joint Working, the Joint Decision Model (JDM) and M/ETHANE

JESIP Maturity Matrix - Doctrine

Level One (Chaotic/not intuitive)		Level Two (Informal/ad-hoc)		Level Three (Pro-active/effective)		Level Four (Optimal/best practice)	
Preparedness	People	Preparedness	People	Preparedness	People	Preparedness	People
Services working predominantly to Single service doctrine.

Single service doctrine does not include interoperability principles | Relevant frontline staff and commanders are not aware of interoperability principles relevant to their role | Interoperability principles are included in some relevant local Policies, Plans and procedures but they are not fully integrated | Relevant frontline staff have limited awareness of interoperability principles but they are not fully accepted and understood

There is widespread knowledge amongst Commanders of interoperability principles | Interoperability principles are fully incorporated in all relevant national doctrine including specialist capabilities and they are widely included in relevant local policies, plans and procedures but they are not fully integrated at the local level yet

Arrangements are in place to include interoperability principles into those policies, plans and procedures not yet updated | Relevant frontline staff can generally demonstrate awareness of interoperability principles and they are widely accepted and understood

Commanders can demonstrate full understanding of interoperability principles including those in specialist roles | Interoperability principles are embedded into ALL relevant national and local policies, plans and procedures

Arrangements exist to ensure all changes to future national doctrine are captured and reflected in relevant local policies, plans and procedures | All relevant frontline staff from all services, regardless of geographical location can demonstrate full awareness of Interoperability Principles

All Commanders, from all disciplines and specialties can demonstrate knowledge and application of Interoperability principles regardless of service or geographical location |

JESIP Maturity Matrix - Training

Level One (Chaotic/not intuitive)		Level Two (Informal/ad-hoc)		Level Three (Pro-active/effective)		Level Four (Optimal/best practice)	
Preparedness	People	Preparedness	People	Preparedness	People	Preparedness	People
Services carry out training in a single service setting. There are no arrangements for training jointly with other services	New recruits do not receive awareness in the interoperability principles Less than 50% of frontline staff have received interoperability awareness Opportunities for commanders to attend a joint training course are very limited	Services are able to demonstrate some isolated examples of joint training through their local training plans and completion records	There are examples that training for new recruits generally includes interoperability awareness but not consistently Over 50% (but less than 75%) of frontline staff who are already in service have received interoperability awareness Commanders have completed an initial JESIP command training but there is no evidence that refresher courses are planned	Services are able to demonstrate that joint training is integrated into existing training plans for all relevant staff regardless of role or rank through their local training plans and completion records	New recruits receive interoperability awareness during training 75% of existing relevant frontline staff who are already in service have received interoperability awareness Commanders have completed an initial JESIP commander course and there is evidence that refresher courses are planned with some having already taken place	Joint training is fully embedded as the default position for the emergency services and integrated into existing training programmes Arrangements are in place to ensure future training programmes remain aligned to JESIP Learning Outcomes	Interoperability awareness is a core component of new recruit training **All** relevant frontline staff have received interoperability awareness Over 90% operational and tactical commanders have completed a joint training course and attend a refresher every 3 years as a minimum All of the above are aligned to the JESIP Learning Outcomes framework

JESIP Maturity Matrix - Testing & Exercising

Level One (Chaotic/not intuitive)		Level Two (Informal/ad-hoc)		Level Three (Pro-active/effective)		Level Four (Optimal/best practice)	
Preparedness	People	Preparedness	People	Preparedness	People	Preparedness	People
Services carry out testing & exercising in a single agency setting	Commanders have limited opportunity to attend joint exercises	Services are able to demonstrate some isolated examples of joint testing and exercises through their local records	Some commanders have attended joint exercises but there are limited opportunities to attend future ones and there are no firm plans to capture those that haven't	Joint testing and exercise arrangements exist locally which has been developed and accepted by all relevant services, although not all services have fully aligned to it as of yet	All operational and tactical commanders have already attended a joint exercise or there are plans for them to do so in the future\n\nThere are limited refresher plans	Joint testing and exercise arrangements are fully embedded and all relevant services contribute and partake regularly	Commanders and control room staff attend a joint exercise where they can apply interoperability principles every three years as a minimum

JESIP Maturity Matrix – Joint Organisational Learning

Level One (Chaotic/not intuitive)		Level Two (Informal/ad-hoc)		Level Three (Pro-active/effective)		Level Four (Optimal/best practice)	
Preparedness	People	Preparedness	People	Preparedness	People	Preparedness	People
National Governance							
No strategic and national oversight of multi-agency learning is in place	Arrangements to manage, coordinate and share national multi-agency learning are not in place	Some arrangements to allow national oversight of multi-agency learning are developed	Relevant stakeholders are identified and approached to contribute to national oversight arrangements	Arrangements to allow national oversight of multi-agency learning are established with clear terms of reference and appropriate support	Nominated strategic level leads are aware of their role in national oversight arrangements and contribute regularly and appropriately to ensure the continual improvement of interoperability	Sustainable and effective governance structures are in place to ensure the continual improvement of interoperability	All relevant sectors are represented within the Governance arrangements, understand their role and proactively contribute to the effective governance arrangements in place

JESIP Maturity Matrix – Joint Organisational Learning

Level One (Chaotic/not intuitive)		Level Two (Informal/ad-hoc)		Level Three (Pro-active/effective)		Level Four (Optimal/best practice)	
Preparedness	People	Preparedness	People	Preparedness	People	Preparedness	People
Local Service Level							
No current national arrangements exist for services to share and act on multi-agency lessons identified with other emergency responders and LRF partners

Limited single sector (fire, police and ambulance) systems in place for capturing and acting on lessons identified from within their sector or with other | Relevant staff and commanders are not aware of JOL or of any local arrangements for sharing any lessons identified from local de-briefs more widely | Limited national arrangements for capturing and acting on lessons within single sectors exist but no process exists to feed any lessons identified locally or from sectors into national JOL arrangements

No local process exists to implement any recommendations shared via JOL single sector organisational learning systems have limited structures with some isolated use of JOL | There is no identified strategic level lead or local Single Point of Contact (SPoC) for the national JOL arrangements or system

Awareness amongst relevant staff of the national arrangements for JOL is limited

Level of interaction with the JOL national arrangements are inconsistent | A local process is in place to ensure interoperability lessons captured from training, exercise or live incidents are fed into national JOL arrangements

There are local arrangements in place to ensure all LRF or other relevant local partners are aware of local processes for engaging with national JOL arrangements | A local strategic level lead with responsibility for JOL within their organisation is identified and is aware of their responsibilities

There is a JOL Single Point of Contact (SPoC) in place and aware of their responsibilities

There is evidence that staff involved with emergency planning and multi-agency de-briefing (including LRF | The national JOL arrangements are understood to be the standard for multi-agency learning among all emergency responders

Local processes facilitate the capture of interoperability lessons in a commonly understood and agreed way alongside processes that allow relevant lessons to be fed into national JOL arrangements

Local processes in place to implement any recommendations shared via JOL are well established and | A local strategic level lead with responsibility for JOL within their organisation is known is aware of their responsibilities and are proactive and ensure arrangements locally support JOL

All relevant staff and commanders are aware of importance of sharing and acting on interoperability lessons identified and are aware of the national JOL arrangements and associated local processes |

JESIP Maturity Matrix – Joint Organisational Learning

Level One (Chaotic/not intuitive)		Level Two (Informal/ad-hoc)		Level Three (Pro-active/effective)		Level Four (Optimal/best practice)	
Preparedness	People	Preparedness	People	Preparedness	People	Preparedness	People
Local Service Level							
emergency responders and LRF partners				There are local processes in place to implement any national recommendations shared via JOL

Single organisational learning systems and robust structures feed into the national JOL arrangements consistently | partners) are aware of JOL and follow the local processes to ensure relevant lessons identified will be fed into national JOL arrangements | there is evidence of actions taken locally in response to recommendations

Single sector organisational learning systems and robust structures feed effectively and consistently into national JOL arrangements | Relevant staff are fully aware of JOL and they proactively work to ensure lessons identified feed into national arrangements |

ITEM **8(a)**

Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	7 March 2018
OFFICER	David Sutherland, Director of Finance and Assets Maggie Gibb, Internal Audit Manager
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	**Internal Audit Report: Draft Internal Audit Strategy and Annual Internal Audit Plan 2018/19**
EXECUTIVE SUMMARY	This paper sets out the Internal Audit Strategy and the proposed Internal Audit Plan for 2018/19 (attached at Appendix A) for the approval of the Committee. There are no material changes from the strategy of previous years, however, there remains some flexibility through a small provision of contingency days to enable the Director of Finance and Assets to work with Internal Audit to direct the work to the most appropriate areas.
ACTION	Decision.
RECOMMENDATIONS	That Members approve the Internal Audit Strategy and Annual Internal Audit Plan.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within the 2018/19 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
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 SMB and Overview and Audit Committee.
PROVENANCE SECTION **&** **BACKGROUND PAPERS**	Internal Audit Plan 2017/18
	Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Appendix A – Draft Internal Audit Strategy and Annual Plan for 2018/19
TIME REQUIRED	15 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 2018/19

Presented to the Overview and Audit Committee
7 March 2018

Contents

1 Introduction

1.1 This paper details the Internal Audit Strategy for 2018/19 and the proposed Internal Audit 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 2015 (R5) state that the Fire Authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. 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 partnership with the London Audit Framework, hosted by the London Borough of Croydon. This partnership arrangement includes an element of a "call off contract" should it be necessary to outsource specific technical audits such as ICT or complex contracts.

2.5 A key part of the strategy is ensuring the right skills mix and resources exist to deliver an effective service. For the 2018/19 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.

2.6   The Annual Internal Audit Plan is drafted for the approval of the Overview and Audit Committee, in consultation with the Senior Management Board, with consideration of the Fire Authority's Corporate Plan, Strategic Risks and previous audit activity. 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 other strategic reviews that will be progressed during 2018/19.

2.7   The plan and allocation of audit days will be regularly reviewed by the Audit Manager 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.

Our Approach to an Internal Audit Assignment

Understand Objectives & Risks

Planning & Scoping Review

Agree Scope with Audit Sponsor

Undertake the Audit. Evaluate Controls. Directed Testing

Debrief Meeting. Report

Action Plan
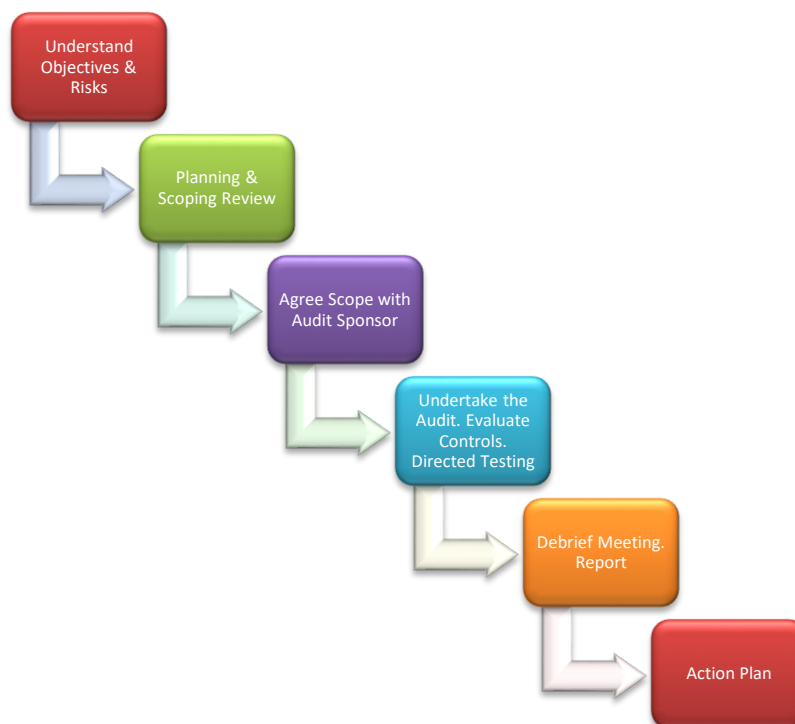
2.8   In order to underpin the Annual Audit Opinion, a risk based methodology will be applied to all audit assignments, providing assurance that key controls are well designed and operating effectively to mitigate principal risk exposures. Terms of reference will be prepared for each audit assignment, 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 2018/19 is outlined within Appendix A.
Of those audits listed within Appendix A, it is proposed that the following
audit will be undertaken in Quarter 1:

- Information Security

3.2   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.

3.3   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.

3.4   Implementation of the Internal 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

Audit Service

Maggie Gibb		
Chief Auditor	01296 387327	mgibb@buckscc.gov.uk
Selina Harlock		
Audit Manager	01296 383717	sharlock@buckscc.gov.uk
Betty Davidson		
Senior Auditor	01296 382557	badavidson@buckscc.gov.uk

Fire Authority

David Sutherland		
Director of Finance		
& Assets	01296 744671	dsutherland@bucksfire.gov.uk

Appendix A – Internal Audit Plan 2018/19

Auditable Area	Key Audit Objectives	Day Budget (Timing)	Risk Assessed
Core Financial Controls	To fulfil our statutory responsibilities, we will undertake work to provide assurance over key controls within the financial governance framework. Key systems that will be tested include: • Financial Control/Monitoring • Procure to Pay • Payroll & Pensions • Debtors • Capital • Financial Regulations • General Ledger • Reconciliations • Treasury Management This review will include a follow up of the 2017/18 audit report.	40 days (Q3/4)	High
Information Security	This risk based audit will aim to provide assurance over the robustness of the Information Security controls in place.	10 days (Q1)	High
Performance Management	This risk based audit will aim to provide assurance on the controls in place over the key performance indicator monitoring system, the robustness of reporting and the escalation of issues.	10 days (Q3)	High
Project Management	This systems based audit will aim to provide assurance on the adequacy and effectiveness of the governance arrangements in place over the Blue Light Hub project.	10 days (Q2)	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.	10 days	
Follow Up - general	To ensure all 2016/17 and 2017/18 medium and high recommendations of significant nature are implemented, in addition to recommendations still outstanding from previous years.	10 days	Various

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
Total		**100 days**	

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 focused 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).

Appendix B – Previous Audit Activity and Assurance Levels

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Core Financial Controls	✓ (Reasonable)	✓ (Substantial)	✓ (Substantial)	✓ (Substantial)	✓ (Substantial)	✓ (TBC)
Asset Management System (Project)	✓ (Reasonable)					
HR Workforce Planning, Training and Appraisal / Performance Management	✓ (Reasonable)					
Property Management	✓ (Reasonable)					✓ (Substantial)
Treasury Management		✓ (Substantial)	✓ (Incl. in Core Financial Controls)	✓ (Incl. in Core Financial Controls)	✓ (Incl. in Core Financial Controls)	
Fleet Management		✓ (Reasonable)				✓ (Substantial)
ICT Strategy		✓ (Reasonable)		✓ (Reasonable)		
Asset Management System		✓ (Limited)		✓ (Reasonable)		
Corporate Governance			✓ (Reasonable)			✓ (TBC)
Risk Management			✓ (Substantial)			
Housing Accommodation and Allowances			✓ (Reasonable)			
HR People Management			✓ (Substantial)			
Pensions Administration				✓ (Reasonable)		
Control Centre				✓ (Reasonable)		
Financial Planning					✓	

					(Substantial)	
Business Continuity					✓ (Reasonable)	
Project Management					✓ (Reasonable)	

Appendix C - 2018/19 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 2019	100% of Plan by End of April 2019	Internal Audit Performance Monitoring System
5	% of High and Medium priority recommendations followed up after implementation date	All High and Medium recommendations followed up within three months of the date of expected implementation	Internal Audit Performance Monitoring System
6	Customer satisfaction questionnaire (Audit Assignments)	Overall customer satisfaction 95%	Questionnaire
7	Extent of reliance External Audit can place on Internal Audit	Reliance placed on IA work	External Audit Annual Report

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

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

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	7 March 2018
OFFICER	David Sutherland – Director of Finance and Assets Maggie Gibb – Internal Audit Manager
LEAD MEMBER	Councillor David Carroll
SUBJECT OF THE REPORT	**Internal Audit Report: Final Audit Reports**
EXECUTIVE SUMMARY	The purpose of this paper is to update Members on the findings of the finalised Internal Audit reports issued since the last Overview and Audit Committee meeting. The 2017/18 Property Management Audit has been finalised. The single recommendation has been agreed with the Property Manager and Director of Finance and Assets, and a suitable deadline date for implementation has been identified. Internal Audit will monitor implementation of the recommendation as it falls due.
ACTION	Noting.
RECOMMENDATIONS	That Members note the recommendations raised in the finalised Internal Audit reports.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within the 2017/18 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATION	Not applicable.
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 SMB and Overview and Audit Committee.
PROVENANCE SECTION & BACKGROUND PAPERS	Internal Audit Plan 2017/18 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Appendix A: 17/18 Property Management Audit Report
TIME REQUIRED	5 minutes
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk 01296 387327

BUCKINGHAMSHIRE COUNTY COUNCIL
INTERNAL AUDIT AND RISK MANAGEMENT

INTERNAL AUDIT REPORT

Property Management 2017/18

Date Issued: February 2018

CONTENTS

Audit Control:

Closing meeting:	30 January 2018
Draft report:	5 February 2018
Management responses:	14 February 2018
Final report:	15 February 2018
Audit Ref:	18/30

Auditors:	Maggie Gibb	Head of Business Assurance (and Chief Internal Auditor)
	Rachel Shovell	Audit Manager
	Mark Lockyer	Auditor
Report Distribution:		
Draft Report	Gordon Wylie	Property Manager
	David Sutherland	Director of Finance & Assets
Final Report as above plus:		
	Jason Thelwell	Chief Fire Officer
	Roger Reed	Chair, Bucks and Milton Keynes Fire Authority
		External Audit

Management Summary

Introduction

This audit of Property Management, BMKFA was undertaken as part of the 2017/18 Internal Audit plan as approved by the Overview and Audit Committee The audit was undertaken during the fourth quarter of 2017/18.

The Fire Authority's property portfolio includes the HQ buildings and twenty fire stations; the Authority also owns one domestic dwelling which is to be sold. The key objectives for the management of property are detailed in the Strategic Asset Management Plan 2015-2025.

The Authority also has a Property Management Strategy 2013-18 which is currently under review for 2018-23. This will now be aligned with the Capital Investment Portfolio and Conditions Survey which also run to the same five year cycle. This has meant that all projects and activities are together and pointing in the same direction for a successful transition and easy management with the investment opportunities to deliver against the strategy and programme of works.

Audit Objective

Internal Audit's objectives for this audit are to provide an evaluation of, and an opinion on, the adequacy and effectiveness of the system of internal controls that are in place to manage and mitigate financial and non-financial risks of the system.

This will serve as a contribution towards the overall opinion on the system of internal control that the Chief Internal Auditor is required to provide annually. It also provides assurance to the Section 112 Officer that financial affairs are being properly administered.

Scope of work

The audit activity focussed on the following key risk areas identified in the processes relating to Property Management:

Property Maintenance Information System
- To ensure that there is a system in place to report and manage repairs and damage to premises and to record the condition of all property held.

Condition Surveys
- To ensure that regular condition surveys of all buildings are carried out within the property portfolio to build a schedule of future maintenance work and enable accurate operational planning and financial budgeting.

Prioritisation of Works
- To ensure that there are processes in place to prioritise works to maintain property to the required standard and to comply with legislation. Additionally to prevent further deterioration or repair.

Planned and Reactive Works
- To ensure that the execution of maintenance works is managed efficiently to enable unplanned or reactive maintenance to be kept to a minimum. Additionally to ensure the best use of resources.

The audit considered the controls in place at the time of the audit only. Where appropriate testing was undertaken using samples of transactions that occurred within the last nine months.

Table 1 Overall Conclusion

Overall conclusion on the system of internal control being maintained	Substantial		

RISK AREAS	AREA CONCLUSION	No of High Priority Management Actions	No of Medium Priority Management Actions
Property Maintenance Information System	Substantial	-	-
Condition Surveys	Substantial	-	-
Prioritisation of Works	Substantial	-	-
Planned & Reactive Works	Substantial	-	-
		-	-

Appendix 1 provides a definition of the grading for each of the conclusions given.

The overall conclusion of substantial assurance for the Property Management audit was concluded as there were no significant weaknesses in the control framework for the areas reviewed as part of this audit. There are areas for consideration in relation to Business Continuity, and formalisation of the capital project monitoring in cases of officer changeover, or unforeseen circumstances resulting in instant unavailability of the monitoring officer. However, given that the team, and management are so hands on with the projects, this risk has been accepted by the Authority.

Consideration should also be taken to enhance the facilities within the Red Kite Software to monitor whether the target timeframes have been met. Currently, the system is only able to close a job once the entire works have been completed, whereas the Authority have a four and 72 hour target to make safe on critical and urgent works. Where they have made safe, but waiting further parts / labour to fix the job, this will remain open, and affects the completion time compared to this target. This is a two stage process; however Red Kite is only able to record this in a single event. This has resulted in a lack of information being available to confirm whether these internal targets are being consistently met.

79

Property Maintenance Information System

The Fire Authority has a Property Management Strategy in place for 2015-18. This is currently being reviewed, with a new 2018-23 Strategy being drawn up in the coming year. This Strategy will now be aligned with the Capital Investment Portfolio and Conditions Survey which also run to the same five year cycle. This has meant that all projects and activities are together and pointing in the same direction for a successful transition and efficient management with the investment opportunities to deliver against the strategy and programme of works.

The Authority use a management system, Red Kite, to monitor and maintain records of reactive maintenance across all sites at the Fire Authority. It was confirmed that each Station holds an asset monitoring unit, which is used to scan and report defects / maintenance work to the facilities team. This is completed by scanning the asset tag and providing a narrative description of the fault. Once completed, this job is emailed to the facilities generic email address and assessed by with the Facilities Supervisor, or Property Administrator. At the same time as the email coming through, a job is created on the Red Kite system.

The Property Administrator will review the job, assigning an appropriate grading to it for review and completion. This is a RAG Rated graded system. Red is a critical job required to be completed in four hours, Amber is within 72 Hours, and Green rated is an "as and when" job on the next visit. The Authority aim to use their in-house facilities officers to complete as much work as possible; if the jobs are beyond their expertise / competence, an approved contractor will be assigned. Once the job has been completed, and fully operational, the action is closed on Red Kite. There is currently no functionality to confirm when the job has been made safe in line with the above timeframes, but is still required to be open as the full action has not been completed. An example may be an open Bay Door at the Fire Station, which would be a critical function. Stage one, to complete within four hours is to close the door and secure the site. Further work may be required to repair the door and become fully functioning again which is completed outside of the four hour target. This has resulted in a lack of information to confirm whether these internal targets are consistently met or not as the job will only be closed once fully functioning.

The Authority hold all details in relation to the Fire Sites on an online system, Document Locker (DocLocker), operated by the OakLeaf Group. This is where all condition surveys, Asbestos, and Legionella Reports, and all other key documents in relation to the condition and capital state of the properties are held. The Oakleaf Group are also the organisation who has completed the Authority's last two Condition Surveys in 2014 and 2018.

Condition Surveys

The Fire Authority complete have a condition survey completed every five years. The latest survey was has recently been completed and will help form the programme of works for the next three-five years along with the Property Management Strategy (2018-23).

The condition survey prior to this one being completed was in 2014, with £4.8 million worth of works identified as required, in the latest review, this has dropped to under £2.5 million. The survey will also prioritise works into four categories; Urgent Works, Essential Works, Desirable Works and Long Term Aspirational Works.

A condition survey was completed by Oakleaf at each of the sites owned and occupied by the Authority across the County. This is then broken down per site, but also includes an overarching survey and spreadsheet which covers all areas and works.

This spreadsheet also breaks the works into categories for easy manipulation and review by management. This is also helpful where works are required to be prioritised and fit into the programme of works.

Review of five BMKFA Sites confirmed that there was a specific site condition survey available on the Oakleaf DocLocker system to detail what works are required and a budgeted cost to bring up to the desired standard. This also feeds into a BMKFA wide Condition Survey which collates the findings into a centralised condition survey for all properties.

There is a five year schedule for the Programme of Works, which has an annual fund for £500K per year. This is in line with the Property Management Strategy, and allows the Property Manager to deliver the programme over the five years without the requirement of returning annually for approval of funds. The Programme of Works is "fluid", with no set works in the plan that must be completed within a certain timeframe. This is as the works required to be completed may change depending on development day-to-day, e.g. if there is a change in legislation requiring action, or there is a health and safety issue with one of the stations; this will take priority.

The Property Manager has autonomy to use the property budget as he sees fit, within the confides of the Property Strategy. This is reported on a monthly basis to the Deputy Director of Finance and Director of Finance on a monthly basis through the Outturn Report Finance & Assets. The Property Manager circulated the programme of works (capital schedule) for 2017/18, in July 2017. This highlighted the proposed works at each site from a capital perspective.

There is currently a £400,000 slippage on capital projects from 2017/18 to 2018/19, with only £250,000 of works completed in 2017/18. There was also a £150,000 carry forward from 2016/17. This was confirmed due to the six month knock on effect from having to re-tender the Blue Light Hub, a major construction project for the Authority, and with a £363,000 project being deferred at Aylesbury HQ due unknowns in relation to the layout of the offices in the HQ Building. This project in a full renewal of the M&E Plant and requires the Authority to decide how they want the new office layout to be, prior to works being completed.

Prioritisation of Works

As part of the Condition Survey, the works are ranked and prioritised into Four Gradings, these Gradings are detailed within the breakdown per site, and in the form of a summary in an Estate Dashboard per property site within BMKFA. Review of the Estate Dashboard, it was confirmed that the following values had been identified under each of the gradings:

- Urgent Works - £303,720;
- Essential Works - £1,749,060;
- Desirable Works - £540,695; and
- Long Term Aspirational Works - £409,820

81

The Condition Surveys, along with the Property Strategy, and Budgeting Constraints are used to prioritise works. If there is non-compliance with legislation, health and safety, or operational capabilities, these will be urgent works and addressed as a high priority. Other areas which are important, but are not critical, may not be addressed given the long term focus of the Authority, i.e. sale of site to consolidate estates. This is only if none of the above categories are compromised.

Asbestos Surveys are completed on site on a periodic basis; there is a full review every four years to re-assess the sites. Review of five sites at BMKFA, stated below, confirmed that three sites have an asbestos survey and register in place, with the review being completed in 2014; with the next survey booked for 2018. The remaining two sites do not require an asbestos survey given the age of the building and not having asbestos present at the site. These are visually inspected during the health and safety audits at each site. The health and safety audits are completed on a regular basis, including visual inspection of the identified asbestos to see if this has deteriorated; the latest review being completed in September 2017.

There is a legislative requirement for the Authority to complete Legionella reports on a quarterly basis; the Authority aim to complete this on a monthly basis as part of their monthly processes. This is above the minimum legislative requirement. This is completed year on year, with all sites being completed under one Legionella Report. There is also a Legionella Risk Assessment completed every two years under legislation; with the latest assessment completed in November 2016.

Review of BMKFA sites confirmed that a Legionella Review has been reported on a monthly basis with an executive summary, and the work reports. As this is reported as a site as a whole, the last three were reviewed (September, November and December 2017). It was identified that there were a six sites who were non-compliant from the guidance in all months for Legionella Surveys, with the temperature in the hot water tank being under the recommended 60c, on average, this was at 57c; or that the hot water taps were above the recommended temperature of 39-43c. It was confirmed that the temperature valves are subsequently adjusted each month to correct the water temperature. Each site is also required to flush the water through each of the taps/showers for two minutes per week. A record of this is maintained per site and was reviewed whilst at the Aylesbury HQ. This is to be completed in line with the BFRS Premises Water Hygiene 2017 Procedure Document.

Planned & Reactive Works

Testing of 10 Reactive Works jobs on Red Kite, between 01 November 2017 and 16 January 2018, confirmed that all jobs had the appropriate job status as open or closed. All jobs were appropriately RAG Rated, with an email being distributed to the Contractor/Facilities Officer for the works to be completed. In seven cases a quote had been provided and approved, two cases had been fixed at no cost by the facilities officers, and one was awaiting a second quote following a high initial cost quote from the first contractor. This also shows value for money initiatives to obtain the right price. There were also detailed and sufficient notes in place on each job to follow through the process and how the job was progressing / closed.

The Fire Authority have a project plan in place for each of the projects which is used to monitor the projects, including the winning contractor and the quotes that have been received elsewhere. There is also a short narrative from each of the quotes as to why it has been rejected. The Projects retain the PO Number, any additional project costs, and comments.

The Facilities Supervisor also holds each projects correspondence within a designated project folder for each project. This enables him to maintain a log of all communications and progress in relation to the Capital Projects.

Review of the Project Plan, which includes some projects from 2016; it was confirmed that there have been a total of 21 projects completed. In all cases there were three quotes attached to the job to ensure that there was value for money (VfM) opportunities and confirming the price in the market for the jobs to be completed. The Facilities Supervisor monitors and manages the projects, this is often very hands on, with informal communications to the Property Manager to maintain information and keep senior management informed of the progress. It was stated that the team is too small and the projects being completed one at a time, it would not be practical / efficient to formalise the reporting or programme schedules for the works being completed and managed by the Facilities Supervisor.

Finance & Assets Outturn Reports are produced on a monthly basis by the management and Principal Accountant on the forecast and information provided by the Budget Holder, the Property Manager. These reports are presented to the Deputy Director of Finance, and the Director of Finance. The reports cover all key areas, and include a summary spend from the Property Budget. This includes the Budget, year to date spend, committed spend, and forecast.

Property Maintenance (Reactive Works) is detailed separately within the report as this is a revenue item. This covers the 2017/18 budget, against the 2017/18 and 2016/17 Actuals. It is forecasted that there will be a slight overspend on the reactive works for 2017/18 from the projection provided; however it was confirmed that this is only a projection, and likely to curb towards the end of the year.

There is also a section on Capital (Section 5) of the Outturn Report. This shows that the original budget for 2017/18 at £500,000, plus the carry forward from 2016/17, £150,000. The forecasted outturn for the year is only £250,000, with a slippage of £400,000 into 2018-19. This has been RAG Rated as Green under the Capital Scheme. This is as the monies are able to be used at any point within the five year estates strategy plan, and is not required to only be spent within the single year

Table 2 Detailed Audit Findings and Action Plan

Management actions have been agreed to address control weakness identified during the closing meeting and agreement of the draft Internal Audit report. All management actions will be entered on the Council's Performance Management Software and progress in implementing these actions will be tracked and reported to the Regulatory & Audit Committee.

We categorise our management actions according to their level of priority:

Priority High (H)	Major issue or exposure to a significant risk that requires immediate action or the attention of Senior Management.
Priority Medium (M)	Significant issue that requires prompt action and improvement by the local manager.
Priority Low (L)	Minor issues requiring action to improve performance or overall system of control.

Table 3 Low Priority Issues

Minor issues to be noted or requiring action to improve performance or overall system of control, which do not present a material risk to the system of control.

	Audit Finding, risk exposure and potential impact	Management Action
1	**Red Kite Functionality** Red Kite is used to log and monitor reactive works jobs for the Fire Authority. There are three RAG ratings for these jobs, each with an internal target for completion. These are Red, critical jobs, within four hours, Amber, urgent jobs, within 72 hours, and Green, low risk, which can be reviewed on the next visit. The red and amber targets are timeframes to make safe the situation, however further works may be required to close the job and return the fault to full working order. The Red Kite system is currently unable to log when the job has been deemed safe in line with the target timeframes above. The functionality is limited to only disclose when the job is fully completed. This is a two stage process, with current functionality limited to a single stage. Review of 10 Reactive Works jobs on Red Kite, identified two red rated jobs which were closed within 24 hours of the job being open, this cannot confirm whether it was made operationally safe within the four hour timeframe. There were also two Amber Rated jobs, one of which was closed within 72 Hours and the other 144 hours. Where the Authority are unable to hold record events as they become operationally safe, there is a lack of information available to confirm whether these internal targets are being consistently met.	**Action** As part of the latter phase of the BASI project it is intended to review the current asset management systems utilised by the Authority, part of this review will examine the case for improving the functionality of existing systems working with the suppliers to develop them accordingly. This work is currently scheduled for early 2019. **Officer responsible:** G. Wylie – Property Manager **Date to be implemented by:** During financial year 2019/20.

Appendix 1 Definition of Conclusions

Grading:	Substantial	Reasonable	Limited
Overall conclusion on the system of internal control being maintained	There is a strong system of internal control in place and risks are being effectively managed. Some minor action may be required to improve controls.	There is generally a good system of internal control in place and the majority of risks are being effectively managed. However some action is required to improve controls.	The system of internal control is weak and risks are not being effectively managed. The system is open to the risk of significant error or abuse. Significant action is required to improve controls.

Appendix 2 Officers Interviewed

The following staff contributed to the outcome of the audit:

- Gordon Wylie, Property Manager
- Kelly Shaw, Property Administrator
- Rob Spearing, Facilities Supervisor
- Asif Hussain, Principal Accountant
- David Sutherland, Director of Finance and Assets

The Closing Meeting was attended by:

- Gordon Wylie, Property Manager
- David Sutherland, Director of Finance and Assets

The auditors are grateful for the cooperation and assistance provided from all the management and staff who were involved in the audit. We would like to take this opportunity to thank them for their participation.

Disclaimer

Any matters arising as a result of the audit are only those, which have been identified during the course of the work undertaken and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that could be made.

It is emphasised that the responsibility for the maintenance of a sound system of management control rests with management and that the work performed by Internal Audit Services on the internal control system should not be relied upon to identify all system weaknesses that may exist. However, audit procedures are designed so that any material weaknesses in management control have a reasonable chance of discovery. Effective implementation of management actions is important for the maintenance of a reliable management control system.

Contact Persons

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Selina Harlock, Audit Manager

Phone 01296 383717

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88

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- 14 -

Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	7 March 2018
OFFICER	David Sutherland – Director of Finance and Assets Maggie Gibb – Internal Audit Manager
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	**Internal Audit Report: Update of Progress of the Annual Audit Plan 2017/18**
EXECUTIVE SUMMARY	The purpose of this paper is to update Members on the progress of the annual Internal Audit Plan since the last meeting. Work has progressed according to the 2017/18 plan, and regular discussions have been held with the Director of Finance and Assets to monitor progress. The audit of Property Management has been completed and issued as a final report. The draft report for the audit of Corporate Governance has been issued for management comments, and the fieldwork for the Core Financials audit has been completed with the draft report due for issue before the end of the financial year. The final reports will be presented to Members at the next Overview and Audit Committee meeting.
ACTION	Noting.
RECOMMENDATIONS	That Members note the progress on the Annual Internal Audit Plan.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within the 2017/18 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	Not applicable.
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 SMB and Overview and Audit Committee.
PROVENANCE SECTION **&** **BACKGROUND PAPERS**	Internal Audit Plan 2017/18 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Annex A: Progress against 2017/18 Internal Audit Plan with a schedule of proposed work still to be undertaken
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk 01296 387327

Appendix A
Progress against 2017/18 Internal Audit Plan

Auditable Area	Key Audit Objectives	Day Budget (Timing)	Status
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: Financial Control/Monitoring Procure to Pay Payroll & Pensions Debtors Capital Financial Regulations General Ledger Reconciliations Treasury Management This review will include a follow up of the 2016/17 audit report. The budgeted days have been increased due to implementation of new Finance and HR systems.	50 days (Q3/4)	Fieldwork completed
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.	15 days (Q3) *(increased to 15 days due to wide scope)*	Draft report
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.	10 days (Q1)	**FINAL REPORT SUBSTANTIAL**
Property Management	This audit will provide assurance on the system for property maintenance, including conditions surveys, prioritisation of works, information processes, and the management of planned against responsive works.	10 days (Q2)	**FINAL REPORT SUBSTANTIAL**

Appendix A

Auditable Area	Key Audit Objectives	Day Budget (Timing)	Status
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	
Follow Up - general	To ensure all 2015/16 and 2016/17 medium and high recommendations of significant nature are implemented, in addition to recommendations still outstanding from previous years.	10 days	On-going
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
Total		**115 days**	

ITEM 8(d)

Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	7 March 2018
OFFICER	David Sutherland, Director of Finance and Assets Maggie Gibb, Internal Audit Manager
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	**Internal Audit Report: Update on Progress of Audit Recommendations**
EXECUTIVE SUMMARY	The purpose of this paper is to update Members on the progress of the implementation of audit recommendations made as at 5 February 2018. Any further progress against outstanding recommendations will be verbally presented to the Overview and Audit Committee on 7 March 2018. In total there are recommendations to report on the status of which are classified as follows: Green (Implemented) 23/25 (92%) Amber (on track not yet due) 0/25 (0%) Red (not implemented, due date revised) 2/25 (8%) There are no outstanding recommendations to bring to the attention of the Members at this time. Internal Audit continues to actively monitor implementation of all outstanding recommendations throughout the year.
ACTION	Noting.
RECOMMENDATIONS	That Members note the progress on implementation of recommendations.
RISK MANAGEMENT	There are no risk implications arising from this report.
FINANCIAL IMPLICATIONS	The audit work is contained within the 2017-18 budget.
LEGAL IMPLICATIONS	There are no legal implications arising from this report.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	Not applicable.

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 SMB and Overview and Audit Committee.
PROVENANCE SECTION & BACKGROUND PAPERS	Internal Audit Plans 2015/16, 2016/17 and 2017/18 Internal Audit reports taken to Overview and Audit Committee
APPENDICES	Annex A: Status of Internal Audit Recommendations – February 2018
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	Maggie Gibb – Internal Audit Manager mgibb@buckscc.gov.uk 01296 387327

ANNEX A:

Status of Internal Audit recommendations – February 2018

Audit Assignments	Date of final audit report	Overall Assurance	No of recommendations made	No of recommendations Implemented	Implemented since last meeting	Direction of Travel (see notes)	Status of recommendations at 5 February 2018		
							Red — Recommendation has not yet been implemented and will not meet the original deadline	**Amber** — Recommendation is progressing, not due to be actioned yet.	**Green** — Recommendation has been actioned
2015/16									
Core Financial Controls	May 2016	Substantial	10	10	1	⬆	0	0	10
2016/17									
Project Management	January 2017	Reasonable	5	5	1	⬆	0	0	5
Core Financial Controls	June 2017	Substantial	8	7	0	⬇	1*	0	7
2017/18									
Fleet Management	July 2017	Substantial	2	1	0	⬇	1**	0	1
Totals			**25**	**23**	**2**		**2**	**0**	**23**

Notes for Overview and Audit Committee:

* **Core Financial Controls 2016/17** – Partially complete, the outstanding recommendation relates to the process for approving new starter forms; controls have been tightened for processing paper forms, the workflow/request to recruit will be automated as part of the build of the new e-recruitment system which is due to be in place 1 April 2018.

** **Fleet Management 2017/18** – The outstanding recommendation relates to the use of the Tranman System, this will be looked at in more detail as part of the BaSI project (Business and Systems Integration) to ensure a full understanding of the current functionality and the way in which it can be further developed (or replaced) to meet the business requirements.

Direction of travel indicates how well recommendations have been progressed since previous Overview and Audit Committee meeting.

⬆ **Further recommendations have been implemented in period No**

⬌ **recommendations due for implementation in period**

⬇ **Recommendations due for implementation have not been actioned**

96

ITEM **9**

Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	7 March 2018
OFFICER	David Sutherland, Director of Finance & Assets
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	**Ernst & Young Audit Plan 2017/18**
EXECUTIVE SUMMARY	The report at Annex A sets out the plan of activity for the Authority's external auditors, Ernst & Young, for their work in relation to the financial year 2017/18.
ACTION	Noting.
RECOMMENDATIONS	That the Committee note the plan set out in Annex A.
RISK MANAGEMENT	The work carried out by Ernst & Young and their opinion of the Authority's financial integrity and ability to provide council taxpayers with value for money, is an essential part of the authority's governance arrangements and a key element of the annual Statement of Assurance.
FINANCIAL IMPLICATIONS	The external audit fee is included within the current budget.
LEGAL IMPLICATIONS	No direct impact.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	Whilst there are no directly applicable matters as part of this report, a key element of the service provided by Ernst & Young is to provide an opinion on the financial integrity of the Authority which will include such issues as the arrangements for setting, reviewing and implementing strategic and operational objectives; performance monitoring, including budget monitoring; achievement of strategic objectives and best value performance indicators. This will include

	associated issues such as medium term financial planning, management of the asset base and the arrangements to promote and ensure probity and propriety.
PROVENANCE SECTION & BACKGROUND PAPERS	None
APPENDICES	Annex A – Ernst & Young Audit Plan 2017/18
TIME REQUIRED	10 minutes
REPORT ORIGINATOR AND CONTACT	Mark Hemming mhemming@bucksfire.gov.uk 01296 744687

Buckinghamshire & Milton Keynes Fire Authority

Audit planning report

Year ended 31 March 2018

1 February 2018

EY

Building a better working world

Private and Confidential

1 February 2018

Overview and Audit Committee
Buckinghamshire & Milton Keynes Fire Authority
Brigade Headquarters
Stocklake
Aylesbury
Buckinghamshire
HP20 1BD

Dear Members,

Audit planning report

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as your auditor. Its purpose is to provide the Overview and Audit Committee with a basis to review our proposed audit approach and scope for the 2017-18 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Authority and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Overview and Audit Committee, Board of Directors and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 7th March 2018 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Maria Grindley,

Associate Partner

For and on behalf of Ernst & Young

Enc

Contents

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued "Statement of responsibilities of auditors and audited bodies". It is available from the via the PSAA website (www.PSAA.co.uk).

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

The "Terms of Appointment (updated February 2017)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Overview and Audit Committee and management of Buckinghamshire & Milton Keynes Fire Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Standards and Governance, and management of Buckinghamshire & Milton Keynes Fire Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Overview and Audit Committee and management of Buckinghamshire & Milton Keynes Fire Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Overview of our 2017-18 audit strategy

Overview of our 2017-18 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Overview and Audit Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year

Audit risks and areas of focus

Risk / area of focus	Risk identified	Change from PY	Details
Risk of fraud in revenue and expenditure recognition	Fraud risk	New risk for 2017-18	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.
Risk of management override	Fraud risk	This risk was also identified in the prior year.	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
PPE – Valuations	Inherent Risk	This risk was also identified in the prior year.	Findings raised by the FRC's Audit Quality Review team in their report on their inspection findings in the prior year for the firm found PPE valuation of land and buildings included in the financial statements is complex and often includes a number of assumptions and judgements and that enhanced procedures are required to challenge and evaluate key assumptions. This inherent risk is being recognised on all of our clients.
IAS19 – Pension Accounting	Inherent Risk	This risk was also identified in the prior year.	The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by the County Council and the firefighters pensions schemes administered by West Yorkshire Pension Fund. The Authority's pension fund liability is a material estimated balance and the Code requires that this be disclosed on the Authority's balance sheet.

Materiality

Planning materiality

£622k

Materiality has been set at £622,280, which represents 2% of 2016-17 gross expenditure

Performance materiality

£466k

Performance materiality has been set at £466,710, which represents 75% of materiality.

Audit differences

£31k

We will report all uncorrected misstatements relating to the income statement and balance sheet that have an effect on income and misstatements in the OCI over £31,114. Other misstatements identified will be communicated to the extent that they merit the attention of the Overview and Audit Committee.

Overview of our 2017-18 audit strategy

Audit scope

This Audit Plan covers the work that we plan to perform to provide you with:

- our audit opinion on whether the financial statements of Buckinghamshire & Milton Keynes Fire Authority give a true and fair view of the financial position as at 31 March 2018 and of the income and expenditure for the year then ended; and

- our conclusion on the Authority's arrangements to secure economy, efficiency and effectiveness.

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

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

When planning the audit we take into account several key inputs:
- strategic, operational and financial risks relevant to the financial statements;
- developments in financial reporting and auditing standards;
- the quality of systems and processes;
- changes in the business and regulatory environment; and
- management's views on all of the above.

By considering these inputs, our audit focuses on the areas that matter and our feedback is more likely to be relevant to the Authority.
We will provide an update to the Overview and Audit Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in July 2018.

02 Audit risks

Our response to significant risks

We have set out the significant risks identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Risk of fraud in revenue and expenditure recognition

Financial statement impact

Misstatements that occur in relation to the risk of fraud in revenue and expenditure recognition could affect the income accounts. The relevant accounts we associate the revenue recognition risk to had the following balances in the 2016-17 financial statements:

Operational expenditure: £30,767,000

MRP: £47,000

PPE additions: £2,785,000

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

The risk in local government resides in areas in which management judgements are made and transactions not subject to routine based system controls. As such we attach the risk of revenue recognition to the judgements made in recognising capital expenditure and the subsequent capital financing transactions

What will we do?

We will:
- Continue to engage with management to understand the overall financial position to inform the appropriate audit expectations of the year-end income position;
- For significant additions and disposals during the period, examine data that support these additions and disposals. For additions, on an individual asset basis, ensure the correct application of the authorities component policy, and the correct de-recognition and recognition accounting for expenditure on significant components;
- Ensure that the calculation of the Capital Financing Requirement is compliant with the requirements of the Code. Check that MRP is appropriately calculated using the method outlined in the prudential code, with specific attention to any MRP on unsupported borrowing;
- Ensure additions and disposals tested in PPE are internally consistent with the capital financing disclosure; and
- Review and discuss with management any accounting estimates on revenue recognition for evidence.

We will utilise our data analytics capabilities to assist with our work,

Audit risks

Our response to significant risks

We have set out the significant risks identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Management override

Financial statement impact

Misstatements that occur in relation to the risk of fraud by management override could affect the income and expenditure accounts, alongside significant balance sheet accounts where key estimates are processed.

What is the risk?

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What will we do?

We will:
- Test the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- Review accounting estimates for evidence of management bias; and
- Evaluate the business rationale for significant unusual transactions.

We will utilise our data analytics capabilities to assist with our work, including carrying out testing on the income and expenditure accounts, and journal entry testing. We will assess journal entries for evidence of management bias and evaluate for business rationale.

Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures and therefore may be key audit matters we will include in our audit report.

What is the risk/area of focus?	What will we do?
Valuation of Land and Buildings Land and buildings is one of the most significant balances in the Authority's Balance Sheet. The valuation of land and buildings is complex and is subject to a number of assumptions and judgements. A small movement in these assumptions can have a material impact on the financial statements.	We will: • Review the data sent to, and the report produced by, the Authority's valuer; • Challenge the assumptions used by the Authority's valuer by reference to external evidence and our EY valuation specialists (where necessary); and • Test the journals for the valuation adjustments to confirm that they have been accurately processed in the financial statements.
Pension Liability Valuation The Local Authority Accounting Code of Practice and IAS19 require the CC to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme (LGPS) administered by Buckinghamshire County Council. The Authority must also do similar in respect of the Firefighters Pension Fund. The Firefighters pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the respective balance sheet. At 31 March 2017 this totalled £305.51 million. The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the County Council and also the Firefighters Pension Fund. Accounting for these schemes involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.	We will: • Liaise with the auditors of Buckinghamshire Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Buckinghamshire & Milton Keynes Fire Authority LGPS members; • Assess the work of the LGPS Pension Fund actuary (Barnett Waddingham) and the Firefighters pension actuary (also Barnett Waddingham) including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and • Review and test the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.

03 Value for Money Risks

Value for money risks

Background

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

For 2017-18 this is based on the overall evaluation criterion:
"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"
Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:
• take informed decisions;
• deploy resources in a sustainable manner; and
• work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.
We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice which defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our risk assessment has therefore considered both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders.

Our initial planning procedures have not identified any significant risks. We will continue to update our risk assessment throughout the course of our audit.

Informed decision making

Proper arrangements for securing value for money

Sustainable resource deployment

Working with partners and third parties
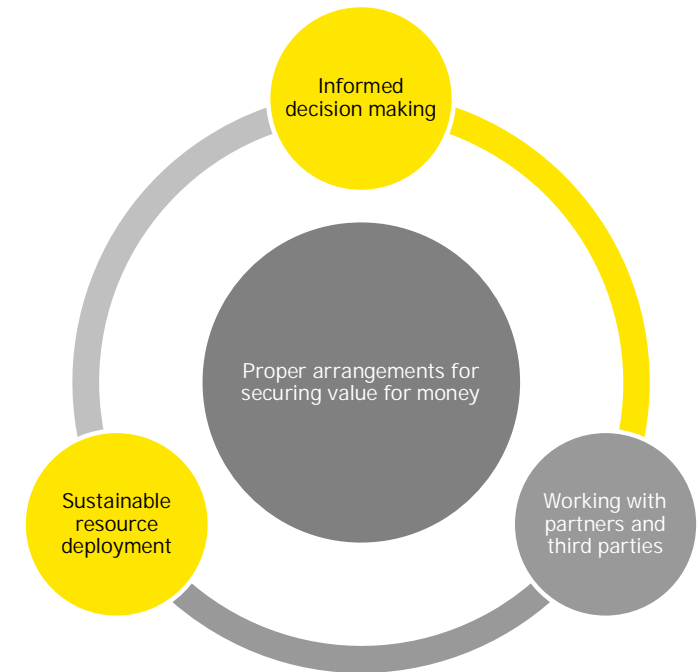
04 Audit materiality

Materiality

Group materiality

For planning purposes, materiality for 2017-18 statements work has been set at £622k and £153k for the pension fund. This represents 2% of the Authority's gross expenditure and benefits payable respectively. It will be reassessed throughout the audit process and once the draft 2017-18 statements have been prepared. This is based on the rationale that's public sector organisation do not have a focus on earnings profits. We consider industry factors, and using gross revenue expenditure is the industry norm.

Main Statements:

Gross Expenditure
£31,114,000

Planning materiality
£622,280

Performance materiality
£466,710

Audit differences
£31,114

Firefighters Pension:

Benefits Payable
£7,656,000

Planning materiality
£153,120

Performance materiality
£114,840

Audit differences
£7,656

We request that the Overview and Audit Committee confirm its understanding of, and agreement to, these materiality and reporting levels.

Key definitions

Planning materiality – the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

Note we have applied a separate materiality to the Firefighters Pension Fund account based on the total benefits paid including lump sums.

Performance materiality – the amount we use to determine the extent of our audit procedures. We have set performance materiality at £466k for the primary statements and £114k for the Firefighters pension which represents 75% of materiality. We apply 75% when it is not an initial audit and we have a sound understanding of the entity and past experience with the engagement indicates that a higher risk of misstatement is unlikely.

Audit difference threshold – we propose that misstatements identified below this threshold are deemed clearly trivial. The same threshold for misstatements is used for component reporting. We will report to you all uncorrected misstatements over this amount relating to the income statement and balance sheet that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement or disclosures and corrected misstatements will be communicated to the extent that they merit the attention of the Overview and Audit Committee, or are important from a qualitative perspective.

05 Scope of our audit

Objective and scope of our audit

Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Authority's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

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

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

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

Procedures required by the Code
- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Audit process overview

Our audit involves:

- Identifying and understanding the key processes and internal controls; and

- Substantive tests of detail of transactions and amounts.

From our initial assessment of the key processes across the Authority, we will not seek to test controls. We will undertake a fully substantive approach.

Analytics:

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

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and

- Give greater likelihood of identifying errors than random sampling techniques.

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

Internal audit:

We will regularly meet with the Head of Internal Audit, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

06 Audit team

Audit team

Audit team structure:

Maria Grindley
Associate Partner

Alison Kennett
Manager

Rama Karia
Senior

Property
Valuation Team

Pension
Specialist

EY Real Estate
Specialists as
required

EY Actuaries
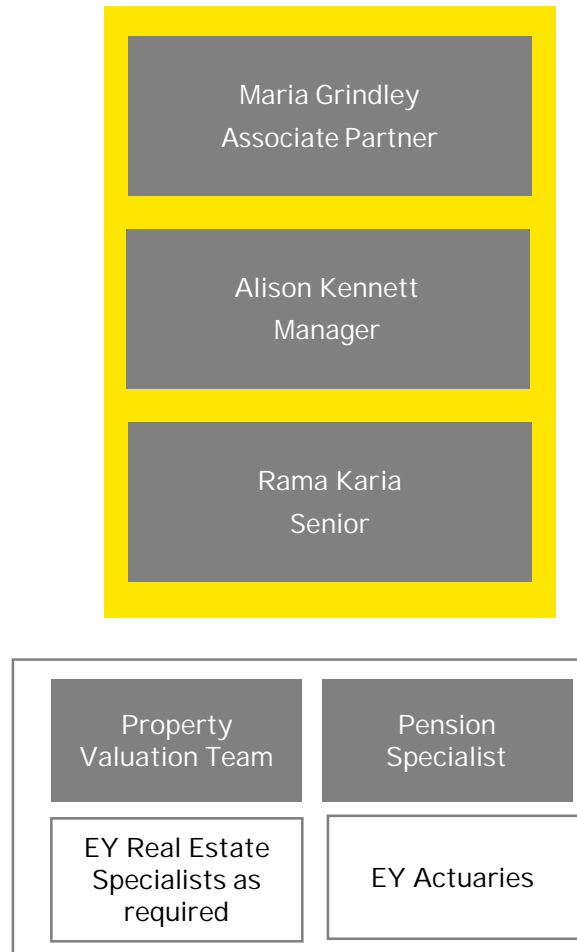
Working together with the Authority

We are working together with officers to identify continuing improvements in communication and processes for the 2017-18 audit.

We will continue to keep our audit approach under review to streamline it where possible.

* Key Audit Partner

Audit team

Use of specialists

When auditing key judgements, we are often required to use the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where EY specialists are expected to provide input for the current year audit are:

Area	Specialists
PPE Valuation	Management Specialist - Management's valuation experts. EY Specialist - EY real estates will be used if our risk assessment of the PPE procedures deem this a requirement.
Pension Valuation	Management Specialist – Barnett Waddingham. EY Specialist - EY actuaries

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Authority's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

• Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;

• Assess the reasonableness of the assumptions and methods used;

• Consider the appropriateness of the timing of when the specialist carried out the work; and

• Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

07 Audit timeline

Audit timeline

Timetable of communication and deliverables

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2017-18.

From time to time matters may arise that require immediate communication with the Overview and Audit Committee and we will discuss them with the Overview and Audit Committee Chairman as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Overview and Audit Committee timetable	Deliverables
Planning: Risk assessment and setting of scopes.	November - December		
Walkthrough of key systems and processes	January - February		
Interim audit testing	January - February	Overview and Audit Committee	Audit Planning Report
Year end audit Audit Completion procedures	May - June	Overview and Audit Committee	Audit Results Report Audit opinions and completion certificates
Year end audit Audit Completion procedures	July	Overview and Audit Committee	Annual Audit Letter

⧗ Audit timeline

The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017-18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the accounts by 31 July.

These changes provide risks for both the preparers and the auditors of the financial statements:

• The Authority now has less time to prepare the financial statements and supporting working papers. Risks to the Authority include slippage in delivering working papers and sufficient time for internal quality assurance arrangements; and
• As your auditor, we have a more significant peak in our audit work and a shorter period to complete the audit. Risks for auditors relate to delivery of all audits within same compressed timetable. Slippage at one client could potentially put delivery of others at risk.

To mitigate this risk we will require:
• good quality draft financial statements and supporting working papers by the agreed deadline;
• appropriate Authority staff to be available throughout the agreed audit period; and
• complete and prompt responses to audit questions.

If you are unable to meet key dates within our agreed timetable, we will notify you of the impact on the timing of your audit, which may be that we postpone your audit until later in the summer and redeploy the team to other work to meet deadlines elsewhere.

Where additional work is required to complete your audit, due to additional risks being identified, additional work being required as a result of scope changes, or poor audit evidence, we will notify you of the impact on the fee and the timing of the audit. Such circumstances may result in a delay to your audit while we complete other work elsewhere.

To support the Authority we will:
• Work with the Authority to engage early to facilitate early substantive testing where appropriate;
• Provide an early review on the Authority's streamlining of the Statement of Accounts where non-material disclosure notes are removed;
• Facilitate faster close workshops to provide an interactive forum for Local Authority accountants and auditors to share good practice and ideas to enable us all to achieve a successful faster closure of accounts for the 2017-18 financial year;
• Work with the Authority to implement EY Client Portal, this will:
    • Streamline our audit requests through a reduction of emails and improved means of communication;
    • Provide on –demand visibility into the status of audit requests and the overall audit status;
    • Reduce risk of duplicate requests; and
    • Provide better security of sensitive data.
• Agree the team and timing of each element of our work with you; and
• Agree the supporting working papers that we require to complete our audit.

08 Independence

Independence

The FRC Ethical Standard and ISA (UK) 260 "Communication of audit matters with those charged with governance", requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	**Final stage**
► The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us; ► The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review; ► The overall assessment of threats and safeguards; ► Information about the general policies and process within EY to maintain objectivity and independence. ► Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard	► In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed; ► Details of non-audit services provided and the fees charged in relation thereto; ► Written confirmation that the firm is independent; ► Written confirmation that all covered persons are independent; ► Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy; ► Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and ► An opportunity to discuss auditor independence issues.

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

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

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

EY Transparency Report 2017
Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.   Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 30 June 2017 and can be found here: http://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2017

Independence

Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non –audit services if the service has been pre-approved in accordance with your policy.

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Maria Grindley (AP), your audit engagement partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in the Authority. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70%.

At the time of writing, there are no non-audit fees associated with the Authority. No additional safeguards are required.

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

There are no other self interest threats at the date of this report.

Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no self review threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Authority. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

⚛ Independence

Relationships, services and related threats and safeguards

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

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

125

09 Appendices

📁 Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code.

	Current Year	Prior Year
	£	£
Total fee	31,379	31,379
Total audit	31,379	31,379

All fees exclude VAT

The agreed fee presented is based on the following assumptions:

► officers meeting the agreed timetable of deliverables;

► our accounts opinion and value for money conclusion being unqualified;

► appropriate quality of documentation is provided by the Trust; and

► The Authority has an effective control environment.

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

📂 Appendix B

Required communications with the Overview and Audit Committee

We have detailed in the table below the communications that we must provide to the Overview and Audit Committee:

		Our Reporting to you	
Required communications	📟 What is reported?	📅📍 When and where	
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team	Audit planning report	March 18
Significant findings from the audit	• Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures • Significant difficulties, if any, encountered during the audit • Significant matters, if any, arising from the audit that were discussed with management • Written representations that we are seeking • Expected modifications to the audit report • Other matters if any, significant to the oversight of the financial reporting process	Audit results report	July 18

Appendix B

Required communications with the Overview and Audit Committee (continued)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: • Whether the events or conditions constitute a material uncertainty • Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements • The adequacy of related disclosures in the financial statements	Audit results report – July 18
Misstatements	• Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation • The effect of uncorrected misstatements related to prior periods • A request that any uncorrected misstatement be corrected • Corrected misstatements that are significant • Material misstatements corrected by management	Audit results report – July 18
Fraud	• Enquiries of the Overview and Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity • Any fraud that we have identified or information we have obtained that indicates that a fraud may exist • A discussion of any other matters related to fraud	Audit results report – July 18
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: • Non-disclosure by management • Inappropriate authorisation and approval of transactions • Disagreement over disclosures • Non-compliance with laws and regulations • Difficulty in identifying the party that ultimately controls the entity	Audit results report – July 18

Required communications with the Overview and Audit Committee (continued)

	Our Reporting to you	
Required communications	**What is reported?**	**When and where**
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: • The principal threats • Safeguards adopted and their effectiveness • An overall assessment of threats and safeguards • Information about the general policies and process within the firm to maintain objectivity and independence For public interest entities and listed companies, communication of minimum requirements as detailed in FRC's Ethical Standard 2016 (revised): • Relationships between EY, the company and senior management, its affiliates and its connected parties • Services provided by EY that may reasonably bear on the auditors' objectivity and independence • Related safeguards • Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees • A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit • Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy • Details of any contingent fee arrangements for non-audit services • Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard • The Overview and Audit Committee should also be provided an opportunity to discuss matters affecting auditor independence	Audit Planning Report – March 18 and Audit results report – July 18

Required communications with the Overview and Audit Committee (continued)

	Our Reporting to you

Required communications	📇 What is reported?	📅📍 When and where
External confirmations	• Management's refusal for us to request confirmations • Inability to obtain relevant and reliable audit evidence from other procedures	Audit results report – July 18
Consideration of laws and regulations	• Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off • Enquiry of the Overview and Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Overview and Audit Committee may be aware of	Audit results report – July 18
Internal controls	• Significant deficiencies in internal controls identified during the audit	Audit results report – July 18
Representations	Written representations we are requesting from management and/or those charged with governance	Assurance Letter – Requested March 18 with response by May 18
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report – July 18
Auditors report	• Key audit matters that we will include in our auditor's report • Any circumstances identified that affect the form and content of our auditor's report	Audit results report – July 18

Additional audit information

Other required procedures during the course of the audit	
In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards, company law and other regulations. We outline the procedures below that we will undertake during the course of our audit.	
Our responsibilities required by auditing standards	• Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. • Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls. • Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. • Concluding on the appropriateness of management's use of the going concern basis of accounting. • Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. • Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Authority to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, including the board's statement that the annual report is fair, balanced and understandable, the Overview and Audit Committee reporting appropriately addresses matters communicated by us to the Overview and Audit Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and • Maintaining auditor independence.

Additional audit information (continued)

Purpose and evaluation of materiality

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

Materiality determines:

- The locations at which we conduct audit procedures to support the opinion given on the financial statements; and
- The level of work performed on individual account balances and financial statement disclosures.

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

Appendix D

Regulatory update

In previous reports to the Overview and Audit Committee, we highlighted the issue of regulatory developments. The following table summarises progress on implementation:

Earlier deadline for production and audit of the financial statements from 2017-18	
Proposed effective date	Effective for annual periods beginning on or after 1 April 2017.
Details	The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017-18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.
Impact on Buckinghamshire & Milton Keynes Fire Authority	These changes provide challenges for both the preparers and the auditors of the financial statements. We held a faster close workshop for clients on in November 2017 to facilitate early discussion and sharing of ideas and good practice. We are now working with management on ideas coming from the workshop, for example: • Streamlining the Statement of Accounts removing all non-material disclosure notes; • Bringing forward the commissioning and production of key externally provided information such as IAS 19 pension information, asset valuations; • Providing training to departmental finance staff regarding the requirements and implications of earlier closedown; • Re-ordering tasks from year-end to monthly/quarterly timing, reducing year-end pressure; • Establishing and agreeing working materiality amounts with the auditors.

Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	7 March 2018
OFFICER	David Sutherland, Director of Finance & Assets
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	**Treasury Management Performance 2017/18-Quarter 3**
EXECUTIVE SUMMARY	This report is being presented as Members resolved at the meeting of Buckinghamshire and Milton Keynes Fire Authority on 14 October 2015 that future Treasury Management reports would be submitted to the Overview and Audit Committee. It is best practice to review on a regular basis how Treasury Management activity is performing. The accrued interest earned from April to December 2017/18 is £126k, which is 51k higher than budgeted for the first three quarters of the year.
ACTION	Noting.
RECOMMENDATIONS	That the Treasury Management Performance 2017/18 – Quarter 3 report be noted.
RISK MANAGEMENT	Making investments in the Authority's own name means that the Authority bears the risk of any counterparty failure. This risk is managed in accordance with the strategy and with advice from external treasury management advisors. The Director of Finance and Assets, will act in accordance with the Authority's policy statement; Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management. The risk of counterparty failure is monitored on the directorate level risk register within Finance and Assets. There are no direct staffing implications.
FINANCIAL IMPLICATIONS	The budget for 2017/18 relating to interest earned on balances invested is £100k. Performance against the budget is included within Appendix A.
LEGAL IMPLICATIONS	The Authority is required by section 15(1) of the Local Government Act 2003 to have regard to the Department for Communities and Local Government

	Guidance on Local Government Investments; and by regulation 24 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146] to have regard to any prevailing CIPFA Treasury Management Code of Practice
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	See Financial Implications.
PROVENANCE SECTION & BACKGROUND PAPERS	Treasury Management Policy Statement, Treasury Management Strategy Statement and the Annual Investment Strategy http://bucksfire.gov.uk/files/6915/0816/2881/ITEM_8_Treasury_Management_Strategy_2017-18_Final.pdf Treasury Management Practices http://bucksfire.gov.uk/files/4314/5527/8969/OA250913.compressed.pdf
APPENDICES	Appendix A –Treasury Management Performance Q3
TIME REQUIRED	5 minutes
REPORT ORIGINATOR AND CONTACT	Linda Blunt lblunt@bucksfire.gov.uk 01296 744404

Appendix A – Treasury Management Performance 2017/18 – Quarter 3

Background

Up until 31 March 2013, the Authority's cash balances were managed by Buckinghamshire County Council (BCC) under a Service Level Agreement (SLA). From 2013/14 the Authority began investing in its own name. This report highlights the performance of the in-house treasury management function for its fourth year 2017/18.

Security of Investments

The primary investment priority as set out in the Treasury Management Policy Statement is the security of capital. The Authority applies the creditworthiness service provided by Link (previously known as Capita). This determines whether or not a counterparty is suitable to invest with and if so, the maximum duration an investment could be placed with them. In the Annual Investment Strategy (AIS), the Authority resolved that the balances invested with any single counterparty at any point in time would be 30% of the total investment portfolio to a maximum of £5m (with the exception of Lloyds Bank, who as our banking provider have a limit of £7.5m, of which at least £2.5m must be instant access). The amount invested with each counterparty on the approved lending list as at 31st December 2017 is detailed below:

Counterparty	Amount (£000)
Santander	2,500
Coventry Building Society	1,000
Skipton Building Society	2,000
Royal Bank Of Scotland	4,004
Goldman Sachs International	5,000
UBS AG	2,500
Warrington Borough Council	2,000
Bournemouth Borough Council	2,000
Lloyds Bank plc (current accounts)	80
Ignis Sterling MMF*	350
CCLA MMF*	102
Payden & Rygel Sterling Reserve**	1,001
Federated Sterling**	1,001
Royal London Sterling Extra**	1,001
Total	**24,538**

*MMF denotes a Money Market Fund

** These are Ultra Short Dated Bond Funds (Previously known as Enhanced Money Market Funds)

No counterparty limits were breached during Quarter 3.

The above investments include an amount of £3,003m invested in three Ultra Short Dated Bond Funds (USDBF). These were previously known as Enhanced Money Market Funds. An USDBF is a collective investment vehicle which, like a MMF employs credit analysts who first assess who is a suitable counterparty and then continue to monitor those counterparties over time. By investing with a range of counterparties, risk is able to be diversified to a greater extent than investing directly in single counterparties.

In its AIS the Authority also resolved that all credit ratings will be monitored weekly, by means of the Link creditworthiness service. During Quarter 3 Link made two changes to the counterparty listing. Therefore in line with the AIS, the Authority's lending list has been updated to reflect these changes as detailed in the table below:

Country	**Counterparty**	**Maximum Duration as at 30/09/2017**	**Maximum Duration as at 31/12/2017**
UK	Bank of Scotland	Red - 6 mths	Orange - 12 mths
UK	Lloyds Banking Group	Red - 6 mths	Orange - 12 mths

Liquidity

Investments

The second objective set out within the Treasury Management Policy Statement is the liquidity of investments (i.e. keeping the money readily available for expenditure when needed). Investments have been placed at a range of maturities, including having money on-call in order to maintain adequate liquidity. The current investment allocation by remaining duration can be seen on the chart below:
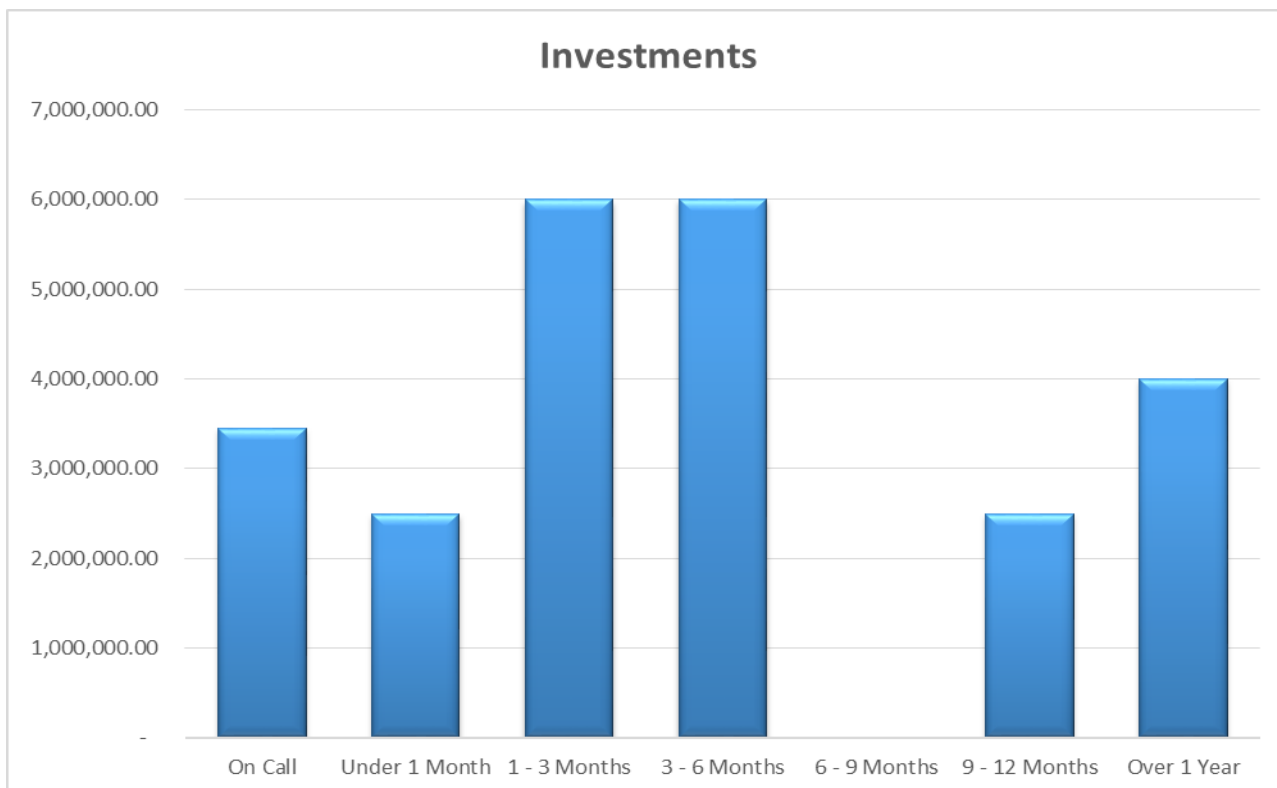
By reviewing the balance sheet position, level of reserves and cash requirements, the Authority determined that it was able to invest £3m in three USDB Funds. In order to cover expenditure such as salaries, pensions, creditor payments, and potential liabilities for which we have made provisions within the Statement of Accounts, a greater proportion of the balances are invested as short fixed-term deposits. Any unforeseen circumstances and potential major incidents that could occur are covered by holding a smaller proportion of the investment balances on call (i.e. it is available for use on the day it is required).

The majority of our investment duration to date has been under 6 months. This is largely due to the impact of the rating agencies changing their methodologies which has resulted in a number of banks given a red credit rating. The red credit rating means that we can only deposit funds for up to 6 months. In October, the Authority placed two longer term investments of £2m each with other local authorities. The investment durations are for 3 and 2 years with a return of 0.90% and 0.72% respectively.

Balances on call include the investments in the Money Market Funds and Ultra Short Dated Bond Funds (USDBF). Both of these help improve the liquidity of the Authority's balances. By investing collectively, the Authority benefits from liquidity

contributed by others and from the knowledge they are all unlikely to need to call on that money at the same time.

Borrowing

As part of managing the liquidity of investments, it is important to have regard to the maturity structure of outstanding borrowing. This can be seen in the following chart:
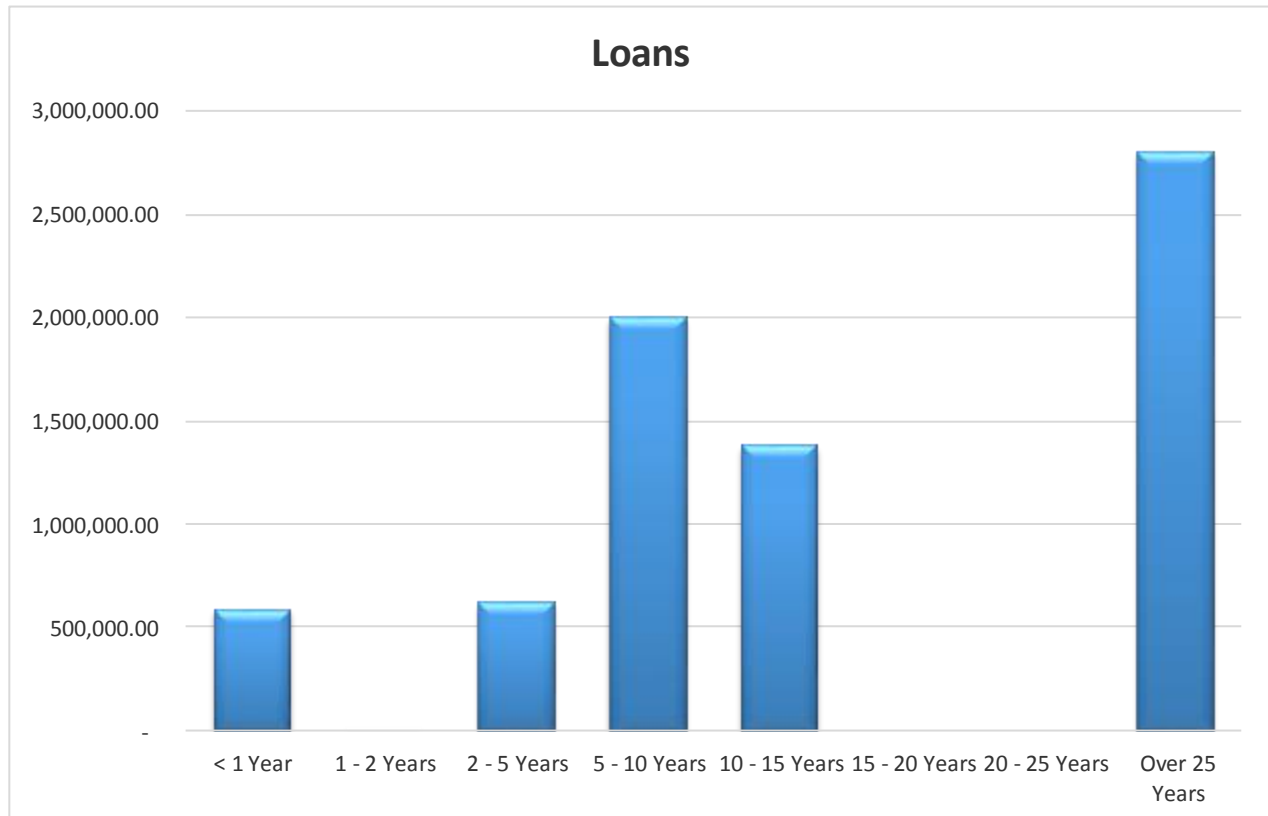
The total borrowing outstanding as at 31 December 2017 is £7.382m. £585k of this is due for repayment in May 2018. These repayments do not directly affect the revenue budget, as they simply reflect the use of cash accumulated by setting aside the appropriate minimum revenue provision (MRP) to settle the outstanding liability.

Investment Yield

Having determined proper levels of security and liquidity, it is reasonable to consider the level of yield that could be obtained that is consistent with those priorities.

Performance Against Budget – Quarter 3

The budget for future years was reviewed as part of the Medium Term Financial Plan (MTFP) process and the income target for 2017/18 is £100k. This was increased in 2015/16 to £100k from £70k in 2014/15. This increase was due to the continuing over-achievement against the previous year's budget. This figure is currently under review as part of the MTFP process and could potentially increase to £150k if the recommendations in the 2018/19 strategy are approved.

The accrued interest earned as at 31 December 2017 is £126k against the planned budget of £75k for the first 3 quarters of the financial year, which is an over achievement of £51k. It should be noted that £26k of this is due to the interest achieved from making an advance payment in respect of the Employers contribution to the LGPS of £1.3m, achieving £36k interest per annum for the next 3 years.

Performance Against the Benchmark – Quarter 3

The relative performance of the investments is measured against two benchmark figures:

- 7 day LIBID – this is the rate the Authority would have earned on all balances had the SLA with BCC continued into future years

- Link benchmark – this is the indicative rate that Link advised we should be looking to achieve for 2017/18 at the start of the year

- The weighted average rate (%) is compared to the two benchmark figures in the following chart for each month:
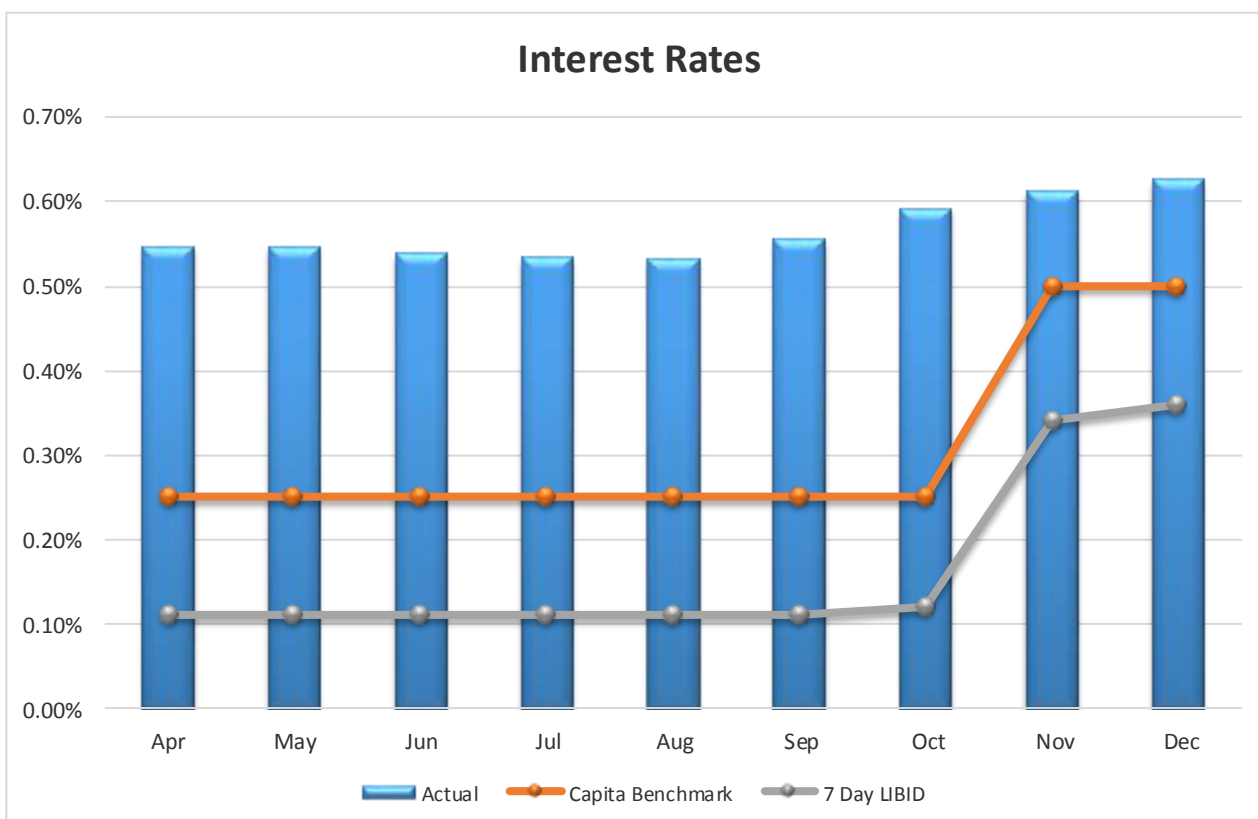
The Authority has out-performed both benchmark figures for the three quarters, however not as significantly as in previous years. The lower return being achieved by the Authority's investments is due to two factors;

1. The expected impact of the cut in interest rates by the Bank of England, as reported in 2016/17, and

2. The impact of the change in methodologies by the rating agencies causing Link in turn to restrict the banks named on the Authority's lending list to a suggested 6 months duration for deposits. The reduction in duration has led to the Authority achieving a reduced rate of return on investments.

An updated Treasury Strategy will be presented to the Fire Authority for approval in February. The updated strategy will look to further diversify our investment portfolio as well as allowing us to invest for longer durations which could result in the Authority achieving better returns. If the recommendations in the strategy are approved then the income target will increase to £150k for 2018/19.
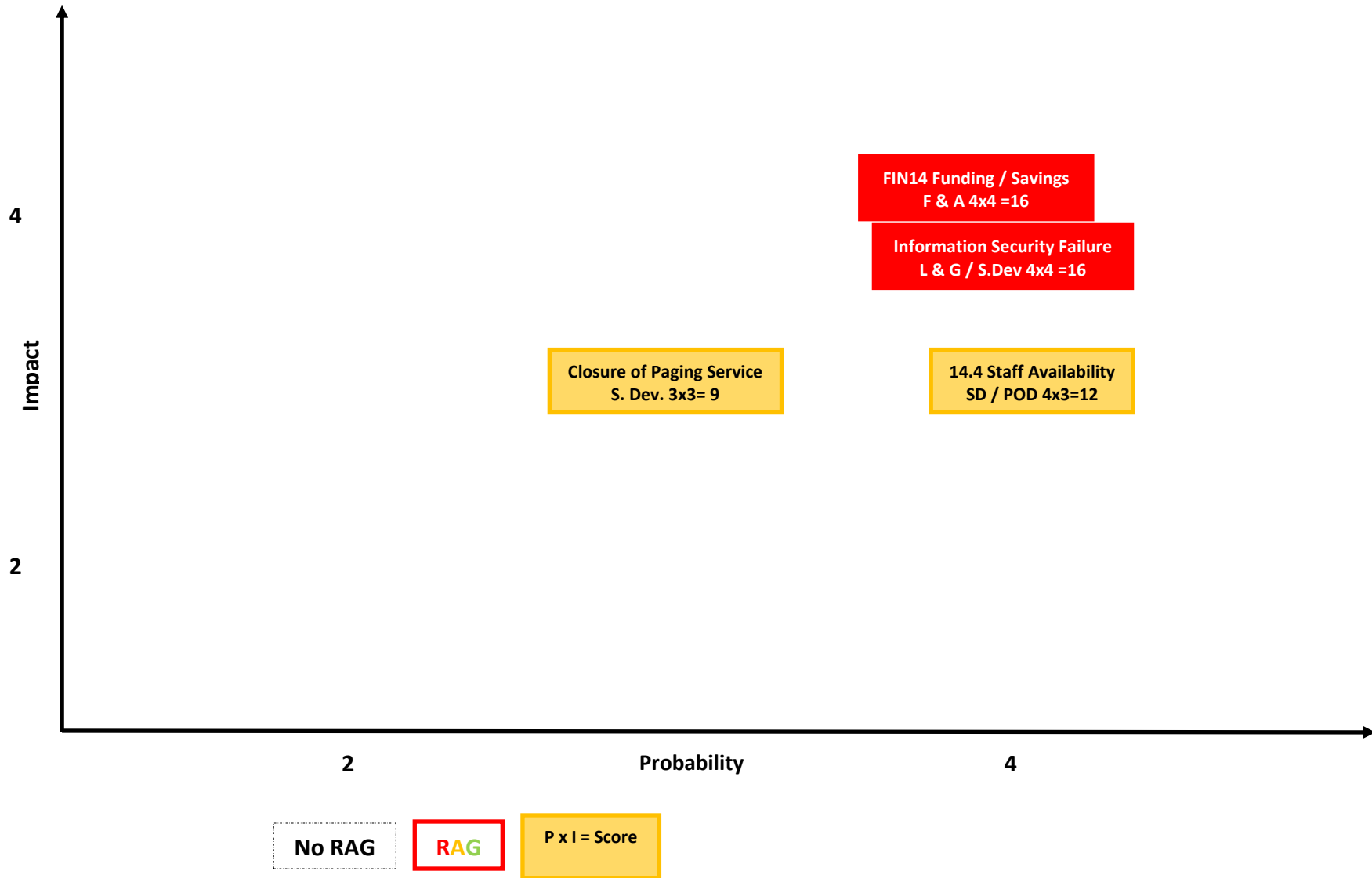
ITEM **11**

Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	7 March 2018
OFFICER	Julian Parsons, Head of Service Development
LEAD MEMBER	Councillor Netta Glover
SUBJECT OF THE REPORT	**Corporate Risk Management**
EXECUTIVE SUMMARY	This report provides an update on the current status of identified corporate risks. Risk registers are maintained at project, departmental and directorate levels. Corporate risks are those that have been escalated from these levels for scrutiny by the Strategic Management Board (SMB) because of their magnitude, proximity or because the treatments and controls require significant development.

The Corporate Risk Register was last reviewed by the Overview and Audit Committee at the 15 November 2017 meeting. Since then it has been regularly reviewed by the Performance Management Board (PMB), most recently at its 1 February 2018 meeting, at which all the directorate risk registers were scrutinised, and, by SMB - most recently at its 13 February 2018 meeting.

Although PMB identified no items for escalation to the Corporate Risk Register it recommended, and SMB agreed, that the RAG status and risk scores for the four corporate risks be maintained at their existing levels for the following reasons:

• Staff Availability – ongoing recruitment activity targeted at operational staff by neighbouring FRS, in particular London Fire Brigade, poses a significant staff retention challenge;

• Funding and Savings – although a balanced budget for 2018/19 has been set the outcomes of national Firefighter pay negotiations are still unknown and present a significant risk to our budgetary position;

• Paging Service – to be maintained at amber RAG status until the new application has gone live following successful user acceptance testing and the Code of Conduct issue detailed in the Risk Register at Annex C resolved.

• Information Security failure – the threat from malware is high and likely to remain so. |

The current distribution of corporate risks relative to probability and potential impact is shown at Annex A.

Changes to the corporate risk ratings over the last year are shown at Annex B.

Detailed assessments of identified corporate risks are shown in the Corporate Risk Register at Annex C.

ACTION	Decision.
RECOMMENDATIONS	it is recommended: 1. that the status report on identified corporate risks at Annex C be reviewed and approved. 2. that comments to officers for consideration and attention in future updated/reports be provided.
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.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	The potential to share corporate risk intelligence with neighbouring FRS and other relevant agencies will be considered. BMKFA already participates in the multi-agency Thames Valley Local Resilience Forum which produces a Community Risk Register which is among the sources used to identify potential risks to the Authority.
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 AND DIVERSITY	No direct implications from the presentation of this report. However risks to achieving the Authority's equality, diversity and inclusion objectives or compliance with relevant statutes or regulations are

	identified assessed and managed via this process and are currently monitored within the People and Organisational Development Risk Register.
USE OF RESOURCES	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.

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.

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. |
| **PROVENANCE SECTION & BACKGROUND PAPERS** | A formal policy for the management of Corporate Risk was approved by the Authority in August 2006 and implemented with effect from 31 January 2007 (OC57: Corporate Risk Management Policy).

Further development of this policy and framework was reported to members at the 15 September 2010 CFA meeting (see Annex A and item 8 of 15 September CFA Papers:

http://bucksfire.gov.uk/files/8114/0681/3588/150910.PDF

An updated Corporate Risk Management Policy was approved at the 18 March 2015 Executive Committee:

http://bucksfire.gov.uk/files/3314/2564/2098/Executive_Commmittee_180315.pdf

CFA Members were last updated on the status of the Authority's Corporate Risks at the 15 November 2017 Overview & Audit Committee:

http://bucksfire.gov.uk/files/9315/0964/6131/Overview_and_Audit_Committee_151117_Agenda_and_Reports-min.pdf |
| **APPENDICES** | 1. Annex A: Distribution of Corporate Risks at 13 February 2018 SMB meeting.

2. Annex B: 12 Month View of Changes to Corporate Risks

3. Annex C: Corporate Risk Register Report |
| **TIME REQUIRED** | 15 Minutes. |

REPORT ORIGINATOR AND CONTACT	Stuart Gowanlock, Corporate Planning Manager
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	01296 744435

Annex A: Corporate Risk Map – As at 13 February 2018 SMB

Impact

4

2

**FIN14 Funding / Savings
F & A 4x4 =16**

**Information Security Failure
L & G / S.Dev 4x4 =16**

**Closure of Paging Service
S. Dev. 3x3= 9**

**14.4 Staff Availability
SD / POD 4x3=12**

2   Probability   4

No RAG   **RAG**   **P x I = Score**

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Closure of Paging Service

	3 x 3 = 9	3 x 3 = 9	3 x 3 = 9
Feb 2017	Aug 2017	Nov 2017	Feb 2018

Staff Availability

3 x 3 = 9	4 x 3 = 12	4 x 3 = 12	4 x 3 = 12
Feb 2017	Aug 2017	Nov 2017	Feb 2018

Information Security Failure

	4 x 4 = 16	4 x 4 = 16	4 x 4 = 16
Feb 2017	Aug 2017	Nov 2017	Feb 2018

Risk to Funding

4 x 4 = 16	4 x 4 = 16	4 x 4 = 16	4 x 4 = 16
Feb 2017	Aug 2017	Nov 2017	Feb 2018

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Corporate Risks

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	∑	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/Impact of transformation at pace on attraction of new staff, retention and overall workforce stability.	COO / POD Dir.	Potential detrimental effects on service delivery to the community and our reputation. Failure to discharge statutory duties. Loss of critical knowledge / skills / capacity /competency levels.	(2) (5) (3) (4) (3) (5) (4) (5) (4) (5) (3) **4**	(5) (5) (5) (5) (5) (4) (3) (3) (3) (3) (3) **3**	(10) (25) (15) (20) (15) (20) (12) (15) (12) (15) (9) **12**	(M) (H) (H) (H) (H) (H) (M) (H) (M) (H) (M) **M**	• Full business continuity plans in place & uploaded to Resilience Direct. • Peer review of the business continuity arrangements • Bank System • Flexi-Duty System Pilot • Staff Transfer Procedure • Employee assistance and welfare support • Training Needs Assessment process • Monitoring of staff 'stability ratio' relative to best practice and sector norms • Review of Resourcing and Retention strategies • Wider range of contracts offering more flexible ways of working • A variety of approaches are being adopted to replenish the workforce. These include more operational apprentices, transferees, and re-engagement options • Workforce planning data is regularly reviewed with Service delivery, HR and Finance. • Project on Strategic Review of Operational Resourcing is underway with a number of work-streams, including On-Call and Geographic station reviews • Growth bids to be considered to support future resourcing demands.	A	**27 April 2017 PMB:** Recommended that potential impact of ongoing firefighter recruitment activities by neighbouring FRS on operational capacity and capability be considered for potential inclusion on Corporate Risk Register. **13 June 2017 SMB:** Following de-escalation of ageing workforce risk to POD risk register it was agreed that the scope of the staff availability risk should be expanded to include consideration of the impact of transformation at pace coupled with ongoing recruitment activities by neighbouring FRS on overall workforce stability. **4 July 2017 SMB** Agreed that the probability score for this risk should be increased to 4 (4 x 3 = 12) in view of risks to our ability to retain operational staff arising from impact of workforce change coupled with ongoing recruitment by neighbouring FRS. **19 September 2017 SMB** The risk has eased in the short term following take on of transferees and a new batch of apprentices. However, risk score to remain unchanged due to imminent London Fire Brigade recruitment campaign which is aiming to recruit 400 firefighters.

| | | | | | | | • Head of Service delivery is working with SC's to review reward options
• HR are reviewing the future promotion and career development options
• Competent temporary SC's substantiated without full IFE (December 2017) and a review of impact on Watch and Crew will be taking place December 2107.
• Full suite of appointments planned for 2018 | **14 November 2017 SMB**
Due to neighbouring services advertising for transferees at different levels there is an increased risk of operational staff transferring with only a month's notice. In particular LFB have advertised for Station Commanders and several staff have applied. The border services have less stringent promotion standards without the need for IFE, so staff are attracted by the future potential opportunities

13 February 2018
A review of the extant Career Development procedure, is currently being undertaken. Whilst it is anticipated some amendments will be necessary, these will not in any way be detrimental in continuing to raise standards. |

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed
			P	I	∑	HML			
Fin 14 – Funding and Savings Requirement	Director Finance & Assets	The funding settlement now assumes that a council tax increase is required each year in line with the prevailing capping limit, currently 3% for the Fire Authority, and that local growth meets expectations. If either or both did not come to fruition there is a risk the Authority will not meet its commitment to the PSP 2015-20 and that a fundamental re-think of service provision would be required.	(4) (3) (3) 4	(4) (4) (4) 4	(16) (12) (12) 16	H M M H	Proactive management of the MTFP is in force and is very closely aligned to workforce planning. For the present, USAR (S31) grant funding is assumed to continue, though notification now seems to be year on year and often after budget setting. If removed, the Authority will need to cope with a circa £800k cut in funding. The Authority has responded to consultations and lobbied MPs to increase the referendum threshold for fire authorities to £10.	R	**25th October 2016 SMB** In the 4 months since the outcome of the Referendum on the UK's Membership of the EU, a number of external factors have combined to create an unstable environment that could adversely affect the Authority's funding position the future. On top of 'Brexit' there is increasing inflation, the downturn in value of the £, proposed changes to business rates funding and an uncertain outlook for USAR funding post 17/18. These create a volatile combination and therefore no change is proposed to the risk assessment on funding or savings requirement at this stage. **17 January 2017 SMB** Given the weak position regarding any long term stability (or notification) for S31 USAR funding, it was determined to leave the risk unchanged. Additionally there is expected to be some pressure on the capital programme resources as the effects of external factors such as BREXIT and the fall in value of the pound put pressure on contract prices. **18 April 2017 SMB** Finance to review risk score in light of more secure outlook for USAR funding. **13 June 2017 SMB** Finance to review score following outcome of UK General Election. **4 July 2017 SMB** There remains no long term S31 funding for USAR and whilst the Government continues to provide

									only an annual settlement the risk of removal of that funding must remain high. In addition there is now considerable pressure on public sector pay with a NJC offer of 2% to firefighters for 2017 already higher than the 1% cap for which the Authority is funded. Therefore until the long term revenue funding for both USAR and for Firefighter Pay Settlements is assured, the risk score will remain unchanged. **19 September 2017 SMB** Risk to remain at red pending outcome of proposal to Central Government to relax Council Tax referendum threshold & outcome of national Firefighter pay negotiations. **13 February 2018 SMB** The Council Tax referendum threshold was raised from 2% to 3% in the provisional settlement, but growth in the base for 2018-19 was only 1.4% (compared to a forecast of 2%). The final settlement has not yet been announced. The USAR grant has been confirmed for 2018-19 but will be paid upfront in 2017-18, which raises further concerns about its long term viability. Outcomes of national Firefighter pay negotiations are still unknown and present a significant risk to our budgetary position.

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed	
			P	I	Σ	HML				
Paging:- closure of Vodafone's Vodapage service & transfer of service to Page One (Capita Service)	ICT Manager	The only alternative paging system (Page One) does not have the coverage in Buckinghamshire that Vodaphone has. Inability to contact / call out key staff for incidents / support.	3	3	9	M	Testing Page One devices. Investigating alternatives to paging. Reviewing pagers with additional capabilities (Wireless etc.) Collaborating on replacement solution with Thames Valley partners.	A	Pagers used for On Call, Appliances, Officers, Workshops, RMT and ICT. Previous usage of Page One was considered ineffectual due to coverage issues. Initial indications were that Vodapage will be turned off on November 30th 2017. However, Vodafone are now evaluating an App service and have also informed us that they have decided to move the hard closure date to 31st March 2018 providing additional time to pursue alternatives. The tender process is now close to completion. Indications are that the cost of the new contract will be similar to the previous arrangements so no significant financial implications are envisaged. 1 February 2018 PMB Update Work is underway to develop the new Mobilising Application and build the link with Capita Vison. There are 2 Go/No Go meetings planned for 5th February (integration testing) and 23rd February (UAT) with go live planned for late March. 13 February 2018 Update The initial testing has taken place and has proven the technology is	**4 July 17 SMB:** Agreed for inclusion in Corporate Risk Register. **24 October 2017 SMB:** Progress with tender process noted which, once complete, will facilitate closure of this risk.

									functioning. We have experienced an unforeseen technicality over the Code of Connection authorisation for TVFCS. This is delaying the project for up to 12 weeks as the paperwork has to be submitted to an external verification body via the Home Office. There is a robust Plan B which has now been put into action which will deliver an alternative temporary alerting system via SMS.	**13 February 2018 SMB:** Maintain at amber RAG status pending resolution of Code of Conduct issue.

Risk Description	Resp.	Consequences if Untreated Risk Occurs	Risk Score (Former) / New			Risk Level	Current Treatment	R A G	Comments / Further Treatment Proposed	
			P	I	Σ	HML				
Information security failure to - **a) comply with statutory or regulatory requirements** **b) manage technology** **c) manage organisational resources** Deliberate: unauthorised access and theft or encryption of data. Accidental: loss,	Senior Inform-ation Risk Owner (SIRO) Director Legal & Govern-ance	• Inability to access/use our e-information systems. • Severe financial penalties from the Information Commissioner • Lawsuits from the public whose sensitive personal information is accessed causing damage and distress.	4	4	16	H	**1. Appropriate roles:** - SIRO has overall responsibility for the management of risk - Information and information systems assigned to relevant Information Asset Owners (IAO's) - Department Security Officer (DSO) the Information Governance & Compliance Manager has day-to-day responsibility for the identification of information risks and their treatments - 'Stewards' assigned by IAO's with day-to-day responsibility for relevant information. **2. Virus detection/avoidance:** Anti-Malware report – no significant adverse trends identified which indicates that improved security measures such as new email and web filters are being successful in intercepting infected emails and links;	R	Some experts predict that by 2020 there will be 200 billion connected devices. Cars, planes, homes, cities - software is becoming ubiquitous. This is changing the way we live and how we behave and interact with the world around us. As technology becomes more and more deeply integrated into our lives, we become more dependent on it. This dependence makes us vulnerable if technology fails. For example, what happens when you're on the road and your smartphone runs out of battery - you cannot access your GPS, your contacts, or anything else. In such moments, you realize how dependent you are on technology. In today's world, it's important that technology is available, protected and secure. If not, we suffer consequences in our daily lives.	**15 Aug 17 SMB:** Agreed for inclusion in Corporate Risk Register. **24 Oct 17 SMB** Updates to treatments and comments noted. However, it was agreed that the risk score should remain at its present

| damage or destruction of data | | | | | | | **3**. **Policies / procedure:** Comprehensive review and amendment of the retention and disposal schedules / Information Asset Registers,
- current and tested business continuity plans / disaster recovery plans
- employee training/education
- tested data/systems protection clauses in contracts and data-sharing agreements
- Integrated Impact Assessments (IIA)
- disincentives to unauthorised access e.g. disciplinary action
4. Premises security:
- Preventative maintenance schedule
- Frequent audits at Stations and inventory aligned to asset management system.
- Reduction in the number of CCTV requests following improved education and guidance in relation to the use of the same;
- Premises Security Group re-established to meet on a three monthly basis aligned to the PMB meeting schedule. | | Due to the constant evolution of cyber- attacks there is no single way of defending our systems:
o Ensure best affordable systems defence is procured periodically
o Compliance to General Data Protection Regulation
o Ensure sub risks and treatments are assigned to most appropriate IAO.
o Investigate options for e-archiving and back-up tools
o Periodic information audits
o New email monitoring system currently under evaluation.
o Investing in ICT systems that allow faster, post attack, recovery.

1 February PMB Update
The business impact of cyber-attacks is increasing. As organisations implement new technologies they face disruption from an ever-changing threat landscape. Many organisations don't know how many attacks they've suffered or how these occurred. Breaching an organisation by targeting its employees continues to be the most common cause of attack. Although the average total financial cost of incidents decreased this year to £857,000, the impact of breaches was felt more widely with an average of 19 hours of down-time following an attack[1].

[1] PWC UK conducted its "Global State of Information Security® Survey 2018" based on interviews | level for the time being but kept under active review.

13 Feb 18 SMB Maintain RAG status at Red. |

							with 9,500 business and technology executives from 122 countries, including 560 UK respondents.	

ITEM 12

Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	7 March 2018
OFFICER	Graham Britten, Director of Legal and Governance
LEAD MEMBER	Councillor Netta Glover
SUBJECT OF THE REPORT	**General Data Protection Regulation (GDPR) Progress**
EXECUTIVE SUMMARY	The purpose of this report is to advise Members of the progress being made to ensure that the requirements of the GDPR will be met.
	It gives an update of departmental progress from interviews with the Authority's GDPR lead officers (**Appendix A**) and the findings of an online self-assessment from the Information Commissioner's Office (ICO) (**Appendix B**) including the ICO's feedback and proposals for next steps and an explanation of the self-assessment marking for each question.
ACTION	Noting.
RECOMMENDATIONS	That the report be noted.
RISK MANAGEMENT	The Corporate Risk Register includes an information security "red" risk of failure to:
	a) comply with statutory or regulatory requirements;
	b) manage technology;
	c) manage organisational resources.
	This is a high-level risk that contains a number of discrete records management issues that may impact on GDPR compliance. The twelve steps that the Information Commissioner's Office (ICO) recommends that organisations take (set out for ease of reference at **Appendix A**) have been included in the Information Governance Risk Register. These also contain numerous discrete risks which are being actioned or recorded for future action.
	Where an individual risk or its risk treatments are thought to have privacy implications an Integrated Impact Assessment (IIA) will be completed and any equality and diversity, place, health or environmental issues will be investigated as part of this process.

FINANCIAL IMPLICATIONS	There are no financial implications directly associated with this report. However, a number of risk treatments will have associated costs – such as training. A contingency budget and reserves are held in the event of a serious information disclosure breach incident occurring.
LEGAL IMPLICATIONS	None arising from the recommendations. Failure to comply with the GDPR and the Data Protection Act 2018 (when they come into effect) may result in reputational and financial risk for the Authority.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	The potential to share GDPR implementation plans with other FRS and agencies has been considered but, to meet business needs, organisations are prioritising the necessary actions in differing priority order. However, Data Protection Officers (DPOs), including the National Forum for Information Governance in the Fire and Rescue Service, have set up discussion groups aiming to clarify the meaning and impact of changes the regulation brings and to share their understanding and initiatives in introducing these changes.
HEALTH AND SAFETY	No issues of legal compliance to health and safety policy have been identified.
EQUALITY AND DIVERSITY	See "Risk Management".
USE OF RESOURCES	***Communication with stakeholders*** Good records management enables the Authority to demonstrate transparency in the management of public information and security in the protection of personal information. A number of discussions have taken place with managers about the changes in legislation, what they will need to do, and the support they and their teams will need. This includes appropriate training. The Authority intranet has been used to publish an article to explain what the changes in data protection legislation will mean to employees. Procedures to support the regulatory changes and codes of practice are being written and consulted on and further articles are planned to explain how these may affect the way we work. ***The system of internal control*** Departments have been developing a list of all the

	types of records / information they hold, whether these include personal and / or special category[1] information, where it is stored and how long for, and who is responsible for managing it. – This is recorded in the "Records Retention and Disposal / Information Asset Register" on the intranet and is being further developed to ensure that access to personal and special category information is only granted by a person in a role responsible for these records to people who have a lawful basis for accessing (i.e. processing) this information.
	Departments and teams have to undertake specific activities to ensure GDPR compliance by the 25 May 2018, when the regulation comes into effect in the UK. Progress of these activities will be advised to the Data Protection Officer (the Information Governance and Compliance Manager) who will report through the internal meeting structure to provide assurance to the Senior Information Risk Owner (the Director of Legal and Governance) that regulatory requirements are being met and continue to do so over time.
PROVENANCE SECTION & BACKGROUND PAPERS	**Background**
	The GDPR is a Regulation intended to strengthen and unify data protection for individuals within the European Union (EU). It is an evolution of the EU's data rules, the Data Protection Directive (DPD) and aims to address many of the shortcomings in the DPD which were seen as:
	• outdated, in terms of technology and regulatory approach;
	• having unclear objectives and insufficient focus on detriment, risk and practical enforcement;
	• bureaucratic, burdensome and too prescriptive;
	• unclear about how much choice and control individuals should have;
	• having become a rigid control mechanism with effort being devoted to the artificial justification of otherwise unobjectionable processing;
	• becoming increasingly unclear in terms of scope;
	• having unrealistic international transfer rules against a backdrop of high-volume, globalised data flows; and
	• insufficient for 21st century themes for regulating the privacy and integrity of personal information which must involve greater emphasis on trust, confidence, transparency, governance and

[1] Special category data is personal data which the GDPR says is more sensitive, and so needs more protection.

	accountability: privacy and safeguarding information have become major reputational issues for businesses and governments*. * Extract of the review of the <u>EU Data Protection Directive</u>: (May 2009). <u>Preparing for the General Data Protection Regulation (GDPR) 12 steps to take now (Information Commissioner's Office)</u> <u>General Data Protection Regulation – European Commission</u> <u>Guide to the General Data Protection Regulation (GDPR) – Information Commissioner's Office</u> <u>Data Protection Bill</u>
APPENDICES	Appendix A - GDPR Progress Report March 2018 Appendix B - ICO GDPR Checklist for Data Controllers February 2018 (as at 15 February 2018)
TIME REQUIRED	10 minutes.
REPORT ORIGINATOR AND CONTACT	Gerry Barry <u>gbarry@bucksfire.gov.uk</u> 01296 744442

Appendix A: GDPR Progress Report

1. Purpose

The purpose of this report is to advise Members of the progress being made to ensure that the requirements of the GDPR are being met. The Information Commissioner's Office (ICO) provides guidance to Data Protection Officers (DPOs) and others with day-to-day responsibility for data protection, to support the development of processes and procedures in readiness for the 25 May 2018 when the GDPR comes into effect in the UK. Core to this guidance is the ICO's: **Preparing for the GDPR: 12 steps to take now**

1 Awareness
Make sure that decision makers and key people in the organisation are aware that the law is changing to the GDPR. - They need to appreciate the impact this is likely to have.

2 Information you hold
Document what personal data we hold, where it came from and who we share it with.

3 Communicating privacy information
Review privacy notices and plan for making any necessary changes in time for GDPR implementation.

4 Individuals' rights
Check procedures to ensure they cover all the rights individuals have, including how we would delete personal data or provide data electronically and in a commonly used format.

5 Subject access requests
Update procedures and plan how we will handle requests within the new timescales and provide any additional information.

6 Lawful basis for processing personal data
Identify the lawful basis for our processing activity, document it and update our privacy notice to explain

7 Consent
Review how we seek, record and manage consent and whether we need to make any changes. Refresh existing consents if they don't meet the GDPR standard.

8 Children
Do we need to put systems in place to verify individuals' ages and obtain parental or guardian consent for any data processing activity?

9 Data breaches
Make sure we have procedures in place to detect, report and investigate a personal data breach.

10 Data Protection by Design and Data Protection Impact Assessments
Familiarise ourselves with the ICO's code of practice on Privacy Impact Assessments, guidance from the Article 29 Working Party, and how and when to implement them.

11 Data Protection Officers
Designate someone to take responsibility for data protection compliance and assess where this role will sit within your organisation's structure and governance arrangements. You should consider whether you are required to formally designate a Data Protection Officer.

12 International
If our organisation operates in more than one EU member state we should determine our lead data protection supervisory authority.

2. What is the difference between the Data Protection Bill and the GDPR

The GDPR has direct effect across all EU member states and UK organisations will have to comply with this regulation when it comes into force on 25 May. However, GDPR member states have limited opportunities to make provisions for how it applies in their country and, in the UK, the Data Protection Bill is one element of this and needs to be read in conjunction with the GDPR. Parts of the Bill cover the ICO's duties, functions, powers and enforcement provision.

3. Accountability and Governance

The GDPR promotes accountability and governance. Whilst these are currently implicit requirements of data protection law, good practice tools - such as privacy impact assessments and privacy by design – under the "accountability principle[2]" these will, in certain circumstances, be a legal requirement. To demonstrate compliance we must implement appropriate technical and organisational measures. These may include privacy procedures, employee training, internal audits of processing activities, and the use of tools that meet the principles of data protection by design and by default, for example:

- data minimisation;
- pseudonymisation;
- transparency;
- allowing individuals to monitor processing; and
- the ongoing creation and improvement of security.

4. Training

GDPR is the most significant change to Data Protection in the last twenty years and it is important that all employees have a general understanding of the regulation and a more detailed understanding of how it impacts their working processes.

Some individuals with a day-to-day role in processing personal information have received GDPR training and are helping to cascade this learning to their teams. An external training organisation has also been engaged to provide on-site training to four large groups to enable faster organisational learning and reduce the risk of a breach of information security. The Data Protection Officer will continue to produce articles on the intranet to raise awareness and encourage employees to ask questions about what the changes will mean to their role so that role specific training can be delivered.

5. Procurement

Under the Data Protection Act we are required to have a written contract in place between the Authority (the Controller) and Processor,[3] outlining the security measures in place to protect personal information. The GDPR requires much more - it specifies the detailed terms the contract must contain with the aim of setting high standards and protecting the interests of data subjects. Both controllers and processors may now be liable to pay damages or be subject to significant fines or penalties.

Our procurement team have been working with colleagues across the Thames Valley (both Fire and Rescue Service and the Thames Valley Police) to develop standard

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[2] Article 5(2) It is our responsibility to demonstrate that you comply with these accountancy principles.
[3] A controller is a natural or legal person or organisation which determines the purposes and means of processing personal data; and a processor is a natural or legal person or organisation which processes personal data on behalf of a controller.

contract terms and conditions for all contracts that will be put in place, or continue, from 25 May 2018.   A letter will be sent to all our suppliers explaining the reasons for the changes and their new obligations.

6. Data-sharing and the lawful basis for processing

As the GDPR brings in new accountability and transparency requirements, we must clearly document the lawful basis for processing people's personal information. For contracts with suppliers providing data processing services on behalf of the Authority, this is part of the procurement team's review, but departments also share data with other organisations and are currently reviewing the agreements they have with them to ensure that we understand and record the lawful basis for sharing (processing) this personal information, inform people of this, and include it in our privacy notices.

7. Policies and Procedures

All departments are reviewing the policies and procedures that deal with personal information. Some of the changes necessary may not be clear until the Data Protection Bill becomes law, at which time the changes will be implemented and employees consulted to ensure they understand what these changes mean to them.

Appendix B: GDPR Checklist for Data Controllers

The ICO has produced an online self-assessment tool for data controllers to verify their progress against the requirements of the GDPR. This has been completed by the DPO and submitted online. An automated response, from the ICO advising actions that should (where the assessment is RED i.e. not yet implemented or planned) be taken or (where the assessment is AMBER i.e. partially implemented or planned) offering a number of options to choose from, is then received. – Where the options are already covered or being covered they have not been included.

ICO guidance and suggested actions are shown in black text with questions in black italics. Self-assessments and comments are shown in colour (see "overall rating" below).

Overall rating: As at 15 February our overall rating was amber

3	Not yet implemented or planned	+ DPO comments
17	Partially implemented or planned	+ DPO comments
7	Successfully implemented	+ DPO comments
2	Not applicable	+ DPO comments

Step 1 of 4: Lawfulness, fairness and transparency

1.1   Information you hold

You should organise an information audit across your business or within particular business areas. This will identify the data that you process and how it flows into, and out of your business. An information flow can include a transfer of information from one location to another. (For example, site to site).

1.1a Your business has conducted an information audit to map data flows.

AMBER: Partially implemented or planned

An initial audit has been undertaken by each department which has been documented.   The DPO has assessed as partially implemented as not all data has been identified.

You should: Ensure this is conducted by someone with in-depth knowledge of your working practices; and identify and document any risks you have found, for example in a risk register.

1.2b Your business has documented what personal data you hold, where it came from, who you share it with and what you do with it.

AMBER: Partially implemented or planned

The origin of data is being identified. The arrangements in place for sharing this data and what it is used for are also being identified.

You should:

- maintain records of processing activities detailing what personal data you hold, where it came from, who you share it with and what you do with it. This will vary depending on the size of your business;

- ensure you have procedures to guide staff on how to manage information you hold.

1.2 Lawful bases for processing personal data

You need to identify lawful bases before you can process personal data and special categories of data. Your lawful bases for processing have an effect on individual's rights. For example, if you rely on someone's consent to process their data, they will have a stronger right to have their data deleted. It is important that you let individuals know how you intend to process their personal data and what your lawful bases are for doing so, for example in your privacy notice(s).

1.2a Your business has identified your lawful bases for processing and documented them.

AMBER: Partially implemented or planned

A number of Fire and Rescue Services (FRS) are working together to try to agree lawful bases for processing information for all the services we provide.

1.3 Consent

The GDPR sets a high standard for consent. Consent is not always needed and you should also assess whether another lawful bases is more appropriate. Consent means offering people genuine choice and control over how you use their data. You can build trust and enhance your business by using consent properly.

Your obligations don't end when you first get consent. You should continue to review consent as part of your ongoing relationship with individuals, not a one-off compliance box to tick and file away. Keep consent under review, and refresh it if anything changes. You should have a system or process to capture these reviews and record any changes.

If your current consent doesn't meet the GDPR's high standards or is poorly documented, you will need to seek fresh GDPR-compliant consent, identify a different lawful basis for your processing (and ensure continued processing is fair), or stop the processing.

1.3b Your business has systems to record and manage ongoing consent.

AMBER: Partially implemented or planned

While systems are in place these may not be adequate under GDPR and are being reviewed.

You should:

- Keep a record of when and how you got consent from the individual.
- Keep a record of exactly what they are told at the time.
- Regularly review consent to check that the relationship, processing and the purposes have not changed.
- Have processes to refresh consent at appropriate intervals, including any parental consent.
- Make it easy for individuals to withdraw their consent at any time and publicise how to do so.
- Act on withdrawals of consent as soon as you can.
- Don't penalise individuals who wish to withdraw consent.

1.3a Your business has reviewed how you ask for and record consent.

AMBER: Partially implemented or planned

Process of consent is currently being reviewed.

You should:

- Check that consent is the most appropriate lawful bases for processing.
- Give granular options to allow individuals to consent separately to different types of processing wherever appropriate.
- Name your business and any specific third party organisations who will rely on this consent.
- Tell individuals they can withdraw consent at any time and how to do this.
- Ensure that individuals can refuse to consent without detriment.
- Don't make consent a precondition of service.

1.4 Consent to process children's personal data for online services

If you offer online services to children and you rely upon consent, only a child aged 13 or over will be able to provide their own consent.

1.4a If your business relies on consent to offer online services directly to children, you have systems in place to manage it.

Not applicable

The Authority does not offer online services for children.

1.5 Registration

1.5a Your business is currently registered with the Information Commissioner's Office.

GREEN: Successfully implemented

Until May 2018, you are still required to register with the ICO (unless an exemption applies).After May 2018 you need to pay the ICO a data protection fee.

Step 2 of 4: Individuals' rights

2.1 Right to be informed including privacy notices

Individuals need to know that their data is collected, why it is processed and who it is shared with. You should publish this information in your privacy notice on your website and within any forms or letters you send to individuals.

2.1a Your business has provided privacy notices to individuals.

Your business has made privacy notices readily available to individuals.

AMBER: Partially implemented or planned

Privacy notices have to be amended to ensure the basis for processing is clearly understood. There may be a need for additional notices.

You should:

Your privacy notice should:

- let individuals know who you are, why you are processing their data and who you share it with;
- be written in clear and plain language, particularly if addressed to a child;
- free of charge.

2.2 Communicate the processing of children's personal data

You must provide children with the same fair processing information as you give adults. It will be good practice to also explain the risks involved in the processing and the safeguards you have put in place.

2.2a If your business offers online services directly to children, you communicate privacy information in a way that a child will understand.

Not applicable

The Authority does not offer online services for children. However, as part of the review of privacy notices the use of simple language will be considered.

2.3 Right of access

Individuals have the right to obtain:

- confirmation that their data is being processed;
- access to their personal data; and
- other supplementary information – this largely corresponds to the information that you should provide in a privacy notice.

You should provide a copy of the information free of charge. However, you can charge a 'reasonable fee' under certain circumstances.

2.3a Your business has a process to recognise and respond to individuals' requests to access their personal data.

GREEN: Successfully implemented.

However, all written procedures are under review and the Data Protection procedure will include the circumstances for charging.

2.4 Right to rectification and data quality

2.4a Your business has processes to ensure that the personal data you hold remains accurate and up to date.

AMBER: Partially implemented or planned

All written procedures are under review and the Data Protection procedure will include the circumstances for charging.

You should:

- implement procedures to allow individuals to challenge the accuracy of the information you hold about them and have it corrected if necessary;
- have procedures to inform any data processors (third parties) you have disclosed the information about the rectification where possible;
- conduct regular data quality reviews of systems and manual records you hold to ensure the information continues to be adequate for the purposes of processing; regularly review information to identify when you need to correct inaccurate records, remove irrelevant ones and update out-of-date ones; and

- promote and feedback any data quality trends to staff through ongoing awareness campaigns and internal training.

2.5 Right to erasure including retention and disposal

Individuals have the right to be forgotten and can request the erasure of personal data when:

- it is no longer necessary in relation to the purpose for which it was originally collected/processed;
- the individual withdraws consent;
- the individual objects to the processing and there is no overriding legitimate interest for continuing the processing;
- it was unlawfully processed (ie otherwise in breach of the GDPR);
- it has to be erased in order to comply with a legal obligation; or
- it is processed in relation to the offer of information society services to a child.

However, the request does not give them an automatic right to have their data erased.

2.5a Your business has a process to securely dispose of personal data that is no longer required or where an individual has asked you to erase it.

AMBER: Partially implemented or planned

The Authority has a written retention schedule in place that is under further development. See 1.1 and 1.2 above.

You should:

- have procedures in place which allow individuals to request the deletion or erasure of their information your business holds about them where there is no compelling reason for its continued processing;
- have procedures to inform any data processors (third parties) you have shared the information with about the request for erasure;
- have procedures to delete information from any back-up systems;

2.6 Right to restrict processing

Individuals have a right to block or restrict the processing of personal data. When processing is restricted, you are permitted to store the personal data, but not further process it. You can retain just enough information about the individual to ensure that the restriction is respected in the future.

2.6a Your business has procedures to respond to an individual's request to restrict the processing of their personal data.

RED: Not yet implemented or planned

A process will be put in place to restrict the processing of personal data as permitted under the GDPR and under the new Data Protection Act (once these come into effect).

You should:

- review your procedures to determine where you may be required to restrict the processing of personal data;
- implement a process that will enable individuals to submit a request to you;

- have a process to act on an individual's request to block or restrict the processing of their personal data;
- have procedures to inform any data processors (third parties) you have shared the information with, if possible; and
- inform individuals when you decide to lift a restriction on processing.

2.7 Right of data portability

The right to data portability allows individuals to obtain and reuse their personal data for their own purposes across different services. They can receive personal data or move, copy or transfer that data from one business to another in a safe and secure way, without hindrance.

2.7a Your business has processes to allow individuals to move, copy or transfer their personal data from one IT environment to another in a safe and secure way, without hindrance to usability.

RED: Not yet implemented or planned

A process will be put in place to facilitate the movement, copying of transfer of personal data, when requested by the individual.

You should:

- provide the personal data in a structured, commonly used and machine readable format;
- ensure that the medium in which the data is provided has appropriate technical measures in place to protect the data it contains; and
- ensure that the medium in which the data is provided allows individuals to move, copy or transfer that data easily from one organisation to another without hindrance.

2.8 Right to object

Individuals have the right to object to processing based on legitimate interests or the performance of a task in the public interest/exercise of official authority (including profiling); and processing for purposes of scientific/historical research and statistics. Individuals must have an objection on "grounds relating to his or her particular situation".

2.8a Your business has procedures to handle an individual's objection to the processing of their personal data.

RED: Not yet implemented or planned

A process will be put in place to stop or prevent the processing of personal data as permitted under the GDPR and under the new Data Protection Act (once these come into effect).

You should:

- review your processes and privacy notice(s) to ensure they inform individuals of their right to object "at the point of first communication". This information should be displayed or given clearly and separately from any other information;
- have processes in place to investigate an individual's objection to the processing of their personal data within the legitimate grounds outlined within the GDPR; and
- provide training or raise awareness amongst your staff to ensure they are able to recognise and respond (or know where to refer the request to) to an objection raised by an individual.

2.9 Rights related to automated decision making including profiling

The GDPR provides safeguards for individuals against the risk that a potentially damaging decision is taken without human intervention.

2.9a Your business has identified whether any of your processing operations constitute automated decision making and have procedures in place to deal with the requirements.

AMBER: Partially implemented or planned

The Authority's procurement contracts are currently being reviewed and as part of this the use of automated processing by any processor will be identified and documented. (See 3.2)

You should:

- identify whether any of your processing operations constitute automated decision making;
- ensure that within any automated processing or decision making you undertake individuals are able to obtain human intervention, express their point of view and obtain an explanation of the decision and challenge it;
- implement appropriate safeguards when processing personal data for profiling purposes.

Step 3 of 4: Accountability and governance

3.1 Accountability

Documenting policies alone is often not enough to provide assurances that staff are adhering to the processes they cover. You should ensure that you have a process to monitor compliance to data protection and security policies. Measures that are detailed within the policies should be regularly tested and the results reported to senior management to provide assurances as to their continued effectiveness.

3.1a Your business has an appropriate data protection policy.

AMBER: Partially implemented or planned

The Data Protection procedure will be reviewed to reflect additional requirements of the GDPR and the revised Data Protection Act (once this comes into effect).

3.1b Your business monitors your own compliance with data protection policies and regularly reviews the effectiveness of data handling and security controls.

AMBER: Partially implemented or planned

Compliance process will be reviewed to reflect additional requirements of the GDPR and the revised Data Protection Act (once this comes into effect).

You should:

- establish a process to monitor compliance to the policies;
- regularly test the measures to provide assurances that they continue to be effective;
- ensure that responsibility for monitoring compliance with the policies is independent of the persons implementing the policy, to allow the monitoring to be unbiased; and
- report any results to senior management.

3.1c Your business provides data protection awareness training for all staff.

You should brief all staff handling personal data on their data protection responsibilities. It is good practice to provide awareness training on or shortly after appointment with updates at regular intervals or when required. Specialist training for staff with specific duties, such as, information security and database management and marketing, should also be considered.

The regular communication of key messages is equally important to help reinforce training and maintain awareness (for example intranet articles, circulars, team briefings and posters).

GREEN: Successfully implemented

Training is delivered to all employees as part of induction and is refreshed at least every two years. One to one and 'one to many' training for employees with specific roles in managing personal information is also given. A programme of GDPR training has been identified and will be implemented by the time GDPR comes into effect on 25 May.

3.2 Data processor contracts

Whenever you use a processor you need to have a written contract in place so that both parties understand their responsibilities and liabilities. The GDPR sets out what needs to be included in the contract. You are liable for your processor's compliance with the GDPR and must only appoint processors who can provide 'sufficient guarantees' that the requirements of the GDPR will be met and the rights of data subjects protected.

3.2a Your business has a written contract with any data processors you use.

AMBER: Partially implemented or planned

The Authority's procurement contracts are currently being reviewed to ensure that the contract terms meet the additional requirements of the GDPR.

3.3 Information risks

You should set out how you (and any of your data processors) manage information risk. You need to have a senior staff member with responsibility for managing information risks, coordinating procedures put in place to mitigate them and for logging and risk assessing information assets. Where you have identified information risks, you should have appropriate action plans in place to mitigate any risks that are not tolerated or terminated.

3.3a Your business manages information risks in a structured way so that management understands the business impact of personal data related risks and manages them effectively.

GREEN: Successfully implemented

In addition to the Corporate Risk Register there is an Information Management Risk Register managed by the DPO, detailing all identified information risks.

3.4 Data Protection by Design

Under the GDPR, you have a general obligation to implement appropriate technical and organisational measures to show that you have considered and integrated data protection into your processing activities. This is referred to as data protection by design and by default. You should adopt internal policies and implement measures which help

your organisation comply with the data protection principles – this could include data minimisation, pseudonymisation and transparency measures.

3.4a Your business has implemented appropriate technical and organisational measures to integrate data protection into your processing activities.

AMBER: Partially implemented or planned

All written procedures are under review and additional procedures may be required to reflect processes used to protect information.

You should:

- look to continually minimise the amount and type of data you collect, process and store, such as by undertaking regular information and internal process audits across appropriate areas of the business;
- create, review and improve your data security features and controls on an ongoing basis.

3.5 Data Protection Impact Assessments (DPIA)

DPIAs help you to identify the most effective way to comply with your data protection obligations and meet individuals' expectations of privacy. An effective DPIA will allow you to identify and fix problems at an early stage, reducing the associated costs and damage to your reputation which might otherwise occur.

3.5a Your business understands when you must conduct a DPIA and has processes in place to action this.

GREEN: Successfully implemented

Privacy Impact Assessments have been in place for some time and the process is under constant review to ensure that they are conducted early when a new process or project is being initiated. The process will be revised to change the name to DPIA as part of the Integrated Impact Assessment process.

3.5b Your business has a DPIA framework which links to your existing risk management and project management processes.

GREEN: Successfully implemented

Privacy Impact Assessments have been in place for some time and the process is under constant review to ensure that they are conducted early when a new process or project is being initiated. The process will be revised to change the name to DPIA as part of the Integrated Impact Assessment process.

3.6 Data Protection Officers

It is important to make sure that someone in your business, or an external data protection advisor, takes responsibility for data protection compliance. The DPO should work independently, report to the highest management level and have adequate resources to enable your organisation meet its GDPR obligations. The DPO's minimum tasks are to:

- inform and advise the organisation and its employees about their obligations to comply with the GDPR and other data protection laws.

- monitor compliance with the GDPR and other data protection laws, including managing internal data protection activities, advise on data protection impact assessments; train staff and conduct internal audits.
- be the first point of contact for supervisory authorities and for individuals whose data is processed (employees, customers etc).

3.6a Your business has nominated a data protection lead or (DPO).

GREEN: Successfully implemented

The Authority has had a DPO under the Data Protection Act 1998. The Information Governance and Compliance Manager is the DPO and is managing the process of GDPR implementation.

3.7 Management Responsibility

You should make sure that decision makers and key people in your business are aware of the requirements under the GDPR. Decision makers and key people should lead by example, demonstrating accountability for compliance with the GDPR and promoting a positive culture, within your business, for data protection. They should help to drive awareness amongst all staff regarding the importance of exercising good data protection practices, take the lead when assessing any impacts to your business and encourage a privacy by design approach.

3.7a Decision makers and key people in your business demonstrate support for data protection legislation and promote a positive culture of data protection compliance across the business.

 AMBER: Partially implemented or planned

This has been assessed as partial as, although decision makers and key people are largely aware of the requirements under the GDPR, to facilitate them in their supporting roles, additional training will be made available.

You should:

- ensure you have a policy framework and information governance strategy in place to support a positive data protection and security culture which has been endorsed by management;
- run regular general awareness campaigns across your business to educate staff on their data protection and security responsibilities and promote data protection and security awareness and compliance.

Step 4 of 4: Data security, international transfers and breaches

4.1 Security policy

You should process personal data in a manner that ensures appropriate security. You will need to assess the risks to the personal data you hold and choose security measures that are appropriate to your needs. Keeping your IT systems safe and secure can be a complex task and does require time, resource and (potentially) specialist expertise. If you are processing personal data within your IT system(s) you need to recognise the risks involved and take appropriate technical measures to secure the data.

4.1a Your business has an information security policy supported by appropriate security measures.

AMBER: Partially implemented or planned

Information security is covered in a number of procedures but these will be reviewed to reflect additional requirements of the GDPR and the revised Data Protection Act (once these come into effect).

You should:

- ensure the policy covers key information security topics such as network security, physical security, access controls, secure configuration, patch management, email and internet use, data storage and maintenance and security breach / incident management;

- implement appropriate technical and organisational measures to ensure a level of security appropriate to the risk, in accordance with your security policy

- implement periodic checks for compliance with policy, to give assurances that security controls are operational and effective; and

- deliver regular staff training on all areas within the information security policy.

4.2 International transfers

The GDPR imposes restrictions on the transfer of personal data outside the European Union, to third countries or international organisations. These restrictions are in place to ensure that the level of protection of individuals afforded by the GDPR is not undermined. Personal data may only be transferred outside of the EU in compliance with the conditions for transfer set out in Chapter V of the GDPR.

4.2a Your business ensures an adequate level of protection for any personal data processed by others on your behalf that is transferred outside the European Economic Area.

AMBER: Partially implemented or planned

The Authority's procurement contracts are currently being reviewed and any appropriate arrangements for the processing of information will include overseas transfers.

4.3 Breach notification

The GDPR introduces a duty on all organisations to report certain types of personal data breaches to the ICO and, in some cases, to the individuals affected. A personal data breach means a breach of security leading to the destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. In all cases you must maintain records of personal data breaches.

You should make sure that your staff understand what constitutes a personal data breach, and that this is more than a loss of personal data.

4.3a Your business has effective processes to identify, report, manage and resolve any personal data breaches.

AMBER: Partially implemented or planned

An internal breach reporting procedure will be developed which will have robust breach detection, investigation and internal reporting procedures in place which will facilitate decision-making as to the need to notify the relevant supervisory authority or the public.

You should:

- train staff how to recognise and report breaches;
- have a process to report breaches to the appropriate individuals as soon as staff become aware of them, and to investigate and implement recovery plans;
- put mechanisms in place to assess the likely risk to individuals and then, if necessary, notify individuals affected and report the breach to the ICO; and
- monitor the type, volume and cost of incidents to identify trends and help prevent recurrences.

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	7 March 2018
OFFICER	Graham Britten, Director Legal and Governance
LEAD MEMBER	Councillor David Watson
SUBJECT OF THE REPORT	**2016/17 Compliments and Complaints**
EXECUTIVE SUMMARY	This purpose of this report is to advise of complaints made and, following investigation, any that were upheld. It includes details of the corrective action taken to reduce or remove the problem and improve public perception of the services we provide. It also serves to note public satisfaction and, where new good practice is identified, to improve standard operating procedures. As the numbers of compliments and complaints is relatively low, data from the annual satisfaction survey "After the Incident" is included to capture the perceptions of those experiencing an incident in the home or in non-domestic premises with 316 non-domestic 377 domestic incident surveys being completed. No complaints were investigated by the Ombudsman or the Information Commissioner during this reporting period. In light of the growing number of information security incidents, both in the UK and overseas, the report also reflects on complaints that may arise from a breach of information security and the potential impact. In the first quarter of 2016/17 the Information Commissioner's Office (ICO) issued fines to five organisation's for failing to take appropriate technical and organisational measures to prevent unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data: £55,000 to Construction Materials Online Ltd. £150,000 to Greater Manchester Police £150,000 to Basildon Borough Council £100,000 to Gloucester City Council £60,000 to Boomerang Video Ltd. Not all attacks are against personal information, some are:

	- attempts to make an organisation pay to release information that has been encrypted and made unavailable. - to prevent an organisation from conducting its business. - to destroy and organisation's / individuals files and attack everyone in e-mail contact lists.
ACTION	Noting
RECOMMENDATIONS	That the report be noted.
RISK MANAGEMENT	The public are encouraged to raise concerns/make complaints and, if required, are given assistance to do so. There are sufficient investigating officers trained in complaints handling to ensure that complaints are rigorously investigated, resolved as quickly as possible and, wherever possible, to the satisfaction of the complainant. To protect the privacy of the complainant, all personal data is removed when no longer needed to support investigations. If a complaint is upheld and actions to prevent a similar incident occurring cannot be put in place immediately, the need for a risk treatment will be recorded in in a project/department or the corporate risk register. These risk registers are frequently reviewed. There is a large number of information risks and although a number of treatments are in place to mitigate these, the potential severity of risks being realised means that information security has been evaluated as "red and included in the Corporate Risk Register. If a breach occurred it is likely to lead to a complaint that could have serious implications for the Authority both under the Data Protection Act and General Data Protection Regulation (GDPR).
FINANCIAL IMPLICATIONS	Whilst there are costs associated with investigating complaints, the cost associated with corrective action has been small. For example, repairs to grass verges. However a contingency budget and/or reserves are held in the event of a serious incident occurring.
LEGAL IMPLICATIONS	Actual or potential legal implications are considered during the investigation of a complaint. To proactively avoid complaints projects, policies, processes and procedures are reviewed when changes in good practice are identified or when there is a pending change to legislation, such as the General Data Protection Regulation (GDPR) and Data Protection Act.

CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	Complaints could arise from any of a number of business projects, processes and procedures and many of these have been developed in collaboration with other Fire and Rescue Services and/or other partner agencies. During development and through to implementation, these are risk and impact assessed to reduce incidents that may lead to complaints arising.
HEALTH AND SAFETY	Any actual or potential health and safety issues are considered during the investigation of a complaint.
EQUALITY AND DIVERSITY	Any actual or potential equality and diversity issues are considered during the investigation of a complaint.
USE OF RESOURCES	Buckinghamshire & Milton Keynes Fire Authority is a public authority, complaints against which may be subject to investigation by the Local Government Ombudsman. The Ombudsman will usually decline investigation until the public authority's internal complaints procedure has been exhausted. It is therefore important that there is a complaints procedure in place; and that it is understood by users and the authority, so that complaints are not escalated to the Ombudsman.
PROVENANCE SECTION & BACKGROUND PAPERS	**Background** The last report was made on 14 September 2016. (see item 11).
APPENDICES	Appendix A
TIME REQUIRED	5 minutes
REPORT ORIGINATOR AND CONTACT	Gerry Barry gbarry@bucksfire.gov.uk 01296 744442

Appendix A

Compliments and complaints received 2014/15 – 2016/17

1. Purpose
This purpose of this report is to consider how data for 2016/17 compares to the two previous years 2015/16 and 2014/15, advise of any 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 the Authority provides. It also serves to note public satisfaction and record compliments received and, if a compliment represent a new good practice, to identify measures taken to ensure that this becomes standard practice.

In light of the number of information security incidents, both in the UK and overseas, this year's report also reflects on complaints that may arise from a breach of information security.

2. 2016/2017 Complaints
14 complaints were received in 2016/17 with four upheld.
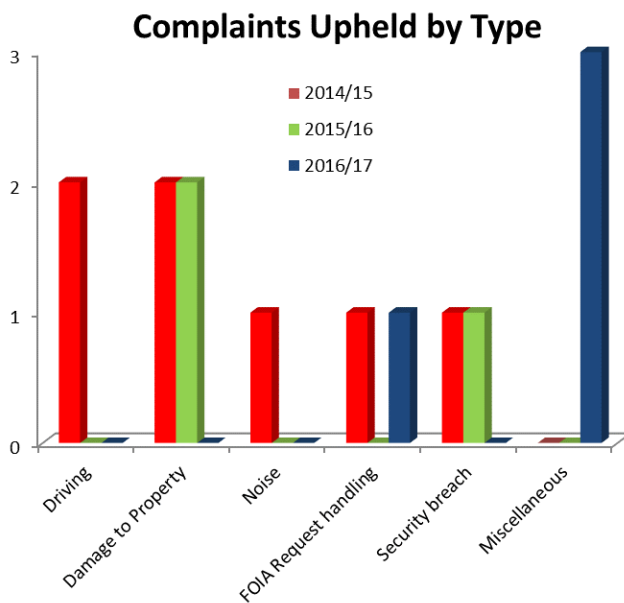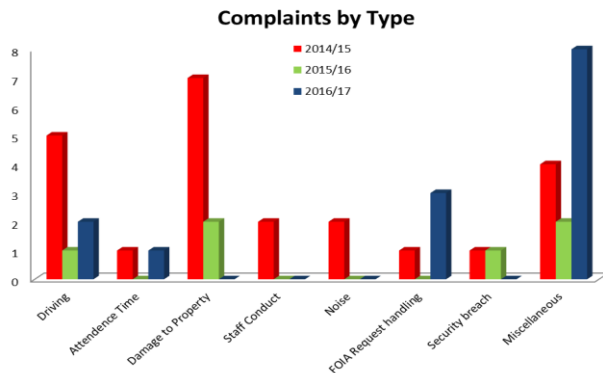
Freedom of Information request

Compliments and Complaints

The Information Commissioner's Office (ICO) has received a complaint about the way Buckinghamshire Fire & Rescue Service handled a series of requests about incidents. Rather than wait for a ruling from the ICO the requested information was released.

Miscellaneous - Key given to neighbour
Following a fire call where the owner was absent from the premises, forced entry was made. The premises were secured by our contractors and the key for the padlock left with a neighbour. The homeowner raised a number of issues which were found to be inaccurate and not upheld. However one of the issues was about our contractor leaving the key with a neighbour. This had been done for the homeowner's convenience so that he/she would not have to go to the Fire Station to collect it – a visit that would prove fruitless if the Station crew were called to an incident. The procedure has been amended and where an owner's consent cannot be obtained to leave the key with a neighbour, the key will be held at the Fire Station.

Miscellaneous - Overgrown foliage
Buckinghamshire and Milton Keynes Fire Authority had not cut back foliage at Bletchley. This has now been scheduled into Facilities team workload.

Miscellaneous - Parking in a disabled bay
An employee parked an Authority vehicle in a disable bay and was not displaying a blue badge permit. The employee was referred to his/her line manager and appropriate disciplinary action was taken.

After the incident - Customer satisfaction report 2016/17

	Domestic		
	2014/15	**2015/16**	**2016/17**
Respondents	112	291	366
Very Satisfied	95%	93%	92%
Fairly Satisfied	5%	4%	5%
Total	**100%**	**97%***	**97%***
	Non-Domestic		
Respondents	25	227	309
Very Satisfied	96%	89%	88%
Fairly Satisfied	4%	7%	8%
Total	**100%**	**96%***	**96%***

The Authority continues to subscribe to the annual confidential survey which measures the satisfaction of members of the public who have experienced an incident in the home or in a non-domestic dwelling. These surveys are a good indication of how well the community is served when an incident occurs, and supplements the compliments and complaints received from other sources to provide a wide range of feedback. We received 377 completed surveys for incidents in the home (307 for 2015/16) and 231 for non-domestic incidents (4750 all non-domestic incidents). The questionnaires are returned to Opinion Research Services (ORS) who analyse the returns and publish the results annually. Participating FRA's are measured against 24 indicators in three groups.

In terms of overall satisfaction with performance at incidents in the home, the Authority scored 97 out of a 100 and for non-domestic incidents, 96 out of a 100.
* Where the figures do not add up to 100% the person completing the survey was 'neither satisfied nor dissatisfied' or 'dissatisfied'.

3.1 Dissatisfaction – Incidents in the home

The bulleted list below is the negative comments from people who experienced an incident in the home. Neutral comments, for example "A pan on the cooker caught fire. My fault, I neglected it" have not been included.

- I did have to call again to check they were coming.

- I expected them to arrive quicker.

- It seemed a long time, but probably wasn't, we were very distressed and shocked at the time.

- It took fifteen minutes for the fire service to arrive.

- The assessor came first and that took 25 minutes before the main crew called and they came 30 minutes later.

- The timing was explained, after an investigation by the fire officer.

- We could hear the siren, but it took a while before they arrived. Possibly our anxiety.

- We live a few miles from the fire station so understand it can take a while.

3.2 Dissatisfaction – Non-domestic incidents

The two negative comments below were submitted with the survey of non-domestic incidents.

- 20 minutes. came from another station.
- A quicker response would have been reassuring.
- Fire crew went to wrong address.
- Fire service did not attend. informed of false alarm.
- Slow response time, considering the fire station is only five miles away.
- Ten minutes to arrive. Is this normal?
- Cat was stuck on roof for three days and nights.

3.3 Satisfaction – Incidents in the home

- Amazingly quick in getting here, thank you.

- Certainly did not expect two fire engines with blue lights flashing. thank you.

- Fantastic response.

- I found them very helpful.

- I thought they were all brilliant.

- I was very pleased with the efficient service and the helpful manner of the fireman.

- The firemen were over the road. i asked for help and they were really good.

- Two engines arrived from different stations, around the same time, very efficient.

- Very grateful for our fire services, we had no stopcock for main water pipe. FRS had to turn off in the road area.

- Very helpful and friendly.

- Very helpful, turned off electric.

- The firemen were very reassuring and checked everything thoroughly.

- They arrived very quickly.

- They were excellent.

- I thought they would come from Watlington, not High Wycombe. it was a fast response from High Wycombe though.

3.4 Satisfaction – Non-domestic incidents

- Less than four minutes.

- On site very quickly.

- Very prompt to respond to call.

4. 2016/ 2017 Compliments

There was an increase in the number of written compliments received in 2016/17 - 27 letters whilst these were predominantly about help at incidents (17) there was also two regarding sensitive behaviour around animals, two about help received on projects, three about Home Fire Safety visits, and three for attendance at events. The high level of satisfaction 98/100 for incidents in the home and 97/100 for non-domestic incidents is reassuring and there were a number of positive comments included.

5. Preparing for events that could lead to complaints

Whilst we are constantly reviewing our services to try to ensure that the public gets the best possible services from the resources available, the information we use to deliver these services has increasingly come under threat. We store personal information about our employees and members of the public and this information can be sensitive and, if accessed by unauthorised people, may cause damage and/ or distress and are likely to result in complaints.

Under the Data Protection Act we are required to take appropriate technical and organisational measures to prevent unauthorised or unlawful processing of personal data and against accidental loss or destruction of, or damage to, personal data. To comply with the General Data Protection Regulation (GDPR) we must demonstrate that we have implemented measures to ensure data protection by design (built in technical safeguards).

Investment in cryptographic controls such as intrusion detection technology (to prevent suspicious email getting into our systems), processes for managing information and employee education, will help to protect the Authority and the public. We continue to keep the risk of unauthorised access at "Red" as those wishing to attack our systems and trick people into releasing information are always working to find new methods to achieve this.

The consequences of non-compliance are immense, not only in terms of the harm that could be done to individuals, the reputation of the organisation and our ability to

share information with other organisations, but also in the financial damage that could result in a substantial fines from the Information Commissioners Officer (ICO) – currently up to £500,000 for a serious breach but up to €20,000,000 under the GDPR.

6. Extract of a report from the ICO for 2016/17

In the first quarter of 2016/17 the ICO issued five fines:

- £55,000 to Construction Materials Online Ltd. Who did not have appropriate technical measures in place to prevent an attack and was unaware its website contained a coding error, which led to an attacker using a common hacking technique called an SQL injection, to access 669 unencrypted cardholder details including names, addresses, account numbers and security codes.

- £150,000 to Greater Manchester Police who failed to keep highly sensitive personal information in its care secure and sent unencrypted DVDs to the National Crime Agency, which showed named victims talking openly - but these DVDs were never received and have never been found.

- £150,000 to Basildon Borough Council for publishing information (which formed part of a planning application) relating to a static traveller family who had been living on a site for many years. It referred to the family's disability requirements, including mental health issues, the names of all the family members, their ages and the location of their home.

- £100,000 to Gloucester City Council after a cyber attacker accessed personal sensitive information of 30 – 40 employees. The council had detected the virus in its systems but forgot to patch them.

- £60,000 to Boomerang Video Ltd. Who failed to take basic steps to stop its website being attacked and the attacker was able to query the customer database and download text files containing 26,331 cardholder details (including name, address, primary account number, expiry date and security code). The attacker was able to gain access to the decryption key with ease, using information in configuration files on the web server. Industry guidelines prohibit the storage of the security code after payment authorisation.

7. Not all attacks are against personal information …

Social engineering/cyber fraud is being used to attack and an organisations money-transfer policies and procedures through its employees. This type of attack doesn't target data, it targets the money and once it's transferred it's unlikely that the money will be retrieved.

Distributed Denial of Service attacks (DDoS) whereby hackers overload an organisations system and shut down its network so that the organisation cannot conduct its business.

Malicious software, such as Ransomware, locks down systems and essentially say 'we have your data, if you want it back you've got to pay a ransom'" (A recent example is the 'WannaCry' virus that began spreading worldwide on Friday 12 May and by 15 May had infected 300,000 computers in more than 150 countries).

8. If we are attacked other people and organisations may become victims.

A *"worm"* is similar to a virus but it spreads differently. In order to affect your files, a worm eats into your system and runs on its own and can replicate by resending itself from your system to everyone in a person's contacts list.

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	7 March 2018
OFFICER	Julian Parsons, Head of Service Development
LEAD MEMBER	Councillor Peter McDonald
SUBJECT OF THE REPORT	**IT Disaster Recovery**
EXECUTIVE SUMMARY	The IT Disaster Recovery project remains on track and on budget. Since the last Overview and Audit Committee meeting there has been the following activity: • Project review to ensure it meets the business requirements and identification of areas not covered. • Link between our network and Microsoft Azure set up. • Tested the move of data between the networks. SystemsUp (our contractors) have produced the detailed design document for the server replication in the cloud which has been reviewed and approved. Design document is available but contains restricted information • Still expected to be delivered in Q4 2017 / 18. At the time of completing this report the current activities are underway: • Preparation of Azure for the servers. • Testing of the bandwidth available across the link. • Changes to our firewalls to allow access to Azure from all stations. • Upgrading of the operating system on some servers to support the solution.
ACTION	Noting.

RECOMMENDATIONS	That the report is noted.
RISK MANAGEMENT	The project risks of the existing disaster recovery provision are covered in the Service Development risk register, this project will mitigate those risks.
FINANCIAL IMPLICATIONS	The original request at MTFP remains sufficient, the redesigned route to Azure, identified in the last update, did not attract any additional cost.
LEGAL IMPLICATIONS	There are no legal implications related to the project identified in this paper.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	There are no collaborative implications related to the project identified in this paper.
HEALTH AND SAFETY	No Health and Safety implications perceived at this time.
EQUALITY AND DIVERSITY	There are no equality or diversity matters arising from this project.
USE OF RESOURCES	The ICT team is a small team and it has been necessary to engage some external consultancy to assist with design and specific technical knowledge. This hasn't affected the budget for the project. The project remains on schedule to deliver during Q4 but is one of a number of critical projects that require delivery in this time frame.
PROVENANCE SECTION & BACKGROUND PAPERS	**Background** As part of the ICT Strategy 2014-2019 it was identified that current government policy is to encourage public sector organisations to explore the benefits of cloud hosting and reduce the public spend on internal ICT infrastructure.
APPENDICES	Appendix A - Highlight report
TIME REQUIRED	10 Minutes.
REPORT ORIGINATOR AND CONTACT	Dave Thexton dthexton@bucksfire.gov.uk 07876 448 744

Appendix A
Move to cloud disaster recovery

Disaster Recovery	Appraisal objective? Yes	Project Objectives: Closing of SHQ based disaster recovery servers and moving to the cloud	Overall RAG

Finance	●	Plan	●	Risks & Issues	●	Scope	●	Resources	● (amber)

Summary – Period dated: Aug to Dec 17
Systems Up have tested the plan and documented the proposed solution
Production of detailed project plan
Quotes & PO provided for Systems Up and Updata
Proposal for rerouting traffic across our own data route
Re-test the solution
Book Systems Up to move the disaster recovery to the cloud

Priorities for Next Period – dated: Jan – Apr 18
 Key Milestones
Build the servers in the cloud
Provision data in the cloud
Test and document

Key Decisions Required:
Go / No Go depending on costs for re-routing traffic
No additional cost project given green light to proceed 15/12/2017

Milestone	Forecast/ Actual	RAG
SystemsUp have completed proof of concept	Jan 2017	(green)
Updata have provided a design document	April 2017	(green)
Updata complete work od route	Dec 2017	(green)
Systems up provide detailed design document	Jan 2018	(green)

Risk/ Issue	RAG	Description	Mitigating Action	Next Action
15/12/17	(green)	Delays to project resolved	Resolved	
15/12/2017	(amber)	Resources both internal and external	Meetings with BCC & Updata	Ongoing

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ITEM **15**

Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	7 March 2018
OFFICER	Julian Parsons, Head of Service Development
LEAD MEMBER	Councillor Peter McDonald
SUBJECT OF THE REPORT	**Business and Systems Integration Project: Progress Report**
EXECUTIVE SUMMARY	The Business and Systems Integration Project (BASI) remains on track to meet our requirements and on budget.
	Since the last Overview and Audit Committee meeting there has been the following activity:
	• Awarded the Resource Management System (RMS) contract to Fire Service Rota, the supplier currently works with Shropshire and Jersey fire Services & over 200 stations in the Netherlands;
	https://www.fireservicerota.co.uk/pages/home
	• First part of Premises Risk Management (PRM), Prevention Module is now in build phase. A stakeholder demonstration is planned for February;
	• Building and testing of the new Learning & Development and Performance Management processes and system are in progress;
	• The Service won "New customer project of the year" award at the MHR conference;
	• A review of the overall plan has been completed, this has led to a slight extension to the overall timescales. This is due to:
	1. In the original project the time taken to tender for systems was underestimated, the impact of this is now being felt.
	2. Development of some aspects of PRM and RMS system are linked to supplier's timeframes which is causing some small delays.
	Completion will now be in early 2019 instead of late 2018. This has no impact on budget. Revised dates can be seen in Appendix F
	The five project management audit actions are all now

	completed. An audit update has been provided in Appendix D: Audit Progress.
	Spend across the BASI project remains on track and within budget. Regular reviews are completed with the finance team (See Appendix E for Spend breakdown).
	At the time of completing this report the current activities are underway:
	• Extending the trial of the eRecruitment system;
	• Safe and Well eLearning training package being built to support launch;
	• Design and build of the RMS, kick-off session held in December with key stakeholders.
ACTION	Noting.
RECOMMENDATIONS	That the report is noted.
RISK MANAGEMENT	The project risks are contained within a project risk register.
	Current high level project risks can be seen in Appendix A – Highlight Report – December 2017.
	The governance of this register, including escalations is in line with existing Service policy.
	An integrated impact assessment is underway for each system.
FINANCIAL IMPLICATIONS	There are no further financial implications related to the project identified in this paper.
LEGAL IMPLICATIONS	There are no further legal implications related to the project identified in this paper.
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	Opportunities for collaboration have been actively sought and considered during the procurement phase of the project.
	Collaboration has been explored with Royal Berkshire Fire and Rescue Service and Oxfordshire Fire and Rescue Service. Further collaboration was explored with Oxford County Council and Reading Council. None of these potential collaborations have led to formal agreements due to various issues around differing needs and timings.
	We continue to look beyond our Thames Valley partners, working with organisations that use the same systems as us to share knowledge and collaborate on developing the systems. I.e. Bedfordshire
HEALTH AND SAFETY	No Health and Safety implications perceived at this time.

EQUALITY AND DIVERSITY	The HR system allows us to collect 'real time' Equality & Diversity (E&D) data securely allowing it to be used for trend analysis. eRecruitment will provide E&D data at all stages of recruitment.
USE OF RESOURCES	The project is managed by the Project Manager. The Project Manager is proactively using existing skills and experience within the workforce to move the project forward.
	The HR manager has now gone back to the HR/Payroll team.
	Further to the agreement made with Service Delivery manager, to assign an operational resource to support the implementation of the PRM, recruitment is currently underway.
	A risk has been added to the risk register due to the movement and leaving of key staff.
	Staff are being kept abreast of progress through the i:drive and blogs. The communication strategy will be followed as part of the roll out of the new systems and in line with the project plan which has to be agreed with the suppliers.
PROVENANCE SECTION & BACKGROUND PAPERS	**Background**
	As part of the ICT Strategy 2014-2019 an independent review of systems integration was commissioned. An external consultant undertook this task and delivered a business case which was formally agreed to be progressed by the Executive Committee Meeting 29 July 2015.
	The project is scheduled to be delivered in phases over a two year period.
	Background Papers
	- ICT Strategy 2014-2019 - Business and Systems Terms of Reference - Business and Systems Integration Business case - Business and Systems Integration Project: Governance Reporting Arrangements (18 November 2015)
APPENDICES	Appendix A: Highlight Report – Dec 2017
	Appendix B: Highlight Report – Nov 2017
	Appendix C: Highlight Report – Oct 2017
	Appendix D: Audit Progress
	Appendix E: Spend Breakdown
	Appendix F: Go Live Dates

TIME REQUIRED	5 Minutes.
REPORT ORIGINATOR AND CONTACT	Anne-Marie Carter acarter@bucksfire.gov.uk 07966 886689

Business & Systems Integration project – December 2017

Business Owner: **Project Manager:** **Business Sponsors:**	**Julian Parsons** **Anne-Marie Carter** **Lynne Swift** **David Sutherland**

Project Objectives:
To streamline, automate and integrate systems and business processes across:
- HR & Payroll, Finance & Planning, Premises Risk Management, Resource Management, Asset Management

Data duplication will be reduced and the efficiency and effectiveness of both our processes and MI will increase

Overall RAG 🟢

Finance	🟢	Plan	🟡	Risks & Issues	🟢	Scope	🟢	Resources	🟢

Exec Summary – Past Period's Activities

Finance & Planning
- Reviewed feedback and made changes were appropriate

HR & Payroll
- Phase 1.5 – Continuous improvement plan delivery continuous and reviewed fortnightly
- eRecruitment live for BASI project support role
- Learning & Development build continues

Premises Risk Management
- Safe & Well build continues
- Other Prevention areas signed off
- Safe & Well eLearning package build continues

Resource Management
- Development started

Overall plan reviewed and re-baselined

Priorities for Next Period - January

Finance & Planning
- Continue to review processes and update where appropriate
- Supplier portal training to be competed

HR & Payroll
- Phase 1.5 – Continuous Improvement – delivery ongoing
- Extend eRecruitment use
- Review Learning and Development build

Premises Risk Management
- Safe & Well build continues
- Other Prevention areas system build
- Safe & Well eLearning package build continues

Resource Management
- Development continues
- Agree scope/size of system integration with Capita/MHR

Key Decisions Required:
- None

Key Milestones

Milestone	Forecast/ Actual	RAG
Next BTB	21st December	🟩
Next O&A	7th March '18	🟩
Resource Management System supplier chosen	End of Oct	🟩

Key Risks & Issues

Risk/ Issue	RAG	Description	Mitigating Action	Next Action
R	🟨	New systems and ways of working impacting BASI	Continue to engage with Stakeholders. Agree change control process	Ongoing
R	🟩	Budget Management	Review monthly	Ongoing
R	🟨	Key resources leaving the business or moving role	Continue to review progress regularly and raise issues with Sponsors if needed	Ongoing

Overview and Audit Committee (Item 15), 7 March 2018

Business & Systems Integration project – November 2017

Business Owner: **Project Manager:** **Business Sponsors:**	**Julian Parsons** **Anne-Marie Carter** **Lynne Swift** **David Sutherland**	**Project Objectives:** To streamline, automate and integrate systems and business processes across: - HR & Payroll, Finance & Planning, Premises Risk Management, Resource Management, Asset Management Data duplication will be reduced and the efficiency and effectiveness of both our processes and MI will increase

Overall RAG 🟢

Finance	🟢	Plan	🟢	Risks & Issues	🟢	Scope	🟢	Resources	🟢

Exec Summary – Past Period's Activities

Finance & Planning
- Reviewed feedback and made changes were appropriate

HR & Payroll
- eRecruitment testing completed
- Learning & Development build continues
- Absence Management trail started

Premises Risk Management
- Safe & Well build continues
- Scoped other Prevention areas
- Safe & Well eLearning package build continues

Resource Management
- Contract awarded to Fire Service Rota(FSR)
- Kick off meeting held

Priorities for Next Period - December

Finance & Planning
- Continue to review processes and update where appropriate

HR & Payroll
- Phase 1.5 – Continuous Improvement – delivery ongoing
- Handover of knowledge due to leaver.

Premises Risk Management
- Safe & Well build continues
- Sign off other Prevention areas
- Safe & Well eLearning package build continues

Resource Management
- Data transfer scoping starts
- FSR start development

Key Decisions Required:
- None

Key Milestones

Milestone	Forecast/ Actual	RAG
Next BTB	21st December	🟢
Next O&A	7th March '18	🟢
eRecruitment Live	December	🟢

Key Risks & Issues

Risk/ Issue	RAG	Description	Mitigating Action	Next Action
R	🟠	New systems and ways of working impacting BASI	Continue to engage with Stakeholders. Agree change control process	Ongoing
R	🟢	Budget Management	Review monthly	Ongoing
R	🟢	Key resources leaving business or moving role	Continue to review progress regularly and raise issues with Sponsors if needed	Ongoing

Appendix C: Sponsor Highlight Report – Oct 2017

Business & Systems Integration project – October 2017

Business Owner:	**Julian Parsons**
Project Manager:	**Anne-Marie Carter**
Business Sponsors:	**Lynne Swift**
	David Sutherland

Project Objectives:
To streamline, automate and integrate systems and business processes across:
- HR & Payroll, Finance & Planning, Premises Risk Management, Resource Management, Asset Management

Data duplication will be reduced and the efficiency and effectiveness of both our processes and MI will increase

Overall RAG
🟢

Finance	🟢	Plan	🟢	Risks & Issues	🟢	Scope	🟢	Resources	🟢

Exec Summary – Past Period's Activities

Finance & Planning
- Reviewed feedback and made changes were appropriate

HR & Payroll
- Phase 1.5 – Continuous improvement plan delivery continuous and reviewed fortnightly
- Expenses forms rollout complete
- Absence management trial briefings completed
- Learning & Development build continues

Premises Risk Management
- Safe & Well build started
- Safe & Well eLearning package build started

Resource Management
- Tender Evaluations inc Supplier presentations completed
- Moved in to Standstill period

Attend the MHR conference and won "New customer project of the year award"

Priorities for Next Period - November

Finance & Planning
- Continue to review processes and update where appropriate

HR & Payroll
- Phase 1.5 – Continuous Improvement – delivery ongoing
- Absence Management trial starts – will run for 3 months

Premises Risk Management
- Safe & Well build continues
- Scope other Prevention areas
- Safe & Well eLearning package build continues

Resource Management
- Award contract

Key Decisions Required:
- None

Key Milestones

Milestone	Forecast/ Actual	RAG
Next BTB	21st December	🟩
Next O&A	15th November	🟩
Resource Management System contract awarded	Mid November	🟩

Key Risks & Issues

Risk/ Issue	RAG	Description	Mitigating Action	Next Action
R	🟧	New systems and ways of working impacting BASI	Continue to engage with Stakeholders. Agree change control process	Ongoing
R	🟩	Budget Management	Review monthly	Ongoing

Appendix D: Audit Progress

	Control description	Priority H/M/L	Management Action Plan	Task owner and target date for implementation	Latest Update
Key Area: Project Approval and Link to Strategic Objectives					
1	There is a project plan in place for the entire duration of the project, which clearly states how benefits will be realised.	Medium	*The individual project plans will be completed by the suppliers in conjunction with BMKFA as this makes best use of resource.* *A high level project plan will be put in place capturing key milestones for the outstanding elements*	Who to be actioned by: Anne-Marie Carter, Project Manager When to be actioned by: 31 Jan 2017	Completed: There is now a high level plan showing all stages of the project, this can be seen in Appendix F: Go Live Dates
2	Risks have been identified and there is a process in place for managing those risks, including escalation where appropriate.	Medium	*High level risks will continue to be captured on the highlight report and discussed at the sponsors meetings* *Detailed risks relating to the project will be updated on a regular basis; actions to manage the risks will be recorded and monitored.*	Who to be actioned by: Anne-Marie Carter, Project Manager When to be actioned by: 31 Jan 2017	Completed: The risk/issue log is updated monthly or when needed, high level risks continue to be entered on the highlight report
Key Area: Resources, Skills and Governance					
3	Project management methodology has been agreed.	Medium	*The BMKFA Project Management methodology will be reviewed taking into consideration other guidance including* *- National Operational Guidance programme(NOG).* *- Thames Valley Collaboration programme* *This will ensure any methodology and templates put in place will support collaboration.* *The new methodology will be communicated to business*	Who to be actioned by: Anne-Marie Carter, Project Manager When to be actioned by: ~~31 July 2017~~ 31st October 2017	Completed: A review of all Project Management processes and documentation has been completed. A new Project Management toolkit has been created.
Key Area: Project Approval and Link to Strategic Objectives					
4	The project plan is revised and checked for viability if changes to the specifications are made.	Low	*Any revisions to the specification of the project will be formally agreed at the appropriate Board and minuted.*	Who to be actioned by: Julian Parsons, Head of Service Development When to be actioned by: Ongoing	Completed: There have been no project changes since the audit. All progress reports are taken to BTB and SMB.
Key Area: Resources, Skills and Governance					
5	Project interdependencies have been considered and documented.	Low	*Dependencies will continue to be worked on throughout the project.* *All project documentation will be kept up to date to ensure that the current dependencies of the project are known.*	Who to be actioned by: Anne-Marie Carter, Project Manager When to be actioned by: Ongoing	Completed: Dependencies are being tracked within the risk and issue log

Appendix E: Spend Breakdown

Summary:

|	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Budget		590	410	0	1,000
Spent	34	373	230	0	637
Committed		0	73	115	188
Earmarked		0	30	145	175
Total	**34**	**373**	**333**	**260**	**1,000**

Contingency of £200k was not needed in 16/17 and there are no plans to use it in 17/18

Please note:
- All figures as at end of Dec 2017
- Spent = Purchase Order paid
- Committed = Purchase Order raised
- Earmarked = For Asset Management system replacement; Project Support and training

Appendix F: Go Live Dates

Area	Target Go Live	Tracking
Finance	April 2017	Achieved
HR – Phase 1	April 2017	Achieved
HR – Phase 2	September 2017-March 2018	On track
Payroll	April 2017 1st Pay run at end of April '17	Achieved
Premises Risk Management	Late 2018	N/A
Resource Management	~~TBC – Mid 2018~~ Sept 2018	N/A
Asset Management	~~TBC – Late 2018~~ Early 2019	N/A
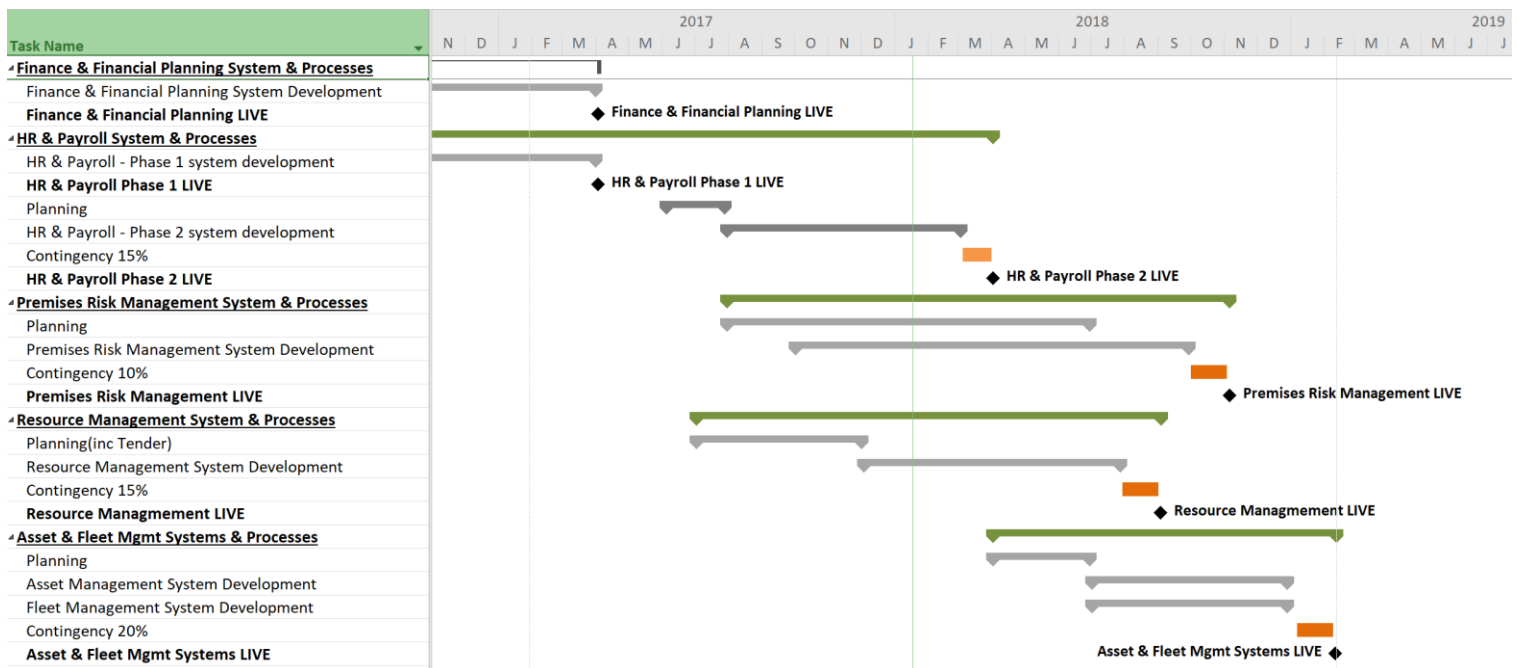
System Descriptions:

Finance: Replacement of SAP covering all areas of Finance and Planning

HR – Phase 1: Replacement of SAP covering Core HR, Absence, Pensions, Costing and Employee and Manager Self Service

HR – Phase 2: Replacement of SAP covering Learning Events, People Development, Discipline and grievance, Dashboards, Org Charting, Recruitment/web recruitment

Payroll: Replacement of SAP covering all Payroll elements

Premises Risk Management: Replacement of Microsoft access database and manual processes covering:

- Home Fire and Risk Checks and prevention activities;
- Site Specific Risk Information. This is the data used by our firefighters when attending operational incidents;

- Fire Protection Audits. This is the data collected as part of our activities in enforcing fire safety regulations in commercial premises.

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Buckinghamshire & Milton Keynes Fire Authority

MEETING	Overview and Audit Committee
DATE OF MEETING	7 March 2018
OFFICER	David Sutherland, Director of Finance and Assets
LEAD MEMBER	Councillor Peter McDonald
SUBJECT OF THE REPORT	**Financial Instructions**
EXECUTIVE SUMMARY	These instructions are part of the financial control framework, which exists both to ensure the proper application and control of public money and to safeguard the officers involved in financial processes. The framework includes the Authority's Standing Orders Relating to Contracts, Financial Regulations, these Instructions and any manuals of guidance or financial policy statements issued by the Authority. The Chief Finance Officer, in consultation with the Chief Fire Officer, issues these Instructions
	This report presents the updated Financial Instructions as approved by the Chief Fire Officer and Director of Finance and Assets in January 2018. The changes reflect the revised processes introduced as a result of moving to the new Finance, HR and Payroll systems as well as changes to the Financial Regulations approved by the Fire Authority in October 2017. These updates, as well as other minor revisions, are highlighted in Appendix A.
ACTION	Noting.
RECOMMENDATIONS	It is recommended that the updated Financial Instructions be noted.
RISK MANAGEMENT	No direct impact.
FINANCIAL IMPLICATIONS	No direct impact.
LEGAL IMPLICATIONS	Prior to 2011 the Financial Instructions required approval by a meeting of the full Authority on recommendation from the Overview & Audit Committee. At its meeting on 9 February 2011 the Authority amended its Terms of Reference so that approval was delegated to the Chief Finance Officer with the proviso that the Overview & Audit Committee receive a report from the Chief Finance Officer when there has been any variation to the Financial

	Instructions in the preceding twelve month period
CONSISTENCY WITH THE PRINCIPLES OF THE DUTY TO COLLABORATE	No direct impact.
HEALTH AND SAFETY	No direct impact.
EQUALITY AND DIVERSITY	No direct impact.
USE OF RESOURCES	No direct impact.
PROVENANCE SECTION & BACKGROUND PAPERS	Review of Financial Regulations, Fire Authority, 18 October 2017: http://bucksfire.gov.uk/files/7915/0719/9353/ITEM_7 b_Review_of_Financial_Regulations_-_Cover_Report_-_Jul_2017Appendix.pdf Minutes of the meeting of the Authority held on 9 February 2011: http://bucksfire.gov.uk/files/2714/0628/6311/BMKFA2 00411.pdf
APPENDICES	Appendix A – Financial Instructions
TIME REQUIRED	5 minutes
REPORT ORIGINATOR AND CONTACT	Mark Hemming mhemming@bucksfire.gov.uk 01296 744687

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	Protective Marking:	PROTECT
	Page :	1 of 57

Procedure Note:	**Financial Instructions**

To:	**Document Type:**	✔	**Document Summary:**
All Employees	Policy		Handbook that covers the financial rules and procedures to follow in line with BMKFA financial regulations and policies.
	Assessment		
	Procedure	✔	Includes all operational and authorisation aspects of the ~~SAP financial~~Finance and HR/Payroll system~~s~~, banking and cash management, budget setting and monitoring, ordering and receipting of goods and services, security of assets and stocks and stores management, taxation and more.
	Guidance Note		
	Technical Note		
	Information		
	Safety Critical		

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

1. Document History

1.1   Version 4 – previous version approved 8th February 2011

1.2   Version 4.1 – a number of minor updates, the withdrawal of Imprest accounts and the replacement of credit cards with purchasing cards.

~~1.2~~1.3 Version 5 – updated to include revised procedures relating to the new finance and HR systems introduced on 1 April 2017, as well as other minor updates~~.~~

2. Introduction and Responsibility

2.1   These instructions are part of the financial control framework, which exists both to ensure the proper application and control of public money and to safeguard officers involved in financial processes.

2.2   The framework includes the Authority's Standing Orders as to Contracts, Financial Regulations, these Instructions and any manuals of guidance or financial policy statements issued by the Authority.

2.3   The Chief Finance Officer, in consultation with the Chief Fire Officer, issues these instructions.

2.4   References to "officer" include all employees of the Authority.

2.5   All references to Chief Finance Officer include his/her nominated

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Issue Date:	April 20185	**Review Date:**	April 20196
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	Page :	2 of 57

| Procedure Note: | **Financial Instructions** |

deputy/deputies

2.6 All references to "sign" and "signature" include the use of electronic signatures/authorisation unless specifically referenced as "in ink".

2.7 ─Finance are happy to provide assistance in all areas relating to financial management and financial control. In particular, you must seek advice if you are intending to create a new financial procedure, or amend an existing one.

~~2.6~~2.8 The Chief Finance Officer welcomes feedback on the operation of Financial Instructions to ensure they remain relevant and effective. The Chief Finance Officer should be contacted if you have comments on the application or operation of particular instructions

~~INTRODUCTION AND RESPONSIBILITY~~

~~These instructions are part of the financial control framework, which exists both to ensure the proper application and control of public money and to safeguard the officers involved in financial processes. The framework includes the Authority's Standing Orders as to Contracts, Financial Regulations, these Instructions and any manuals of guidance or financial policy statements issued by the Authority. The Chief Finance Officer, in consultation with the Chief Fire Officer, issues these Instructions.~~

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208

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File Name	TBC		

209

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	4 of 57

Procedure Note:	**Financial Instructions**

1. ANNUAL GOVERNANCE STATEMENT

Preamble

The Annual Governance Statement (formerly the Statement on Internal Control) is a statutory requirement and is published with the Annual Statement of Accounts. It is signed by the Chief Fire Officer and the Chairman of the Authority. In order for the Statement to be signed, the Chief Fire Officer and the Chairman of the Authority must first be satisfied that they have enough evidence from the organisation to give them assurance that the statements made reflect the whole internal control environment. The Authority is required to put in place processes which "provide assurance" that its key risks are being managed and that its controls are working effectively by providing appropriate levels of evidence.

Instructions

1.1 On an annual basis, the Strategic Management Board (SMB) shall approve the mechanisms by which assurance will be gathered to support the Annual Governance Statement. This is likely to involve a self - assessment against set criteria by:
- Directors and Second Tier Managers;
- Designated Corporate Process Owners;
- Designated Corporate Project Owners.

1.2 All self - assessments shall be completed in a pre-defined manner and signed by the appropriate owner who is accountable for that return.

1.3 Any areas of risk or internal control weakness identified within the self - assessment process must be supported by a risk mitigation action plan. This should be monitored during the year.

1.4 Each self - assessment return shall be supported by a file of evidence retained by the owner but available for inspection upon demand.

1.5 The Chief Fire Officer may require any relevant owner to attend a meeting or forum to seek assurance that identified risks are being mitigated.

1.6 Any related material risks or control weaknesses identified during the year must be reported to the Chief Finance Officer.

Contact: Chief Finance Officer (ext 182)

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	Page :	5 of 57

Procedure Note:	**Financial Instructions**

2. COUNTER-FRAUD AND CORRUPTION, ANTI-MONEY LAUNDERING

Preamble

The Authority expects its members and employees and all individuals and organisations with which it comes into contact to act honestly and with integrity and to adhere to legal requirements, rules, regulations and agreed procedures and practices. The Authority will not tolerate any level of fraud or corruption. It requires members and employees to deal promptly and appropriately with those who defraud or attempt to defraud the Authority or who are corrupt. This Instruction should be read in conjunction with the Authority's Counter- Fraud and Corruption Policy, Anti-Money Laundering Policy, Whistle Blowing Policy, Code of Conduct for Employees and Code of Conduct for Councillors and Co-opted Members.

Instructions

2.1 The Chief Finance Officer will develop and maintain an counter-fraud and corruption policy.

2.2 The Chief Finance Officer will develop and maintain an anti-money laundering policy.

2.3 Directors are responsible for ensuring that all of their employees are aware of and comply with these policies.

2.4 SMB are responsible for establishing and implementing effective controls to help prevent and/or detect incidents of fraud or corruption and for creating an environment where employees feel able to raise any concerns they may have (procedures as outlined in the whistle-blowing policy). Prevention work will include ensuring sufficient internal control checks and also ensuring division of duties (i.e. no one person is able to carry out a complete transaction without some form of checking or intervention process being built into the system).

2.5 The Director of Legal and Governance is responsible for maintaining the Register of Interests and the Register of Gifts and Hospitality and for ensuring that all employees are aware of the arrangements for registering interests and offers of hospitality and/or gifts.

2.6 The Authority's disciplinary rules for its employees are such that fraud and corruption are considered to be potential gross misconduct - Investigation work is to be swift and firm, Internal Auditors will assist officers to carry out investigations and sanctions will be taken against individuals or organisations to reduce the risk of fraud or corruption occurring including redress in the form of recovering losses and compensation where applicable.

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	Page :	6 of 57

Procedure Note:	**Financial Instructions**

2.7 The Authority has an Anti-Money Laundering policy in place which requires all Members, Officers, employees, contractors and other stakeholders are aware of, and comply with the law against criminal activity through money laundering by reporting suspicions to the Chief Finance Officer (or Director of Legal and Governance in his absence) as Money Laundering Reporting Officer. ~~For HMRC compliance, "an occasional transaction" is 15,000 Euro's or sterling equivalent.~~

2.8 The Authority shall establish arrangements for co-operation and joint working with other bodies, including the police, external audit and other local authorities and shall fully participate in multi-agency initiatives aimed at fraud prevention.

~~Contact: Chief Finance Officer (ext: 182)~~

~~4.~~3. BANKING

Preamble

The Authority's corporate banking activities are controlled by a single contract which aims to provide a wide range of complex and specialist banking activities. A consistent and secure approach to banking activities is essential in order to achieve optimum performance for the Authority's bankers and the best possible value for money.

Instructions

3.1 All matters connected with the Authority's banking activities shall be undertaken through the approved banking contract ~~approved by the Executive Committee~~ and under arrangements approved by the Chief Finance Officer. All bank accounts shall bear the Authority's name.

3.2 No employee other than the Chief Finance Officer shall open a bank account in connection with the Authority's banking activities.

3.3 The only cheques to be used are standard issue bank cheques for use by the Finance department in exceptional circumstances. All other payments shall be made either by ~~BAC's~~ BACS, CHAPS or bank electronic transfer payment arranged by the agreement of the Chief Finance Officer. No direct debit payments may be arranged without the agreement of the Chief Finance Officer.

3.4 All bank accounts shall be reconciled and signed on at least a monthly basis. Any account which does not reconcile should be reported immediately to the Chief Finance Officer.

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212

	Information Asset Owner:	Director of Finance and Assets
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	Page :	7 of 57

Procedure Note:	**Financial Instructions**

3.5 The Chief Finance Officer will ensure that the processes for the following will involve more than one officer, and are configured so that authorisation and access security actively prevent one officer from carrying out the whole process:

- Making a cash, cheque, BACS or CHAPS payment;
- Making an electronic Bank transfer;
- Receiving income and banking; ~~and~~
- Reconciling bank accounts.

3.6 Employees banking Authority monies should use a branch of the Authority's bankers (currently Lloyds Bank).

~~3.7 In the event of software and/or connection problems, a facility is available through Bottomline software to send BACS files created within SAP for creditors and payroll manually in an emergency. Finance should follow procedure note 235 AP Hands Free.~~

~~Contact: Financial Accountant (ext: 140)~~

~~5~~.4. BUDGET MONITORING

Preamble

Effective budget management ensures that resources are used for their intended purposes and are properly accounted for. Budget monitoring is a continuous process, enabling the Authority to review and adjust its budget targets during the financial year. Cost Centre Managers are required to continuously identify and explain variances against budgetary targets throughout the year within ~~SAP~~the Finance system.

The Authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the Authority in total does not overspend, each department is required to manage its own expenditure within the cash-limited budget allocated to it.

Instructions

4.1 Cost Centre Managers have delegated authority to manage their approved budget allocation. They have primary responsibility for maintaining budgetary control within their service areas and are expected to exercise their discretion in managing budgets responsibly and prudently.

4.2 Cost Centre Managers may delegate budget management responsibilities to other employees; however they retain overall responsibility for the management of the budgets and for all income and expenditure within their cost centres.

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Issue Date:	April 20185	Review Date:	April 20196
File Name	TBC		

213

	Information Asset Owner:	Director of Finance and Assets
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	Page :	8 of 57

Procedure Note:	**Financial Instructions**

4.3 As a general principle budget responsibility should be aligned as closely as possible to the decision-making that commits expenditure.

4.4 Directors and Second Tier Managers must ensure that:
- They and their Cost Centre Managers understand their financial responsibilities as outlined by Financial Regulations, Financial Instructions, and other guidance and procedure notes as appropriate;
- All Cost Centre Managers are appropriately trained to carry out their budgetary control responsibilities. All Cost Centre Managers must attend Financial Training courses for Cost Centre Managers, organised by the Finance Department.

4.5 Cost Centre Managers must ensure income and expenditure are properly recorded and accounted for and appropriate documentation is retained.

4.6 Cost Centre Managers must follow the laid down rules of Electronic Ordering to ensure that appropriate segregation of duties exist to ensure that the same individual cannot raise orders, confirm receipt of the goods, certify invoices and undertake budget monitoring

4.7 Directors and Second Tier Managers should ensure that a monitoring process is in place to review performance level/levels of service in conjunction with the budget, and is operating effectively.

4.8 Senior Managers should ensure that spending remains within their service area's overall budget allocation and that individual cost centres are not overspent, by monitoring the budget and taking appropriate corrective action where significant variations from the approved budget are forecast.

4.9 Cost Centre Managers should undertake budget monitoring on a monthly basis within ~~SAP~~ the Finance system ~~in accordance with the latest Budget Monitoring Forecast Year End Out-turn manual~~. Variances should be identified ~~on SAP~~ at the earliest opportunity (and within the timescales notified by the Chief Finance Officer) and be supported by an action plan on how this is to be managed by the year end. Such action plans should be continuously monitored.

4.10 Cost Centre Managers should discuss the monthly budget monitoring information with Finance and provide any other information required by the Chief Finance Officer to enable a budget monitoring report to be prepared for SMB, and the Executive Committee.

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File Name	TBC		

214

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	Page :	9 of 57

Procedure Note:	**Financial Instructions**

4.11 Budget profiling should be used to facilitate effective budget monitoring. Cost Centre Managers should profile their budgets on a periodic basis. If it is considered appropriate, Cost Centre Managers should request amendments to budget profiles during the year.

4.12 Virements may be used to assist with budget management if undertaken in accordance with Financial Instruction 30 (*virements*)

4.13 There should be prior approval by the Chief Finance Officer and the Authority, the Executive Committee or SMB (as appropriate) for new proposals, of whatever amount, that:
- Create <u>additional</u> financial commitments in future years, as these have not formally been approved;
- Change existing policies, initiate new policies or cease existing policies;
- Materially extend or reduce the Authority's services.

A report on new proposals should explain the full financial implications, following consultation with the Chief Finance Officer. Unless the Executive Committee or Authority has agreed otherwise, officers must plan to contain the financial implications of such proposals within their budget.

4.14 The Chief Finance Officer shall establish an appropriate framework of budgetary management and control that ensures that:
- Budget management is exercised within annual cash limits unless the Authority agrees otherwise;
- Each Senior and Cost Centre Manager has available timely information on expenditure and income on each budget which is sufficiently detailed to enable managers to fulfil their budgetary responsibilities., this is currently provided through SAP

4.15 The Chief Finance Officer will prepare and submit reports on the Authority's forecast outturn to SMB and the Executive Committee on a regular basis.

4.16 The Chief Finance Officer will ensure that significant variances (positive or negative) from approved budgets are identified and investigated along with intended remedial action to bring back in line with the budget.

Year End

4.17 Following the end of the financial year and at a date to be determined by the Chief Finance Officer as detailed in the closing of accounts timetable, each Cost Centre Manager will notify the Finance Department in a format pre-determined by the Chief Finance Officer of any outstanding items of expenditure and income due relating to goods

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File Name	TBC		

215

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	10 of 57

Procedure Note:	**Financial Instructions**

received or services rendered in the previous financial year not covered by electronic ordering.

4.18 Any under or overspends at the end of the year will not be carried forward into the new financial year unless exceptional approval is granted by the Executive Committee.

Capital

4.19 In addition to the above, the following requirements apply specifically to capital projects:

- Any scheme or allocation which is either forecast to, or actually does, overspend by more than 10% of the agreed allocation must be reported to the Chief Finance Officer, SMB and the Executive Committee setting out the reasons why and remedial action being taken to recover the overspend.
- All disputes and contractor claims in relation to financial accounts for contracts must be identified by the relevant project manager and the Chief Finance Officer must be consulted if a contingent liability may be required. At year end, genuine slippage, bonds and final account payments will be carried forward once approval has been obtained by the Executive and to the extent that the remaining budget allows.
- Apart from retention monies, underspends on completed projects will <u>not</u> be carried forward at year end unless exceptional approval is granted by the Executive Committee.

Contact: Management Accountant (ext: 177)

6.5. CAPITAL

Preamble

Capital expenditure is an important element in the development of the Authority's services. Capital assets shape the way services are delivered in the long term and create financial commitments for the future in the form of financing costs and revenue running costs. All capital investment must be supported by a Project Initiation Document (PID) for capital projectsbusiness case and submitted and approved in accordance with the Medium Term Financial Planning process (MTFP) set down by the Chief Finance Officer.

Instructions

5.1 A capital scheme can only go ahead once all the necessary approvals, outlined below, have been obtained.

Version:	4.1	**Status of document:**	Draft
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File Name	TBC		

216

	Information Asset Owner:	Director of Finance and Assets
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	Page :	11 of 57

Procedure Note:	**Financial Instructions**

5.2 Each scheme will have a named project manager who is accountable for the scheme.

Business Case

5.3 A statement of Business requirements (SOBR) and a Capital Financial Bid Template must be produced for all schemes. This will include the contribution the scheme will make to the Authority's strategic aims and objectives and the justification as far as possible for the financing of the project.

5.4 The SOBR must be submitted to the relevant Board, Group or SMB for scrutiny and subsequent approval.

5.5 When outline approval has been given to the SOBR the project manager must prepare the business case for the scheme (the Project Initiation Document – PID). This will include the estimated capital costs of the scheme analysed by type of expenditure and profiled across financial years. It will also include ongoing revenue costs and savings which will arise from the scheme. The project manager must liaise with the Finance Department to agree the costings to be included in the PID.

Annual Approval Process for Capital Programme

5.6 SMB (in conjunction with the relevant Board or Group or Member Challenge Panels) will review and priorities prioritise schemes and make proposals to the Executive Committee for schemes to be included in the draft Capital Programme within available resources, as part of the Medium Term Financial Planning (MTFP) process.

5.7 The Authority will approve the Capital Programme following consideration of the recommendations of the Executive Committee. Only when a scheme has been approved by the Authority for inclusion in the Capital Programme can any expenditure be incurred.

5.8 If a tender process reveals a total capital cost that exceeds the approved business case by 10% or more the tender must not be let and a report setting out reasons for the increase and recommendations for addressing the shortfall must be submitted to the Chief Finance Officer and SMB as appropriate and then to the Executive Committee for approval.

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217

	Information Asset Owner:	Director of Finance and Assets
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	Page :	12 of 57

Procedure Note:	**Financial Instructions**

Monitoring

5.9   Monitoring of capital projects must be undertaken in accordance with procedures outlined in Financial Instruction 4 (*Budget Monitoring*).

Post Project Review

5.10   Where a major project has been monitored by SMB, a Board, Group or Challenge Panel, project managers must complete an End Project Report within 12 months of project completion and submit to their Director for sign-off. This should involve a financial analysis of the outturn cost of the project compared to the estimated costs.

~~Further details~~

~~5.11   Further details on the process, procedures and responsibilities for obtaining approval to capital schemes are contained in the Cost Centre Manager's Guide to Finance, available from the Finance Department.~~

~~Contact: Management Accountant (ext: 177)~~

7.~~6.~~   CONSTRUCTION INDUSTRY SCHEME (CIS)

Preamble

This is a scheme set up by Her Majesty's Revenue and Customs (HMRC). Basically, if a contractor does any construction type work for an organisation it is expected that unless they have credible "company or business" status and fall under a taxation regime somewhere else, the organisation paying for that work must tax the labour element of those costs at source.

HMRC guidance sets out in detail what constitutes "construction" work and what to do if a contractor falls under this category.

Instructions

6.1   All contracts entered into on the Authority's behalf will be subject to the Authority's Standing Orders as to Contracts. Cost Centre Managers entering into contracts for works which fall under CIS must provide as much information as early as possible in the process before engaging the contractors for the first time.

6.2   Cost Centre Managers must provide all the required contractor details on a new supplier form (electronically within the finance system) to

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File Name	TBC		

218

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	Page :	13 of 57

Procedure Note:	**Financial Instructions**

finance to ensure all future payments to the contractor are taxed correctly and the necessary returns are completed as required.

6.3 Finance will then contact HMRC to find out whether the contractor is registered for CIS and whether they should be paid gross or net of tax, and if net, what % level to deduct. It is not sufficient to rely on the contractor to give this information.

6.4 Invoices from contractors must show a breakdown of costs between labour and other costs in order to apply the correct tax deduction.

6.5 Finance must ensure all supporting information is held on file to support the end of year reconciliation and return to HMRC.

6.6 ~~For guidance on what to do, what information is required from the contractor and contact details for HMRC, see CIS guidance on the *I-drive.*~~

~~Contact: Financial Accountant (ext 140)~~

8.7. CONTRACTS FOR BUILDING AND CIVIL ENGINEERING WORKS

Preamble

Contracts must conform with the Authority's Standing Orders as to Contracts.
Contracts for building and civil engineering works often involve substantial payments on account spread over a long period followed eventually by a final settlement on the basis of a detailed final account agreed by both contractor and employer. These instructions are designed to ensure that payments are controlled, that certificates and variation orders are signed by authorised employees and that the detailed account is correct before the final payment is released.

Instructions

7.1 All contracts entered into on the Authority's behalf will be subject to the Authority's Standing Orders as to Contracts.

7.2 All payments on account to contractors for building or civil engineering contracts shall only be made in accordance with a certificate issued by the appropriate architect or by such other person previously agreed with the Chief Finance Officer. Such certificates shall show:
- The amount of the contract;
- Any additional expenditure approved;
- The total amount of certificates previously paid;
- Where VAT is payable, the amount of the payment chargeable to tax and the amount of tax payable;
- The amount of the certificate; and

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File Name	TBC		

219

	Information Asset Owner:	Director of Finance and Assets
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	Page :	14 of 57

Procedure Note:	**Financial Instructions**

- The percentage and amount of retention money, if any.

7.3 Where private architects, engineers or consultants are engaged to supervise contracts, they shall either sign the certificates or verify the sums due for subsequent authorisation by the appropriate authorised officer who appointed them.

7.4 Every extra or variation on a contract for building or civil engineering work shall be authorised in writing by an officer whose name shall be in a list approved by the Chief Finance Officer and reviewed annually, except that, where consultants have been engaged to supervise contracts, written authorisation will be given by the consultants in accordance with the terms of their appointment.

7.5 If an extra or variation on a contract results in the estimated costs of the tender or scheme exceeding that approved by the Authority, then the reason for and the amount of the extra or variation shall be reported to the Chief Finance Officer and subsequently to SMB and the Executive Committee for approval.

7.6 The final payment certificate of any contract shall not be issued until the appropriate architect, engineer or consultant has submitted to the Chief Finance Officer a detailed statement of account with particulars of additions, deductions, omissions and all relevant documents, as required.

7.7 Payment of all invoices must be processed in accordance with Construction Industry Scheme Tax requirements (see Financial Instructions *6 CIS* and *16 Invoices and Accounts for payment).*

7.8 No contracts may be let, nor any expenditure incurred in connection with any contract, unless the Authority has approved capital and/or revenue estimates in advance to cover such expenditure.

7.9 The Chief Finance Officer, or an officer nominated by him/her, shall, to the extent considered necessary, examine final accounts for contracts and shall be entitled to make such enquiries and receive such information and explanations as may be required, in order to establish the accuracy of the accounts. This requirement is in addition to auditor rights of access as outlined in Financial Regulations C.4.

Contact: Head of Procurement (ext: 136)/
Financial Accountant (ext: 140

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority MAKING YOU SAFER PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	Protective Marking:	PROTECT
	Page :	15 of 57

Procedure Note:	**Financial Instructions**

~~9.~~8.   PURCHASING CARDS

Preamble

Purchasing cards are issued to certain officers for the purchase of goods and services included in the Authority's approved budget. These instructions provide guidance on the use of such cards and should be read in conjunction with the Authority's Guidance on Purchasing Cards and Financial Instruction 16 (*Invoices and Accounts for payment*).

Instructions

8.1   The approval of the Chief Finance Officer is required for the issue of a purchasing card to an officer of the Authority.

8.2   Designated card holders are responsible for the security and use of the cards issued to them.

8.3   The cards should only be used for official business purposes and for expenditure, on goods or services, which is included in the Authority's approved budget.

8.4   Purchase made using the purchasing card must follow the Authority's processes and procedures for the approval of expenditure as set out in Financial Instruction 16 (*Invoices and Accounts for Payment*).

8.5   A receipt for all expenditure <u>must be provided</u> and where applicable a proper VAT invoice must be obtained. Each month full details for each item of expenditure should be recorded on ~~a transaction log~~<u>the finance system</u>. This shall include details of the items purchased (including number, price, type etc) names of persons/guests for whom expenditure was incurred e.g. if a meal was purchased, the budget code for each item and any other relevant information. This transaction log should be duly <u>processed</u> ~~signed and dated~~ by the card holder<u>, and</u> ~~countersigned~~ <u>authorised</u> by the line manager <u>electronically</u> ~~and forwarded to Finance~~<u>within the finance system</u>, no later than the 12th day of the month ~~together~~ with all receipts/invoices <u>attached</u>. The relevant Finance Officer will verify the expenditure against the Authority's card statements~~.~~

8.6   Failure to provide a receipt as proof of business usage may result in reimbursement for the costs being taken directly from the officer's salary.

8.7   Purchasing card procurement must not be used to replace or circumvent the requirements of purchase orders and contracts (see Financial

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 201~~8~~5	**Review Date:**	April 201~~9~~6
File Name	TBC		

221

	Information Asset Owner:	Director of Finance and Assets
	Protective Marking:	PROTECT
	Page :	16 of 57

Procedure Note:	**Financial Instructions**

Instructions 7 (*Contracts for building and civil engineering works) and* ~~18~~ *19 (Ordering).*

8.8   The brigade reserves the right to withdraw purchasing cards where the procedures outlined above are not followed. The submission of false or fraudulent claims is considered gross misconduct; and as such may lead to disciplinary action.

~~Contact: Financial Accountant (ext: 140)~~

~~10.~~9. DEBT MANAGEMENT

Preamble

~~Directors, Second Tier Managers and Cost Centre Managers must all ensure that all income due to the Authority is identified and charged correctly in accordance with current charging policy. They must ensure all income due to the Authority is collected, receipted and banked properly~~ **in advance** ~~of providing the service. Unless the provision of the service is of a statutory nature or otherwise stated in the charging policy, costs incurred in providing services should be fully recovered. Agreements should be made at "arms length" and discounts should not be given.~~

~~There may be occasions where due to the nature of the arrangement, (for example, secondment of officers where the amount is not known in advance), that a debtor invoice is raised to recover costs, this should be the method used as an exception rather than the norm as debt collection is a costly, time-consuming exercise and the Authority should be safeguarded from loss of income.~~

All monies invoiced by the Authority must be recovered and to that end outstanding debt must be monitored on a regular basis. Debts should be managed in accordance with these instructions together with the Authority's Financial Regulations D.5 and Financial Instruction 12 (*Income*).

9.1   ~~Invoices must be raised on the relevant accounting system clearly showing full details of what the charge is for, the correct billing address and when the payment is due to be paid by as per Financial Instruction 12 (Income). The 'relevant accounting system' will be SAP unless the Chief Finance Officer has approved use of an alternative system.~~

~~9.2~~9.1 The Chief Finance Officer will obtain a monthly debt report to provide information on outstanding debts.

~~9.3~~9.2 If debt remains outstanding after the payment due date, the following action will be taken:-

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	17 of 57

Procedure Note:	**Financial Instructions**

After

7 days   1st reminder

14 days   2nd reminder

30 days   Final contacts after that refer to legal for collection or another collection agency

9.49.3 Telephone calls and/or emails to outstanding debtors to chase payment are also acceptable if deemed appropriate. Details of such dialogue will be recorded on the the Finance systemSAP notes section for future reference.

9.59.4 The Chief Finance Officer reserves the right to charge interest on outstanding debts in accordance with BMKFRS conditions.

9.69.5 The Chief Finance Officer reserves the right to withhold credit for debtors with outstanding debts, this will be done in consultation with departments. Payment in advance for goods and services should be the standard terms and conditions.

9.79.6 If after the debt has been chased appropriately and it has not been recovered through the normal channels after 90 days, or following a recommendation for write off from Legal Services, consideration will be given to writing off the debt. The Chief Finance Officer will consult the cost Cost centre Centre managerManager/second tier manager whose budget will meet the cost of the write off.

9.89.7 No money due to the Authority shall be written off without the following authorisation:

- For debts up to and including £500 in relation to any individual debtor – the Chief Finance Officer;
- For debts over £500 and up to £5,000 in relation to any individual debtor – the Chief Finance Officer and SMB;
- For debts over £5,000 in relation to any individual debtor – Executive Committee to approve on recommendation from Chief Finance Officer.

9.99.8 The Authority reserves the right to recover any debt incurred from an employee dismissed for fraud, theft or corruption.

Contact: Financial Accountant (ext: 140)

Procedure Note:	**Financial Instructions**

~~11.~~10.   EXTERNAL FUNDING

Preamble

External funding can potentially be an important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Authority.

Instructions

10.1   Each area of external funding should have a defined responsible manager within the Authority. This individual should ensure that:
- All claims for funds are made by the due date;
- All expenditure is properly incurred and recorded in accordance with the agreed funding;
- Any match funding requirements are considered prior to entering into agreements and that these are reflected in future revenue budgets/medium term financial plans as appropriate
- All external funding agreements, bids and claims are notified to the Chief Finance Officer prior to sending off to the fund provider

10.2   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 and Grant Register, and that audit requirements are met.

* See also financial instructions for income, partnership and sponsorship funding.

~~Contact: Management Accountant (ext: 177)~~

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 201~~5~~8	**Review Date:**	April 201~~6~~9
File Name	TBC		

224

Procedure Note:	**Financial Instructions**

12.11.   IMPREST ACCOUNTS

Preamble

This section has been removed as all Imprest accounts have now been closed.

13.12.   INCOME

Preamble

Directors, Second Tier Managers and Cost Centre Managers must all ensure that all income due to the Authority is identified and charged correctly in accordance with current charging policy. They must ensure all income due to the Authority is collected, receipted and banked properly in advance of providing the service. Unless the provision of the service is of a statutory nature or otherwise stated in the charging policy, costs incurred in providing services should be fully recovered. Agreements should be made at "arms length" and discounts should not be given.

There must be proper processes and procedures in place for the receipt of all income due to the Authority and this instruction should be read in conjunction with Financial Regulations D.5, Financial Instruction 9 (Debt Management), and Anti-Money Laundering Policy, and Charging Policy.

Instructions

12.1   All systems of income collection and records of monies due to the Authority for payment into the Authority's bank account shall be approved in writing by the Chief Finance Officer. All debtor accounts should be raised and recorded on SAPthe Finance system, whether for income already received or for receipts due at a later date and regardless of the payment method. All invoices issued should make reference to the customer's purchase order number (or similar reference).

12.2   Unless the provision of the service is of a statutory nature or otherwise stated in the charging policy, costs incurred in providing services should be fully recovered. Agreements should be made at "arms length" and discounts should not be given. For example, for fire training courses payment should be in advance, unless this is done then there will be no attendance allowed.

12.3   There may be occasions where due to the nature of the arrangement, (for example, secondment of officers where the amount is not known in advance), that a debtor invoice is raised to recover costs, this should be the method used as an exception rather than the norm as debt collection

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

225

Information Asset Owner:	Director of Finance and Assets
Protective Marking:	PROTECT
Page :	20 of 57

Procedure Note:	**Financial Instructions**

is a costly, time-consuming exercise and the Authority should be safeguarded from loss of income.

12.4 For exceptional cases where it has not been possible to collect payment in advance of providing the service and the raising of a debtor has received prior approval from the Chief Finance Officer, Cost Centre Managers must ensure the following:

- T~t~hat invoices are submitted promptly so that income due to the Authority is maximised. Cost Centre Managers should ensure that debtors accounts are raised on the Finance system ~SAP~ within 24hours showing full details of the charge, the correct billing address and the date payment is due.
- For avoidance of doubt, payment due terms for the receipt of income is 14 days.
- The section that has provided the service or goods will be responsible for resolving all disputes and queries about costs of goods or services supplied within one week of supply.
- If a dispute results in a need to raise a credit note the section should contact the Finance Department immediately to request that a credit note is raised on ~SAP~ the Finance system and provide full details of the reason for the credit, which will be recorded on ~SAP~ the Finance system and included on the credit note. **The Finance Department should always be notified at the start and end of any disputes to prevent unnecessary reminders or legal referrals being sent out.**
- Debtor accounts for services provided continuously should be raised on ~SAP~ the Finance system on at least a quarterly basis. This applies also to periodic income and recurring/regular income (e.g. employee secondments and telephone masts).
- Immediately after the end of each financial year, and not later than a date to be determined by the Chief Finance Officer each year, each Cost Centre Manager must notify the Finance Department, in a format determined by the Chief Finance Officer, of all outstanding debtors where work has been completed, goods supplied or services rendered in the previous financial year, to ensure that all monies due to the Authority are allocated to the correct financial year.
- Any outstanding income due from other public bodies or local authorities fall within the scope of the Local Authorities (Goods and Services) Act 1970 and are required to be separately identified.

12.5 For those items where income is due to the Authority but a debtor account is not raised, e.g. employee personal mobile phone calls, all income must be accounted for properly and in a timely manner.

Version:	4.1	Status of document:	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

226

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority MAKING YOU SAFER PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	21 of 57

Procedure Note:	**Financial Instructions**

12.6 Employees accepting ~~monies~~ cash, cheque or card payments on behalf of the Authority must always issue either an official receipt to the payee in a format approved by the Chief Finance Officer, or in the case of credit card payments the credit card receipt.

12.7 ~~All official receipt forms will be generated by SAP the Finance system which acknowledges income due to the Authority. For cash payments, two copies are generated one of which is kept at BFRS and one sent out to the cash payer.~~

~~12.8~~12.7 Any employee who receives money on behalf of the Authority shall keep an accurate record of all receipts. All monies should be forwarded, with relevant supporting information, direct to the Finance Department as soon as possible and at least within one week of receipt. The relevant Finance Officer will receipt the income on ~~SAP~~ the Finance system and ensure it is banked in a timely manner and at least within one week of receipt.

~~12.9~~12.8 Monies received shall not be used to cash personal or any other cheques.

~~12.10~~12.9 Where departments receive income by credit card these transactions shall be accounted for in compliance with the "Retailer Operating Instructions" supplied by the bank issuing the credit card terminal. We currently hold one in workshops. Should this facility be required in other departments for the future, the Cost Centre Manager must approach the Finance Department and seek approval ~~from the~~. Chief Finance Officer.

~~12.11~~12.10 The Authority can accept direct debit payments. Cost Centre Managers must have prior approval from the Chief Finance Officer and provide information to the Finance Department to create this facility if appropriate.

~~12.12~~12.11 All arrangements for the collection of income by electronic means shall be subject to the approval of the Chief Finance Officer.

~~12.13~~12.12 The Chief Finance Officer is the appointed Money Laundering Reporting Officer (MLRO). Any cash receipt of a significant sum can only be accepted if processed in accordance with the Anti-Money Laundering Policy. In accordance with advice received from HMRC and the Anti-Money Laundering Policy, the Authority will not accept settlement in cash of any transaction above the value 15,000 euros equivalent (approximately £10,000).

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

227

12.1412.13   Directors, Second Tier Managers and Cost Centre Managers are responsible for notifying the Chief Finance Officer of any grant income due and to ensure it is received and properly recorded in the Authority's accounts. They should also ensure that the funding is spent in accordance with the grant's terms and conditions. See section 10 External Funding.

12.1512.14   Contact: Financial Accountant (ext: 140)

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

228

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority MAKING YOU SAFER PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	23 of 57

Procedure Note:	**Financial Instructions**

~~14.~~13.   INFORMATION SYSTEMS

Preamble

Management Information Systems are central to the effective delivery of the Authority's services and management of resources. They include complex corporate ICT systems, business critical service specific systems and comparatively simple locally developed spreadsheets and databases. Many are in daily use as a basis for making key business decisions. These instructions exist to provide a consistent framework of best practice for the acquisition, implementation, operation and development of these systems.

Instructions

13.1   The ICT Manager shall liaise with the Chief Finance Officer to ensure that there is a corporate approach to the implementation of the Authority's financial system, its integration with other Authority systems and also to ensure that available technical expertise is utilised to the fullest extent.

13.2   The ICT Manager must obtain the Chief Finance Officer's agreement for the proposed acquisition of, development of, or amendment to systems which involve financial operations or produce information which will form the basis of financial decisions.

13.3   The ICT Manager shall consult with and obtain the agreement of the Chief Finance Officer on the appropriateness of controls which need to be built into systems to achieve an acceptable level of security should the system interface –with the Authority's financial system.

13.4   Any new system or proposed development should comply with the principles of Best Value by offering systems of high quality to deliver agreed outputs at a competitive cost. Post Implementation Reviews should be carried out by the project manager to establish whether the anticipated benefits were realised.

13.5   The ICT Manager is responsible for ensuring proper security, password protection, privacy and back-ups concerning information held in the Authority's computer installations and for implementation and compliance with prevailing legal requirements.

13.6   An audit trail should exist to allow for an item to be traced both forward through the system from the initiation document or entry to the final destination or output, and backwards from the final destination to the initiation document.

	Information Asset Owner:	Director of Finance and Assets
	Protective Marking:	PROTECT
	Page :	24 of 57

Procedure Note:	**Financial Instructions**

13.7 For the purpose of the Data Protection Act 1984/General Data Protection Regulation (GDPR), the ICT Manager will liaise with and advise the nominated Data Protection Officer.   All employees are responsible for ensuring compliance with any legal, statutory, regulatory or contractual obligations, including the requirements of the Data Protection Act.

13.8 The ICT Manager (ICT) shall be responsible for the safe custody of all computer hardware and software used by the Authority, including compliance with software licence agreements. He/she shall maintain an inventory of all equipment and application software in accordance with the requirements of Financial Instruction 15 (Inventories).

13.9 The ICT Manager shall, in consultation with the Business Continuity Manager and the Chief Finance Officer, develop and maintain recovery plans to ensure that systems can be restored within an acceptable timescale in the event of a disaster or software/hardware failure. Regular testing should take place to ensure the adequacy and effectiveness of such plans. All systems should be regularly backed up.

Contact: ICT Manager (ext: 150)

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	25 of 57

Procedure Note:	**Financial Instructions**

~~15.~~14.   INSURANCE

Preamble

The insurance of the Authority's assets and potential legal liabilities arising from its various activities is an essential service that the Authority has agreed to operate centrally. These instructions seek to provide a common process which will ensure that insurable risks are continually reviewed and appropriate cover provided.

Instructions

14.1   The Chief Finance Officer shall effect all insurance cover and appoint an officer to deal with all claims (the Claims Officer), in consultation with other Officers where necessary.

14.2   Directors and Second Tier Managers shall give prompt notifications, confirmed in writing, to the Chief Finance Officer of all new risks, including financial, property, equipment or vehicles, which may require to be insured and of any new activities or changes, including contractual or partnership risks that may impact upon the Authority's risk profile.

14.3   Directors and Second Tier Managers shall immediately notify the Claims Officer in writing of any loss, liability or damage or any event likely to lead to a claim under the Authority's insurance programme so as not to prejudice the value of the insurance protection available to the Authority. Such notification should be in the format prescribed by the Chief Finance Officer. The Police and Internal Audit will be notified of loss or damage if appropriate.

14.4   The Chief Finance Officer shall annually, or at such other period as may be required to meet existing contractual or European competition legislation, review all external insurance arrangements.

14.5   Directors and Second Tier Managers shall consult with the Chief Finance Officer and the Director of Legal and Governance concerning the terms of any indemnity that the Authority is requested to give potentially impacting on the Authority's insurance arrangements.

14.6   Directors and Second Tier Managers and other managers shall comply with requirements notified by the Chief Finance Officer for claims handling procedures including response times for information. Any loss arising from non-compliance will be a cost to the department concerned.

~~Contact: Financial Accountant (ext: 140)~~

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	26 of 57

Procedure Note:	**Financial Instructions**

16.15.   INVENTORIES

Preamble

The Authority has a duty to minimise the risk of loss or theft of its physical assets. In addition to making proper security arrangements to safeguard assets, an accurate record (Inventory) should be maintained to enable verification of the existence and location of assets.

These instructions (in addition to Financial Regulation D.8) set out overall requirements and roles and responsibilities for creation, maintenance, control and inspection of inventories, the notification of missing items and the disposal of surplus or damaged assets.

Instructions

15.1   Each Director/Second Tier Manager/Cost Centre Manager shall ensure that an inventory is maintained for appropriate physical assets under their control. The basic criteria for inclusion of an item is where the value is over £50 (not furniture and fittings) or the item can be deemed to be portable and desirable in nature.

15.2   Each inventory must be in a form approved by the Chief Finance Officer. This can either be a bound book with numbered pages or a secure computer system.— When the Asset Management system is fully operational items may be recorded in that system with the agreement of the Chief Finance Officer. Whichever system is used, a full description of the item must be recorded to include:
- Description / Make / Model;
- Serial number (or identifying mark);
- Date of purchase and cost (exclusive of VAT); and
- Location.

Where items are recorded in the Asset Management system, officers should follow the procedures as laid down in the guidance note.

15.3   Each Director/Second Tier Manager/Cost Centre Manager shall arrange for all inventories to be checked at least annually and for the checks to be evidenced on a copy of the inventory by the date and the signature of the officer carrying out the check.

15.4   Where items of a material value (>£1000 per item or per group of items or as required for the Asset Management system) are found to be missing these should be reported immediately to the Chief Finance Officer and the relevant Second Tier Manager and Station Manager. If theft is suspected, the Chief Finance Officer will also notify Internal Audit as appropriate.

Version:	4.1	**Status of document:**	Draft
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Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

232

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	27 of 57

Procedure Note:	**Financial Instructions**

15.5 No article with an estimated current value exceeding £500, or a number of articles with a total estimated current value exceeding £500 shall be written off without the approval of the Chief Finance Officer.

15.6 Where an employee ceases to be responsible for the maintenance of an inventory and hands over the responsibility to a new officer, all items on the inventory should be checked and the inventory signed and dated by both outgoing and incoming officers.

15.7 No item should be removed from the Authority's premises unless it is in accordance with the ordinary course of the Authority's business and as such must only be used for the Authority's purposes.

15.8 Where inventory items are temporarily removed from the Authority's premises under the normal course of an employee's duties (e.g. pool mobile phones), a record should be maintained of the whereabouts of all such items. The officer responsible for the items should sign the record when the item is returned to the officer.

15.9 Whenever an officer leaves, hands over or ceases to be responsible for the custody of any property of the Authority which is entered on an inventory, the relevant Manager shall ensure that a check is made of that property and that the outgoing and incoming officers sign a handing-over certificate or an item return and reallocation record within the inventory.

Surplus, obsolete or unserviceable items

15.10 A check should be made to determine whether there is a corporate policy for disposal of the item. For Red Fleet vehicles or items originally purchased from Capital where the ~~disposal proceeds~~net book value exceeds ~~£2,500~~£10,000 the Executive Committee must approve the method of disposal.

15.11 For items other than those to which the previous paragraph relates, disposal should be by public auction, trade-in, competitive tender or by obtaining three written quotes from suitable contractors/purchasers, or as approved by the Chief Finance Officer. All disposals are subject to obtaining advice from the Chief Finance Officer on the likely market for the items and the relative cost of disposal.

15.12 Once the decision and approval to dispose of an asset has been taken and before disposal, all livery referencing to Buckinghamshire and Milton Keynes Fire Authority must be removed.

Version:	4.1	Status of document:	Draft
Author:	Finance	PIA:	N/A
Issue Date:	April 20185	Review Date:	April 20196
File Name	TBC		

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	28 of 57

Procedure Note:	**Financial Instructions**

15.13 The officer responsible for the disposal must demonstrate that the Authority is receiving value for money and that the contractor used is reputable. The officer must comply with the Authority's Anti-Money Laundering Policy. ─Evidence of all of these requirements must be retained by the responsible officer.

Disposal Methods

15.14 Brief points regarding some different methods of disposal are given below.

- Public Auction

Auctions may be suitable for items for which there is likely to be keen competition from a wide market of potential cash purchasers or for items of an unusual nature but for which there is likely to be a ready market. An auction may quickly conclude competition and identify the successful bidder who will sign a binding contract at the sale. There is, therefore, a degree of immediacy provided by the auction process, which is absent in other methods of sale.

- Formal Tender/Sealed Offers

Formal tenders may be considered appropriate where there is a defined market and a perceived demand for the item to be sold. As there is no flexibility in the post-tendering procedures, it may be felt that the use of this method restricts the market since interested purchasers may need to incur costs before submitting offers (which, if accepted, become legally binding) without any assurance that they will be successful. The sealed offer process is relatively simple and inexpensive both in terms of the Authority's administration and financial commitment.

Contact: Financial Accountant (ext: 140)

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

234

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	29 of 57

Procedure Note:	**Financial Instructions**

~~17.~~16.   INVOICES AND ACCOUNTS FOR PAYMENT

Preamble

These instructions seek to provide a consistent framework throughout the Authority for the payment of invoices for goods and services received. There is a need to ensure that there is a segregation of duties involved in the raising and authorising of requisitions, receipting of goods and checking of invoices/credit notes, in order to reduce the risk of fraud. It is the ~~cost~~ Cost ~~centre~~ Centre ~~manager's~~ Manager's responsibility to ensure sufficient employees have the appropriate access rights (bearing in mind segregation of duties above), that they are fully trained and aware of their responsibilities and are available to take the necessary action in ~~SAP~~ the Finance system for each step of the process.

These instructions support Financial Regulations, in particular Financial Regulations D.4 to D.7. Invoices should be supported by an authorised order unless an exemption applies in Section 19

Instructions – General

16.1   In essence, the process begins with the entry of a requisition for goods or a service through the ~~SAP~~ Finance system. Once the requisition has been raised, the system will notify the ~~budget holder~~Cost Centre Manager that it requires approval. If approved, Procurement will then convert the requisition into an official purchase order which will be sent to the supplier~~, where possible,~~ by email. Once the goods or services have been received, the system will need to be updated with the goods receipt. Invoices will be sent directly from the supplier to the ~~F~~finance ~~section~~ Department for payment. Payment will only be authorised if the goods/services have been correctly receipted and price, VAT and discount details agree with the original purchase order (and within tolerance limits, currently the greater of 10% or £50).

16.2   Invoices must be paid through the ~~SAP~~ Finance system using BACS ~~and not through imprest accounts~~. Any waiver to this requirement must be authorised in writing by the Chief Finance Officer.

16.3   ~~Where suppliers render accounts in non-paper format the Chief Finance Officer must first approve the process for requesting the goods and the payment of such accounts prior to the order being made.~~

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

235

Procedure Note:	**Financial Instructions**

Instructions – Ordering Goods and Services

~~16.4~~16.3 Financial Instruction 19 Order of Goods, Works and Services should be read and all procedural rules therein must be applied prior to creating any purchase orders in the ~~SAP~~ Finance System.

~~16.5~~16.4 Only officers authorised by the Cost Centre Manager and agreed by the Chief Finance Officer shall requisition purchase orders for works, goods or services on the ~~SAP~~ Finance system. ~~Manual orders are no longer permitted unless in exceptional circumstances – see financial instructions 19 Order of Goods, Works and Services~~

~~16.6~~16.5 The Cost Centre Manager is responsible for ensuring arrangements are in place and substitutes are notified in the event of leave or sickness or when an employee leaves the Authority.

~~16.7~~16.6 The requisitioner is responsible for ensuring correct procedures are followed as per the guidance for electronic ordering held on the *i-drive* and that the information on the requisition is sufficiently detailed and meaningful to enable good quality management information to be extracted from the ~~SAP~~ Finance system.

Instructions – Authorisation

~~16.8~~16.7 Once the requisition has been saved, workflow will generate an email to prompt the ~~cost~~ Cost ~~centre~~ Centre ~~manager~~ Manager to either authorise, reject or put on hold the requisition.

~~16.9~~16.8 The ~~c~~Cost ~~c~~Centre ~~m~~Manager or his/her authorised representative shall use the ~~SAP~~ Finance system to ensure:-
- The supplier and requisition details are correct and reflect sufficiently the nature of the purchase order;
- The expenditure is covered by an approved budget;
- Appropriate entries have been made in stores records or inventories as required;
- The account has not previously been passed for payment;
- The workflow requests for authorisation are carried out promptly and arrangements are made to ensure substitutes are set up in the system to act in the ~~c~~Cost ~~c~~Centre ~~m~~Manager's absence;
- Workflow requests for double checking are carried out fully where tolerance levels are exceeded before re-authorisation~~.~~
- The Cost Centre Manager is responsible for ensuring arrangements are in place and substitutes are notified in the event of leave or sickness.

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

236

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	31 of 57

Procedure Note:	**Financial Instructions**

16.1016.9   Requisitions approved by the relevant cCost cCentre mManager will be turned into a purchase order by the pProcurement manager.

Instructions – Goods Receipting

16.1116.10   Upon delivery or completion of the goods or services or works, the order must be confirmed as received using the appropriate method, e.g. by entering a goods receipt transaction onto the SAP Finance system, or completing a goods received form. *Financial Instruction 27 (Stocks and Stores) and Financial Instruction 15 (inventories) may also be applicable.*

16.1216.11   The Cost Centre Manager or his/her authorised representative shall use the SAP Finance system to ensure:

- The goods have been received, examined and approved as to quality and quantity, or services rendered or work done satisfactorily;
- Any specific authorisation that is required, e.g. Quantity Surveyor valuation certificate for construction works invoices, has been obtained;
- The Cost Centre Manager is responsible for ensuring arrangements are in place and substitutes are notified in the event of leave or sickness or when an employee leaves the Authority.

Instruction - Invoicing

16.1316.12   The supplier will be asked to quote on the invoice the name of the place where the work was done or goods delivered, together with a reference to the purchase order number and delivery note, if this is applicable.

16.1416.13   Invoices should be sent emailed to the Authority's Finance Departmentsection, where they are processed electronically on to the Ffinance system. aA number of checks will be carried out automatically to match the invoice to the authorised purchase order in SAPthe Finance system:-

- The value of the invoice agrees within tolerance levels to the goods received and authorised order;
- Any anomalies, differences or dulicatesduplicates will be highlighted and dealt with at this stage.
- The price(s) charged, discounts, tax rates and the arithmetic are correct. Note this is automatically calculated through the validation process in SAP the Finance system but Finance will also do a random check on a weekly basis;

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

237

	Information Asset Owner:	Director of Finance and Assets
	Protective Marking:	PROTECT
	Page :	32 of 57

Procedure Note:	**Financial Instructions**

- ~~Once the invoice is matched, it is given a document number and then scanned into SAP~~the Finance system
- ~~Once a week, a report will be run to verify that invoice numbers have not been allocated for the same vendor, to avoid duplication payments.~~

~~16.15~~16.14   There are automatic system checks in the Finance System ~~SAP~~ which look at the following items and verify through the workflow system when 10% tolerance levels have been exceeded. If the tolerance level is exceeded the workflow system will generate a further ~~email~~ notification back to the ~~Cost Centre Manager~~approver for investigation:
- The value of the invoice agrees to the goods received and authorised order;
- The relevant VAT classification code is correct.

~~16.16~~16.15   Where payment is to be made against a "copy invoice", the invoice must be:
- Clearly marked as a "copy invoice" and signed as a "true copy" by the supplier or representative;
- A check must be carried out as far as possible to ensure there is no record in the ~~SAP~~ Finance system that the invoice had been passed for payment previously;
- Internal controls should exist to ensure that should the original invoice appear at a later date the invoice will not be passed for payment again. Under no circumstances should a different invoice number or an extension to the invoice reference be made to "force" the transaction through.

~~16.17~~16.16   Statements sent by suppliers should be checked against the ~~creditors~~ Finance system to see if they have been paid, and if still outstanding, the matter raised by ~~F~~finance to the receiving department. Under no circumstances should payment be authorised against a statement.

~~16.18~~16.17   As soon as possible after the end of each financial year, and in any case not later than a date to be determined by the Chief Finance Officer each year, each ~~budget holder~~Cost Centre Manager should notify the Finance Department, in a format determined by them of all outstanding items of expenditure relating to goods received or services rendered in the previous financial year.

~~16.19~~16.18   Employees of the Authority must not make out invoices nor shall an employee of the Authority add any additional items to an invoice rendered by a supplier. Invoices shall not be accepted in which the details are not written in ink, typewritten or electronically printed.

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

238

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority MAKING YOU SAFER PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	Protective Marking:	PROTECT
	Page :	33 of 57

Procedure Note:	**Financial Instructions**

16.20 No amendments shall be made to any invoice. ~~Value Added Tax (VAT) invoices.~~ All ~~VAT~~ invoices requiring amendment shall be returned to the supplier for any amendment necessary, in accordance with VAT regulations. ~~For non-VAT invoices amendments can only be made with the permission of the supplier. Details of the changes agreed with the supplier, together with the name of the supplier's representative agreeing to the changes, should be recorded on, or attached to, the invoice.~~

~~16.21~~16.19

~~16.22~~16.20   The Chief Finance Officer may agree in writing whether for some invoices certain of the conditions shown above may be waived.

~~16.23~~16.21   Timely processing of invoices must be undertaken in compliance with the statutory requirements regarding prompt payment.

~~16.24~~16.22   Where invoices relate to "construction" and fall within the terms of the HMRC Construction Industry Tax Deduction Scheme, the Chief Finance Officer will maintain records of those suppliers who carry out construction operations. If a tax deduction applies to the supplier, the ~~SAP~~ Finance system will only allow input of invoices from the supplier by authorised Finance. The invoice will be checked against the approved purchase order, and a deduction will be taken from the invoice, net of VAT, and forwarded to HM Revenue and Customs. Refer to financial instruction 6 CIS on what to do if engaging a contractor under this scheme for the first time.

~~16.25~~ A hierarchy list of requisitioners, authorisers, counter-authorisers, limits of authority and substitutes will be kept and maintained within the Finance Sys~~y~~tem~~ection~~ for each cost centre. Changes will only be made to the Finance system upon notification from the HR department, or the ~~relvanc~~relevant role change, leaver or new employee of the Authority. This will only be done after HR have received and processed all relevant paperwork in line with Authority procedures.~~Cost Centre Managers must notify the Chief Finance Officer promptly in writing of any amendments required to this list e.g. when employees leave the Authority's employ or are on leave or absent for any period. Cost Centre Managers must also provide confirmation to the Chief Finance Officer that user profiles within the electronic purchasing application are appropriate.~~

~~16.26~~16.23

Instruction – Change of bank details for payment of invoices

~~16.27~~ ~~Bank~~ All details provided for the setup~~/amendment~~ of new vendors must have been received from the supplier on the electronic form sent to them from the Finance system, once Procurement have agreed to the requirement of a new vendor. Any changes to existing vendors should

Version:	4.1	Status of document:	Draft
Author:	Finance	PIA:	N/A
Issue Date:	April 201~~8~~5	Review Date:	April 201~~9~~6
File Name	TBC		

239

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	34 of 57

Procedure Note:	**Financial Instructions**

be electronically sent to Finance on their ~~C~~company email or headed paper, at which point the relevant finance officer will call the vendor to confirm the changes are genuine before processing. All evidence will be attached to the vendor record in the finance system and held as per the Authority's retention policy.~~if it relates to a company/organisation or in writing if it relates to a named individual. Faxed copies are not acceptable.~~

~~16.28 Bank details provided via email are not acceptable evidence for a company/organisation, but are acceptable for a named individual where the email address clearly relates to the named individual. Bank details should never be accepted over the phone.~~

~~16.29 The Finance section is responsible for checking the authenticity of the documentation provided and must securely retain it for six years plus current year, which must be made available for inspection upon request. Confirmation of the change is automatically sent to the company.~~

~~Contact:~~ Financial Accountant ~~(ext: 140)~~

~~18.~~17.   LEASES

Preamble

The accounting arrangements and requirements for leases are complex. It is therefore essential when considering how to finance a purchase that Cost Centre Managers seek the advice of the Chief Finance Officer. This applies to both operating and finance leases.

Instructions

17.1 Cost Centre Managers must seek the advice of the ~~Director of Finance & Assets~~Chief Finance Officer before agreeing to any lease arrangements for goods or services.

17.2 Any lease contract must be reviewed by the ~~Director of Finance & Assets~~Chief Finance Officer and the Director of Legal and Governance prior to any agreement being signed.

17.3 Any proposal for financing expenditure through a lease must be approved by the Chief Finance Officer who will seek assurance that the method demonstrates value for money and is the most appropriate financing method for the circumstances.

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 201~~8~~5	**Review Date:**	April 201~~9~~6
File Name	TBC		

240

![Buckinghamshire & Milton Keynes Fire Authority - Making You Safer - Preventing Protecting Responding - www.bucksfire.gov.uk]	**Information Asset Owner:**	Director of Finance and Assets
	Protective Marking:	PROTECT
	Page :	35 of 57

| Procedure Note: | **Financial Instructions** |

17.4 The original lease agreement must be sent to the Procurement section for safekeeping and for adding to the contracts register and a copy to the Chief Finance Officer for the evidence required for the Statement of Accounts.

Contact: Management Accountant (ext: 177)

19.18. MEDIUM TERM FINANCIAL PLANNING

Preamble

The Medium Term Financial Plan (MTFP) links the Authority's strategic aims and objectives as set out in the Public Safety Plan (PSP) with the resources available to the Authority. It is constructed so as to ensure that resource allocation properly reflects the priorities of the Authority. The MTFP is reviewed annually as part of the budget cycle and is expressed as the Authority's detailed annual budget for the first year and an outline for the following three years.

Note that the outline budgets mentioned above are for financial planning purposes only. These are indicative only and are not approved by the Authority until the detailed budget is set for that particular year.

Instructions

18.1 SMB, Directors, Second Tier Managers and Cost Centre Managers are responsible for reviewing the MTFP annually, taking account of service plans and priorities, and for submitting updated plans covering the following three years in accordance with guidance and timescales notified by the Chief Finance Officer.

18.2 The MTFP for each cost centre should begin with the previous year's reported MTFP unless otherwise notified by the Chief Finance Officer. Any variations must be fully explained. Where the Chief Finance Officer considers it is appropriate a zero based budgeting approach will be taken.

18.3 The Chief Finance Officer will report to the Executive Committee on the indicative budget position for the Authority, taking into account the

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

241

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	36 of 57

Procedure Note:	**Financial Instructions**

Government's Comprehensive Spending Review and any other relevant information.

18.4 The Chief Finance Officer will determine the format of the MTFP and detailed annual budget in accordance with any general directions from the Executive Committee and after consultation with SMB.

18.5 SMB, Directors, Second Tier Managers and Cost Centre Managers will be provided with a detailed budget timetable and budget guidance notes to enable the annual budget to be completed by the statutory deadline. The guidance will set out the responsibilities for the completion of the plans. Cost centre managers will be required to explain any material variances from prior year planning assumptions and plans.

18.6 Bid for additional funds (Growth bids) for new initiatives / priorities should be outlined as such and submitted with a supporting business case. Bids for capital funds can only be made if all necessary approvals have been obtained, see Financial Instruction 5 (*Capital*). Bids for reduced funds (Savings bids) should be described on the appropriate forms and signed by the appropriate managers.

18.7 When preparing draft budget requirements Senior Managers and their ~~cost~~ Cost ~~centre~~ Centre ~~managers~~ Managers should have regard to:

- Public Safety Plan (PSP)
- Spending patterns and pressures revealed through the budget monitoring process from current and previous years
- The identification of opportunities to improve economy, efficiency and effectiveness and to achieve savings
- Legal requirements
- Policy requirements in the Authority's approved policy framework
- Initiatives already underway
- Relevant cash limits
- ~~The Authority's Invest to Save Policy (OC54/01~~

18.8 The Chief Finance Officer will report the overall MTFP, incorporating the draft annual budget for the following year, to the Executive Committee. The report will take into account the rolling capital programme and any other matters the Chief Finance Officer considers relevant to the financial position and the implications for the level of Council Tax to be levied. The Executive Committee is responsible for recommending the MTFP and budget to the Authority, which has responsibility for overall approval of the budget in February each year.

~~Contact: Management Accountant (ext: 177)~~

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

242

Procedure Note:	**Financial Instructions**

Version:	4.1	Status of document:	Draft
Author:	Finance	PIA:	N/A
Issue Date:	April 20185	Review Date:	April 20196
File Name	TBC		

243

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	38 of 57

Procedure Note:	**Financial Instructions**

20.19.   ORDERS FOR GOODS, WORKS AND SERVICES

Preamble

Purchase Orders create contracts and commit the Authority to expenditure. It is therefore vital that the ordering process fully protects the Authority's interest and that the ability to authorise orders electronically is strictly controlled.   This Financial Instruction should be read in conjunction with the Authority's Standing Orders as to Contracts, and Financial Regulations (specifically D.4 to D.7).

Instructions

19.1   The Cost Centre Manager shall be responsible for all Purchase Oorders issued from their cost centre for goods, works or services. The order is raised electronically, and the Cost Centre Manager (or substitutedeputy) shall be responsible for authorising the requisition **prior** to the order being raised.

19.2   The Authority's payment terms are strictly 30 days, all new contracts entered into should specifically state these payment terms and adhered to. The Chief Finance Officer must authorise prior to the signing of any contract where the supplier has requested earlier or more frequent payment terms.

19.3   Only officers authorised by the Cost Centre Manager and agreed by the Chief Finance Officer shall order works, goods, or services and commit expenditure on behalf of the Authority.

A hierarchy list of requisitioners, authorisers, counter-authorisers, limits of authority and substitutes will be kept and maintained within the Finance Systemection for each cost centre. Cost Centre Managers must notify the Chief Finance Officer promptly in writing (usually by email) of any amendments required to this list e.g. when employees leave the Authority's employ or are on leave or absent for any period. Cost Centre Managers must also upon request, provide confirmation to the Chief Finance Officer that user profiles within the electronic purchasing application are appropriate. Changes will only be made to the Finance system upon notification from the HR department, or the relevant role change, leaver or new employee of the Authority. This will only be done after HR have received and processed all relevant paperwork in line with Authority procedures.

19.4
19.5519.4
19.6   In the event of emergency outside normal office hours, an official order book (for manual orders) is held at the control room, Merlin Centre.

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

244

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	39 of 57

Procedure Note:	**Financial Instructions**

19.7 The use of official (manual) orders will only permitted in an emergency or where the SAP system is unavailable and the Chief Finance Officer has approved their temporary use. In such cases, the authorised officer shall print in his/her own name and sign the paper order in ink.

19.819.5 All Purchase orders shall be raised on the the Finance SAP system at the same time that a commitment is made with a supplier to obtain a quote for goods or services, and the quote attached to the requisition. except where paragraph 18e applies. Where, under exceptional circumstances, it is necessary to place telephone or verbal orders a requisition should be raised in SAP the Finance system and authorised by the appropriate officer immediately.

19.919.6 Requisitions for electronic orders shallwill be authorised in the Finance system, providing full evidence of the approving officer.by an approved officer in such a way that the officer can be uniquely identified.

19.1019.7 Each order must conform with the Authority's Standing Orders as to Contracts, Financial Regulations and relevant EU procurement rules and should secure best value for money. Cost Centre Managers and Second Tier Managers are responsible for ensuring that orders are only sent to the appropriate approved suppliers held within the Finance system, and who will not present financial or reputational risk to the Authority. Cost Centre Managers are required to seek approval for new suppliers (by completing the relevant electronic form) from the Procurement section who will perform the necessary checks.

19.1119.8 Procedures outlined in Standing Orders as to Contracts must be followed when orders exceed the particular thresholds for obtaining quotes or tendering.

19.1219.9 The procurement of work, goods or services must not be broken down into units in order to bring it below the quotation or tendering threshold, thereby circumventing the intention of Standing Orders.

19.1319.10 Where corporate contracts exist these must be used. Approved lists of suppliers will be compiled and maintained by the Procurement section.

19.1419.11 Orders are not required for business rates and some other automatic payments made outside the purchase order system. The written agreement of the Chief Finance Officer must be obtained for other exceptions.

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	Protective Marking:	PROTECT
	Page :	40 of 57

Procedure Note:	**Financial Instructions**

19.1519.12 Before engaging a contractor for the first time for "construction" works which fall under the HMRC definition for the construction industry tax scheme, procedures under Financial Instruction 6 *(CIS)* must be followed.

19.1619.13 Cost Centre Managers must ensure separation of duties so that no one officer is able to carry out all parts of a financial transaction such as the ordering, order authorisation, goods receipting and invoice verification of a single purchase.

19.1719.14 All Officers of the Authority have a duty to declare any links or personal interests that they may have with suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the Authority, in accordance with the Code of Conduct for Employees. Failure to do so may render an individual liable to criminal proceedings under section 117 Local Government Act 1972.

19.1819.15 Official orders must not be used for any personal, private or unofficial purchase nor must personal or private use be made of Authority contracts or similar arrangements.

Contact: Financial Accountant (ext: 140)

21.20. PARTNERSHIPS

Preamble

Partnerships can play a key role in delivering PSP objectives and community strategies and in helping to promote and improve the well-being of the area. The main reason for entering into a partnership are to provide new and better ways of delivering services, to find new ways to share risk and/or the ability to access new resources.

Instructions

20.1 Each partnership should have a defined responsible manager within the Authority. This person is responsible for ensuring that:
  - The partnership is appraised for financial viability in both the current and future years;
  - The financial risk to the Authority is assessed;
  - Appropriate resources are assigned to the governance of the partnership;
  - The partnership is supported by an appropriate documented agreement which outlines the financial liabilities and accountabilities of the partners, together with procedures for

Version:	4.1	Status of document:	Draft
Author:	Finance	PIA:	N/A
Issue Date:	April 20185	Review Date:	April 20196
File Name	TBC		

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	Protective Marking:	PROTECT
	Page :	41 of 57

| Procedure Note: | **Financial Instructions** |

financial transactions and monitoring, and which has been agreed in writing by all partners; and

- The accounting arrangements are satisfactory.

The Chief Finance Officer must be consulted and their agreement obtained to the acceptability of the details in respect of the above prior to commencement of the Partnership.

20.2 Approval of the Chief Finance Officer is required for any partnership where a pooled fund operates. If the Authority is the lead partner for the pooled fund the partnership agreement or SLA should require that each partner complete financial returns for the Authority in a format and timeframe prescribed by the Chief Finance Officer.

20.3 Where a Local Authority Company is to be established (by the Authority or any officer on behalf of the Authority, taking an interest such as membership, ~~share holding~~shareholding or directorship), the approval of the Chief Finance Officer and the Director of Legal and Governance is required.

20.4 The section on sponsorship arrangements should be read in conjunction with this instruction.

~~Contact: Management Accountant (ext: 177)~~

~~22.~~21. PROJECT MANAGEMENT

Preamble

A project is a unique set of co-ordinated tasks, with definite starting and finishing points, undertaken to meet specific objectives within defined schedule, cost and performance parameters. All projects should be assigned a project sponsor who will report the performance of the project to SMB as and when required.

Instructions

21.1 SMB is responsible for the overall monitoring of projects and has the right to refer issues arising from projects reports to the Executive Committee or Overview and Audit Committee.

21.2 The Project Management ~~Handbook~~ procedural guidance should be used as a guideline for the completion of project documentation. The first item is to appoint a project sponsor to provide advice and support for

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 201~~8~~5	**Review Date:**	April 201~~9~~6
File Name	TBC		

247

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	42 of 57

Procedure Note:	**Financial Instructions**

individual projects, project managers and to drive the project through to completion.

21.3 The Statement of Business Requirements (SOBR) translates the project idea or requirement into a simple "proof of concept and identifies the key stakeholders, their interest in the project and ensures they are adequately represented.

21.4 The Project Initiation Project (PID) is the mechanism by which the business case is put forward by the project manager and includes sections on project objectives, scope and exclusions, business case and option appraisals, acceptance criteria, stakeholder's analysis and communications plan, project risk and project plan.

21.5 During the project, which may run over many years, a highlight report should be completed at regular intervals to advise Directors and SMB of the project's progress through the major milestones including budgetary information. The key point is to demonstrate that as one agreed section of the project is complete the next stage can be started. If at any stage of the project there is reason to believe that the project is in or likely to go into exception then an exception report must be completed including the likely financial position especially where projects are likely to exceed the budget by 10% or more and requiring SMB and Executive committee approval.

21.6 At the completion of the project an End Stage report must be produced which is in effect a post implementation review, it details the project objectives & subsequent achievements, how well the project has gone, review of resources used including financial budget verses actual final costs, changes to the original plans, post project recommendations and stakeholder analysis of the project as completed. This report should be reviewed by Directors and forwarded to SMB.

21.7 Where requests are made for Capital Grants ~~from the DCLG~~funding over £50,000 and have followed the prescribed procedure then the completion of the grant forms must be approved by Committee. The approval of the grant applications by the DCLG will be assumed to be an automatic inclusion in the capital programme for the following year and must then follow the financial Regulations & instructions.

~~Contact: Management Accountant (ext: 177)~~

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	43 of 57

Procedure Note:	**Financial Instructions**

23.22.   RESERVES – EARMARKED

Preamble

An Authority must decide the level of general reserves it wishes to maintain before it can decide 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, such as for insurances or for the purchase of capital items. The policy for reserves is set out in the Financial Reserves Policy document (OC54/04).

Instructions

22.1   For each reserve established, the purpose, usage and basis of transactions should be clearly identified.

22.2   Reserves should be managed in accordance with the relevant codes of practice on local authority accounting in the United Kingdom and agreed accounting policies.

22.3   The Chief Finance Officer shall advise the Authority on prudent levels of reserves for the Authority, and take account of the advice of the external auditor in this matter.

22.4   The Chief Finance Officer shall ensure that there are clear protocols for the establishment and use of reserves. Any movement to or from reserves should be fully documented and include justification for the movement and approval from the Executive Committee on the advice of the Chief Finance Officer.

22.5   Resources must only be used for the purpose for which they were intended and usage should comply with protocols and procedures as laid down by the Chief Finance Officer.

22.6   The use of reserves must be monitored during the year as part of normal monitoring arrangements and SMB should confirm any continuing need for the reserves to the Chief Finance Officer as part of year end procedures.

Contact: Chief Finance Officer (ext: 182)

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	Protective Marking:	PROTECT
	Page :	44 of 57

Procedure Note:	**Financial Instructions**

~~24.~~23.   RISK MANAGEMENT

Preamble

All organisations face risks to people, property and continued operations. Risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the Authority and to ensure continued financial and organisational well-being.

All employees are responsible for identifying and reporting new risks to their line manager immediately they become aware.

SMB, Directors, Second Tier Managers and Cost Centre Managers are responsible for identifying and managing strategic and operational risks within their service areas. Risks must be managed in accordance with Financial Regulation C.2, these Financial Instructions and the Authority's Corporate Risk Management Policy~~ OC57.~~ The ~~Executive~~ Overview and Audit Committee shall regularly review the Corporate Risk Register.

Instructions

23.1   Second Tier Managers should review risks in their areas on a regular basis (at least quarterly) and report any new or increased risks to the Corporate Planning Manager, who in turn will report to the SMB.

23.2   All financial risks of a material nature must be notified to the Chief Finance Officer.

23.3   The Corporate Planning Manager shall review risks reported to him/her and discuss the adequacy of individual risk management plans, recommending proposals to improve these if they are considered insufficient. They should escalate all significant risks to SMB.

23.4   The SMB is responsible for monitoring risks reported to it and seeking assurance that risks are effectively mitigated.

23.5   All employees should ensure risks are identified and managed in accordance with Financial Regulations C.2 and ~~OC57   Corporate Risk Management Policy~~.

~~Contact: Corporate Planning Manager (ext: 135)~~

Procedure Note:	**Financial Instructions**

25.24.   SALARIES, WAGES, ALLOWANCES AND PENSIONS

Preamble

The cost of salaries and wages is a significant element of the Authority's budget. It is essential that proper controls and authorisations are in place and that an adequate segregation of duties is maintained.

Instructions

24.1   The payment of all salaries, wages, allowances, pensions compensation and other emoluments to all officers or former officers of the Authority shall be made under arrangements approved by the Chief Finance Officer using the SAP pPayroll system.

24.2   The design and method of acquisition and issue of stationery in connection with the payment of salaries, wages and allowances shall be agreed by the Chief Finance Officer and/or Director of People & Organisational Development. All timesheets or other payment documents, whether in paper or electronic format, will be in a format or system prescribed or approved by the Chief Finance Officer and/or Director of People & Organisational Development.

24.3   An application authorisation to recruit form must be completed by each Cost Centre Manager who wishes to recruit an employee, on either a permanent, temporary or secondment basis, including temporary promotions and additional responsibility allowances. It is the responsibility of the Cost Centre Manager to check with finance thatensure there is sufficient authorised budget available for current and future yearsyear's employment commitments and confirming this has been done, including documentary evidence of financial costings and endorse as such by printing his/her name and signingwritten or electronic signature.

24.4   The Director of People & Organisational Development must ensure that all matters affecting the payment of salaries, wages and allowances are notified with the correct level of authorisation and, where applicable, documentation use the appropriate documentation and in particular with regard to:-
- New Appointmentsappointments;,
- resignationsResignations, retirements, dismissals, or deaths in service;
- suspensionsSuspensions;
- , secondments Secondments,and transfers and promotions;
- Changes in remuneration, including salaries, retainers and allowances; and and

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

251

Buckinghamshire & Milton Keynes Fire Authority MAKING YOU SAFER PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Information Asset Owner:**	Director of Finance and Assets
	Protective Marking:	PROTECT
	Page :	46 of 57

Procedure Note:	**Financial Instructions**

- ~~pay~~ Pay awards and agreements of general application, including salary sacrifice agreement

24.5 Such information as the Director of People & Organisational Development may require for the payment of salaries, wages and allowances shall be certified as correct for payment by the relevant Cost Centre Manager and/or the Director of People & Organisational Development or officers appropriately authorised by them, who shall sign their own name(s) or approve electronically on a system approved by the Chief Finance Officer..

24.6 Written Monthly Attendance and Overtime Records ~~(Form FB22)~~ or electronic equivalent shall be completed each month by each ~~c~~Cost ~~c~~Centre ~~m~~Manager and submitted to the People & Organisational Development department. The forms shall be certified by two relevant authorised officers who shall sign their own names or approve electronically on the system. One signatory/approver should be the relevant Cost Centre Manager or his/her Line Manager or relevant Station/Group Commander.

24.7 Where ~~timesheets or other payment documents~~claims for payment are submitted ~~in~~ electronically ~~form,~~ individuals must claim hours on a timely basis via the appropriate system~~use the relevant system (e.g. Gartan Payroll) to submit claims. For c~~Claims submitted outside of the prescribed system should be in the format of~~not supported by the system(s), the claim must be~~ a suitably authorised request by email or standard template if applicable~~other electronic signature as appropriate. On receipt of the electronic form, the data will be entered and locked on the system to prevent subsequent amendment~~.

24.8 A list of names and specimen signatures of employees who may certify payroll information as correct for payment shall be prepared annually, at the beginning of each ~~financial year~~financial year, by each Cost Centre Manager in a format prescribed by the Chief Finance Officer. The list shall be personally certified by the Cost Centre Manager or his/her manager as appropriate.   The list should also shows limits of authority and permitted areas of expenditure for each individual. The list must be forwarded to the Chief Finance Officer who will maintain a composite list of authorised signatories for the Authority. Cost Centre Managers must notify the Chief Finance Officer promptly in writing of any amendments required to this list e.g. when employees leave or transfer.

24.9 All appointments or variations to contract will be made in accordance with the appropriate terms and conditions of service and decisions of the Authority and the approved establishments, grades and rates of pay.

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

252

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	47 of 57

Procedure Note:	**Financial Instructions**

24.10 The Chief Finance Officer will maintain an appropriate segregation of duties so that no one individual can process a payment instruction in full. The demarcation of these duties will separate data input of payment instructions into ~~SAP~~ the ~~HR~~Payroll system from payment processing via BACS, CHAPS or electronic transfer/payments. The Chief Finance Officer will also ensure that the process for making BACS, CHAPS or electronic transfer/payment involves more than one officer, and is configured so that authorisation and access security actively prevent one officer from carrying out the whole process.

24.11 All Payments must be processed in accordance with the PAYE and NIC rules contained in the ~~Income Tax and Social Security Acts~~relevant legislation in place at the time.

24.12 The Chief Finance Officer will ensure that a monthly reconciliation of total PAYE, National Insurance Contributions, recoverable Statutory Leave payments, and Student Loan deductions is completed and the appropriate remittance made to Her Majesty's Revenue & Customs (HMRC) within required timescales. Further reconciliations and payments will also be made for court orders, pension contributions, net pay, and other third party payments.

24.13 The Chief Finance Officer will ensure that all in year documentation and statutory annual returns required by HMRC are completed by either paper report or in electronic format as appropriate and submitted to HMRC within relevant deadlines.

24.14 All stakeholders (including the employee) have a responsibility to report an overpayment of salary at the earliest opportunity to both the Employee Services and Payroll Manager and Cost Centre Manager. The employee and Cost Centre Manager in consultation with the ~~HR~~ Employee Services and Payroll Manager shall arrange ~~immediate~~ repayment terms. Variations to this requirement require the Chief Finance Officer's approval and should only be granted in exceptional circumstances.

Pensions

24.15 Pensions Services for the Firefighters' Pension Scheme are provided by West Yorkshire Pension Fund. ~~and~~ ~~the~~ The Local Government Pension Scheme services are provided through Service Level Agreements (SLAs) with Buckinghamshire County Council. The Chief Finance Officer and the Director of People & Organisational Development will ensure that their respective responsibilities under the contract/SLA are undertaken within the agreed timescales.

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	Protective Marking:	PROTECT
	Page :	48 of 57
Procedure Note:	**Financial Instructions**	

~~Contact: Financial Accountant~~ ~~(ext: 140)~~

Version:	4.1	Status of document:	Draft
Author:	Finance	PIA:	N/A
Issue Date:	April 20185	Review Date:	April 20196
File Name	TBC		

254

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	49 of 57

Procedure Note:	**Financial Instructions**

26.25.   SECURITY OF ASSETS

Preamble

The Authority holds valuable assets in the form of property, vehicles, equipment, furniture, ICT and other items. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations. The instruction should be read in conjunction with Financial Instruction 15 *(Inventories)*.

Instructions

25.1   Directors or their nominated employees maintain asset registers which will comply with the appropriate Accounting Codes of Practice and statutory requirements in consultation with the Chief Finance Officer.

25.2   The Procurement department shall have the custody of all title deeds under secure arrangements.

25.3   Directors should ensure that all employees are aware of their responsibilities with regard to safeguarding the Authority's assets and information, including the requirements of the data protection, licensing and copyright legislation.

25.4   Directors should ensure that all employees are aware of their responsibilities with regard to safeguarding of the Authority's computer systems, including maintaining restricted access to the information held on them and compliance with the Authority's computer and internet security policies.

Contact: Financial Accountant (ext 140)

27.26.   SPONSORSHIP AND ADVERTISING

Preamble

Commercial or other sponsorship for collaborative partnerships can have a number of benefits for the Authority. The Fire Authority has its own brand which we may wish to promote in return for financial gain or to gain financial or operational efficiencies. An important part of any joint working will be a transparent approach to any proposed sponsorship to the Authority or to independent contractors and their staff and for this reason, any arrangements should be considered at a corporate rather than individual level.

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.

For partnership arrangements, please go to chapter 20 *(Partnerships)*.

Instructions

26.1 Prior to entering into any sponsorship arrangements, formal approval should be sought from SMB members who in turn have sought advice from the Chief Finance Officer and/or the Director of Legal and Governance. This advice should be sought for services in-kind arrangements where no or little money changes hands. This is important as there may be VAT implications even when no money changes hands.

26.2 Sponsorship is defined as including funding or goods/assets or services in kind from any internal source, contributing to all or part of the costs of:

- a̶A Member of the Authority;
- a̶An employee;
- r̶Research;
- e̶Employee training;
- e̶Equipment;
- v̶Vehicles (and/or fuel, maintenance etc.)
- m̶Meeting rooms and associated costs (such as meals and hospitality;
- g̶Gifts;
- h̶Hotel and transport costs;
- p̶Provision of free services;
- b̶Building or premises;
- s̶Services or initiatives such as the fire dog.

See also:
The code of conduct for employees; and
The code of conduct for Members.

Contact: Management Accountant (ext: 177)

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 2018̶5	**Review Date:**	April 2019̶6
File Name	TBC		

256

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	51 of 57

Procedure Note:	**Financial Instructions**

28.27.   STOCKS AND STORES

Preamble

Second Tier Managers shall be responsible for the safeguarding and accounting for stocks and stores. Appropriate arrangements should be made for checking, security and record keeping commensurate with the value and attractiveness of the stores items.

These instructions should be considered in addition to Financial Regulations D.8.

Instructions

27.1 All goods received must be checked for quantity and quality, and the supplier immediately notified of any discrepancy. The appropriate goods received record must be made using the ~~SAP~~ Finance system.

27.2 Every issue of stores must be supported by a requisition note stating the quantity of goods required and signed by an officer authorised to do so by the Area ~~Manager~~Commander, except where the Chief Finance Officer has agreed otherwise. The person receiving the goods must receipt such requisition notes.

27.3 Every officer responsible for the receipt and issue of stocks and stores shall keep such records of their transactions as the Chief Finance Officer may determine in order to maintain efficient control of the receipts and issues of such stores. All such records shall be in a form approved by the Chief Finance Officer.

27.4 Second Tier Managers shall hold stocks only to the level determined for operational needs. Stock levels should be reviewed regularly. Where additional stocks are required (e.g. uniforms, equipment) a stock rotation procedure should be in place to ensure that oldest stocks are used up first. This is necessary to avoid wasteful obsolescence though holding out of date stocks.

27.5 The method of stocktaking shall be approved by the Chief Finance Officer. Where continuous stocktaking is applied, all stores shall be checked at least once in each financial year. Stock sheets must be prepared at every stocktaking showing actual stocks in hand, balances shown in the stores accounts and any surpluses or deficiencies.

27.6 Stocktaking shall be supervised by a responsible person (wherever practicable someone other than the storekeeper or person in charge)

Version:	4.1	Status of document:	Draft
Author:	Finance	PIA:	N/A
Issue Date:	April 20185	Review Date:	April 20196
File Name	TBC		

257

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority MAKING YOU SAFER PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	52 of 57

Procedure Note:	**Financial Instructions**

acting on behalf of the Brigade Manager and both the person taking the stock and the person supervising shall certify the stock sheets.

27.7 Each storekeeper shall supply to the Chief Finance Officer annually, not later than a date to be notified by the Chief Finance Officer each year, a certificate;

- Stating that stocktaking has been carried out in accordance with the agreed procedure in all areas under his/her control; and
- Summarising the value of stocks and stores held at each of these locations/establishments at 31 March.

27.8 Brigade Managers shall provide such information as the Chief Finance Officer requires in relation to stores for the accounting, costing and financial records. The Chief Finance Officer shall submit a summary of the value of stocks and stores held at the end of the financial year to the Executive Committee.

27.9 Obsolete or unserviceable stores should be disposed of in accordance with the disposal provisions in Financial Instruction 15 *(Inventories).*

27.10 Any material variation (over £500) identified between actual and expected stock holding, either at any stocktaking or otherwise, shall be reported to the Chief Finance Officer. Such report shall stat the quantities and current values in question, together with any other relevant information. No individual discrepancy or group of discrepancies with a total value exceeding £500 shall be written off without the approval of the Chief Finance Officer.

27.11 A reference shall be given in the stores record to the authority under which any deficiency is written off or any surplus brought into store records as new stock.

27.12 Whenever a storekeeper or person in charge of stores hands over, leaves or ceases to have custody of stores, the appropriate Manager shall ensure that a check is made of the stores concerned and the stock sheets shall be certified in accordance with paragraph 27.6

27.13 Keys to safes, storerooms and secure areas etc are to be kept in the possession of nominated responsible persons at all times. Directors should keep records of key-holders.

Contact: Financial Accountant (ext: 140)

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 20185	**Review Date:**	April 20196
File Name	TBC		

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority MAKING YOU SAFER PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	Protective Marking:	PROTECT
	Page :	53 of 57

Procedure Note:	**Financial Instructions**

29.28. TRAVEL AND SUBSISTENCE AND OTHER EXPENSES

Preamble

These instructions seek to provide a consistent framework for claims, certifications and payments of the correct amount due, using approved administrative systems.

Instructions

28.1 All ~~certified~~ authorised claims for ~~payment of car allowances,~~ subsistence payments or ~~allowances,~~ business travel and incidental expenses shall be submitted to the Employee Services and Payroll Manager ~~at the end of each month in accordance with the timescales notified by the Chief Finance Officer~~ in line with the payroll timetable. All claims must be in a form~~at~~ approved by the Chief Finance Officer.

28.2 Where an ~~o~~Officer has a leased car, ~~he/she~~they will be charged for ~~all the~~any fuel used during the month~~.,~~ ~~and a~~Any business mileage must be reclaimed ~~promptly~~within a suitable timeframe. The Fleet section will provide relevant information to the Employee Services and Payroll Manager for fuel used during the month for payroll deduction inclusive of any chargeable VAT costs.

28.3 A valid receipt ~~VAT receipts (where applicable)~~ supporting the claim for the reimbursement of expenses should be submitted at the time of the claim~~attached to the claim form~~ unless otherwise agreed by the Chief Finance Officer.

28.4 The authoriser will verify the clam against receipts where relevant. The certification for payment by an authorised ~~o~~Officer shall mean that the journeys were authorised, the expenses have been properly and necessarily incurred on Authority business and that the allowances are deemed properly payable by the Authority.

28.5 It is an Audit requirement that a list of names and specimen signatures of employees who may certify expenses claims as correct for payment shall be prepared annually, at the beginning of each financial year, by each Cost Centre Manager in a format prescribed by the Chief Finance Officer in conjunction with the Director of People and Organisational Development. The list shall be personally certified by the Cost Centre Manager or their line manager as appropriate. The list should also show limits of authority for each individual. The list must be forwarded to the Employee Services and Payroll Manager who will maintain a composite list of authorised signatories for the Authority. Cost Centre Managers must notify the Employee Services and Payroll Manager promptly in

Version:	4.1	Status of document:	Draft
Author:	Finance	PIA:	N/A
Issue Date:	April 20185	Review Date:	April 20196
File Name	TBC		

259

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority MAKING YOU SAFER PREVENTING PROTECTING RESPONDING www.buck.fire.gov.uk	Protective Marking:	PROTECT
	Page :	54 of 57

| Procedure Note: | **Financial Instructions** |

writing of any amendments required to this list e.g. when employees leave or transfer.

28.6 Officers' claims submitted more than three months <u>after</u> the expenses were incurred will be paid only with the express approval of the Chief Finance Officer.

28.7 Elected Members who are entitled to claim travelling or other allowances should complete the prescribed form and submit to the Executive and Member Support Officer. They will forward these completed forms to the People & Organisational Development department for payment. All claims for a financial year are to be submitted in accordance with timescales as notified by the Chief Finance Officer.

~~Contact: Financial Accountant (ext: 140)~~

~~30.~~29. VAT

Preamble

Generally the Authority is able to recover Value Added Tax (VAT) it incurs in excess of that it receives. However it is important that the correct accounting treatment is applied to VAT in order to avoid penalties being imposed by Her Majesty's Revenue and Customs (HMRC).

Instructions

29.1 Cost Centre Managers are responsible for correctly accounting for VAT in respect of income and expenditure.

29.2 The Chief Finance Officer shall issue guidance to Cost Centre Managers and Line Managers to assist them in correctly accounting for VAT. Managers shall seek advice from the Chief Finance Officer where the correct VAT treatment is in doubt ~~and should use the VAT Guidance manual as a reference~~.

29.3 Any misdeclaration or other penalty imposed by HMRC shall be the responsibility of the Cost Centre Manager and shall be charged to the relevant budget unless it results from incorrect advice given by the Chief Finance Officer.

29.4 The Chief Finance Officer is responsible for ensuring that the monthly VAT Return to HMRC is completed correctly and submitted to HMRC on-

Version:	4.1	Status of document:	Draft
Author:	Finance	PIA:	N/A
Issue Date:	April 20185	Review Date:	April 20196
File Name	TBC		

260

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	55 of 57

Procedure Note:	**Financial Instructions**

line. There shall be separation of duties in that one employee shall calculate the amount due and a second employee shall verify that accordingly, before submitting the return electronically. ~~The person submitting the return shall also sign and date the control sheet~~.

29.5 The Chief Finance Officer shall ensure that financial control systems bring all VAT liabilities to account and that VAT is recovered to the fullest possible extent as early as possible.

29.6 The Chief Finance Officer is responsible for ensuring that voluntary disclosures are made to HMRC for VAT errors identified. Consequently all VAT errors identified by managers must be notified to the Chief Finance Officer irrespective of value.

29.7 In accordance with the Value Added Tax Act 1994 records shall be retained for at least six years (plus current year). The records must be in sufficient detail to allow calculation of the correct VAT and allow HMRC to readily check figures submitted on the VAT Return.

~~Contact: Financial Accountant (ext: 140)~~

~~31.~~30. VIREMENT (BUDGET JOURNALS)

Preamble

Virement is a transfer of budget provision either within or between budget headings in the year. It is intended to enable the Executive Committee, SMB and ~~c~~Cost ~~c~~Centre ~~m~~Managers to manage budgets with a degree of flexibility within the overall policy framework and cash limit agreed by the Authority, and therefore to optimise the use of resources. These Instructions set out the authorisations required for virement to take place.

Instructions

30.1 No virement is allowed from or to any of the following budgets without prior approval of the Chief Finance Officer:
- Salaries – these are set in accordance with the authority's approved establishment~~;~~.
- Capital Charges;
- Recharges;
- Insurances;
- Contingency Budgets; and
- Certain Indirect employee costs (e.g. corporate training)

Version:	4.1	**Status of document:**	Draft
Author:	Finance	**PIA:**	N/A
Issue Date:	April 201~~5~~8	**Review Date:**	April 201~~6~~9
File Name	TBC		

261

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority MAKING YOU SAFER PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	Protective Marking:	PROTECT
	Page :	56 of 57

Procedure Note:	**Financial Instructions**

30.2 SMB ~~and Committee~~ approval with advice from the Chief Finance Officer will be required for proposals which transfer funds for the creation of new posts and/or exceed the authorised establishment budget for the year.

30.3 For all other budget codes, Virements can be exercised within the limits shown below subject to the provisions in the subsequent paragraphs:

Limits	Virement to be approved by:			
	Cost Centre Manager(s) ~~and Directors~~	Chief Finance Officer	SMB	Executive Committee
Up to £50,000	Y	Y		
£50,000 to £150,000	Y	Y	Y	
Over £150,000	Y	Y	Y	Y

30.4 The approval of the Executive Committee is also required to a virement if:
- It involves resources not being used for the purposes approved by the Authority (a change in policy)
- ~~It~~ results in an addition to commitments in future years
- ~~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.

30.5 Proposed changes to the budget which increase the Authority's total expenditure and require either the use of the Authority's reserves or increased borrowing must be approved by the Executive Committee which may choose to recommend approval by the Authority.

30.6 No virement relating to a specific financial year should be made after 31 March in that year.

30.7 ~~All requests for virement must initially be made by forwarding a completed and signed Virement Request Form to the Finance Department. (available on N:/Common/Std Forms/Finance Forms/Template Virement request (Excel spreadsheet)~~

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority MAKING YOU SAFER PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	57 of 57

Procedure Note:	**Financial Instructions**

30.830.7 Any virement where the sole purpose is to correct errors with the original budget upload, or to achieve a purely presentational change (e.g. disaggregation of budget lines within one cost centre) is not subject to the limits detailed in section 30.3, and may be approved by the Chief Finance OffcierOfficer.

Contact: Management Accountant (ext: 177)

RESPONSIBLE OFFICERS GLOSSARY AND CONTACTS LIST

SMB and Directors
Chief Fire Officer/Chief Executive
Chief Operating Officer/Deputy Chief Fire Officer

Director Legal and Governance
Director of People and Organisational Development
Director of Finance and Assets

Contacts

Head of Service Delivery

Head of Service Development Extn 251

Head of Projects and Transformation Management Accountant & Deputy Director of Finance Extn 175

Resources Manager Extn 182

Head of Human Resources Extn 221
Employee Services and Payroll Manager – Extn 185

Chief Finance Officer – Extn 182 (Director of Finance and Assets)

Financial Accountant – Extn 140

Management Accountant – Extn 177

Head of Procurement – Extn 136

ICT Manager – Extn 150

Corporate Planning Manager – Extn 135

Business Continuity – Extn 165

	Information Asset Owner:	Director of Finance and Assets
Buckinghamshire & Milton Keynes Fire Authority **MAKING YOU SAFER** PREVENTING PROTECTING RESPONDING www.bucksfire.gov.uk	**Protective Marking:**	PROTECT
	Page :	58 of 57
Procedure Note:	**Financial Instructions**	

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 employees handling cash and assets.