

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.

0A20 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 undertaken 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 performing 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

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