

Minutes of the meeting of the OVERVIEW AND AUDIT COMMITTEE of the BUCKINGHAMSHIRE AND MILTON KEYNES FIRE AUTHORITY held on WEDNESDAY 18 JULY 2018 at 10.00AM

Present: Councillors Cranmer, Exon, Farrow (part), Glover (part), Teesdale (part), Reed (Substitute for Irwin), Watson and Wilson

Officers: J Thelwell (Chief Fire Officer), Mick Osborne (Deputy Chief Fire Officer), L Swift (Director of People and Organisational Development), D Sutherland (Director of Finance and Assets), J Parsons (Head of Service Development), M Gibb (Internal Audit Manager), S Harlock (Senior Auditor), M Grindley (Ernst & Young), A Kennett (Ernst & Young), A Carter (BASI Project Manager), G Barry (Information Governance and Compliance Manager) S Gowanlock (Corporate Planning Manager) A Hussain (Principal Accountant) and K Nellist (Democratic Services Officer)

Apologies: Councillors Geary and Irwin

OA01 ELECTION OF CHAIRMAN

(Councillor Cranmer presiding)

It was moved and seconded that Councillor Watson be elected Chairman of the Committee for 2018/19.

RESOLVED –

That Councillor Watson be elected as Chairman of the Committee for 2018/19

(Councillor Farrow joined the meeting)

OA02 APPOINTMENT OF VICE CHAIRMAN

It was moved and seconded that Councillor Cranmer be appointed as Vice Chairman of the Committee for 2018/19.

RESOLVED -

That Councillor Cranmer be appointed as Vice-Chairman of the Committee for 2018/19.

OA03 MINUTES

The Chairman advised Members that there was an update on Minute OA39 2016/17 Compliments and Complaints which was given by the Head of Service Development.

Extract from Minute OA39:

'A Member asked if there was a recording system for incidents that had impeded the fire service, accessing a property for example, and was advised that if there were issues with a

property, it was recorded and followed up by the Protection teams as part of its work around the Fire Safety Order. Local issues were recorded at Station level. Reported frustrations or incidents that fire crews had come across were captured on the incident reporting system; the other issue was reports by local residents concerned about parking and appliances not getting access. The Head of Service Delivery agreed to look at what data was held on both elements for a potential item at a future Committee.'

The Response from the Head of Service Delivery was: 'Incidents where there had been access issues for the Fire Service are recorded on the Incident Recording System (IRS). Looking back over the last three years' data the issue had primarily been either due to car fires being located off road or property fires being located via narrow lanes or with particular site security such as electric gates.

There was a consultation process between the Building Control Authority or Approved Inspector and the Fire Authority in respect of commercial developments and this related to distances which should be reached from an appliance to every part of the premises, and the size and load bearing capacity of the road.

Planned Fire Station prevention activities primarily focus on road safety initiatives in respect to parking, with a focus on known safety concerns such as outside schools during drop-off and collection times.

Stations do also react to information from the public and visit reported pinch spots and place temporary signage around lampposts if there was any subsequent concerns. Referencing the last three years IRS there was no incident highlighted where delays in attending an incident had been caused by inconsiderate parking.'

RESOLVED –

That the Minutes of the meeting of the Overview and Audit Committee held on 7 March 2018, be approved and signed by the Chairman as a correct record.

(Councillor Teesdale joined the meeting)

OA04 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.

OA05 INTERNAL AUDIT REPORTS

a) Internal Audit Report: Final Audit Reports

The Internal Audit Manager introduced Members to her colleague Selina Harlock who would be assisting with future audits. The

Core Financial Controls and Corporate Governance Audits for 2017/18 had both been finalised and both received a 'Substantial' level of assurance. All the recommendations had been agreed with the responsible officers and suitable deadline dates for implementation had been identified.

The internal Audit Manager advised Members that the Core Financial Controls audit, was the first audit of the new finance system. The financial control framework was very strong and there were only four medium priority actions raised.

The Director of Finance and Assets confirmed that all actions dated 30 June 2018 had been completed.

The Internal Audit Manager advised Members that the scope of the Corporate Governance Audit included compliance with the seven key principles of Corporate Governance as identified by the CIPFA SOLACE framework 2016 for delivering good governance in the Public Sector. There were only three medium priority actions for improvement.

RESOLVED –

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

b) Internal Audit Report: 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 26 June 2018. There were eleven recommendations to report on, eight had been implemented, one was on track but not yet due, and two were not implemented and the due date revised. There were no outstanding recommendations to be brought to the attention of Members at this time. The Internal Audit Manager also advised Members that this year there was a record low number of audit recommendations.

A Member asked what the new agreed dates were for the two recommendations that had not yet been implemented and was advised that with regard to Core Financial Controls, the outstanding recommendation related to the process for approving new starter forms and it was anticipated that the system would be in place by October 2018. The outstanding Fleet Management recommendation related to the use of the Tranman System and this would be looked at in more detail by the Business and Systems Integration project to ensure a full understanding of the current functionality, whether training was needed on the system and the way in which it could be further developed (or replaced) to meet the business requirements.

RESOLVED –

That the progress on implementation of recommendations be noted.

c) Internal Audit Report: Annual Audit Report

The Internal Audit Manager advised that the purpose of this report was to present to Members the draft Annual Audit Report 2017/18, which summarised the audit activity carried out for the last financial year. The Chief Internal Auditor's opinion was that the system of internal control provided reasonable assurance regarding the effective, efficient and economic exercise of the Authority's functions. During 2017/18 there had been continued improvement to the Authority's system of internal control through the on-going development of policies and procedures covering the key control processes. This demonstrated a continued robust and effective internal control and risk management environment that would facilitate the effective exercise of the Authority's functions.

A Member asked if the Internal Audit Manager could expand on why the audit opinion could only ever be 'reasonable' and was advised that Internal Audit can only ever provide reasonable assurance and not absolute assurance because the Audit Plan was restricted to a certain number of days per year. Internal Audit could only base its opinion on the work carried out within those days and on the controls it looked at. However, this was a very positive position and all areas looked at in 2017/18 had received a 'substantial' level of assurance.

A Member asked if the audit resource could be better deployed to be able to make recommendations and challenges to the Authority which would drive the increased efficiencies that it required in the future and also to recommend where the Authority could afford to take more risk and was advised by the Internal Audit Manager that Internal Audit was needed to provide the assurance environment that was currently in place. It could in future look at risk management type advisory opportunities, but this would need to be in addition to the current internal audit activity.

The Director of Finance and Assets advised Members that it was his duty to provide Members with the assurance they needed to hear on the activity of Internal Audit. The number of audit days could be varied up or down, but he felt that the current number of days was the appropriate level. When the audit programme was next considered, some of the views Members had expressed needed to be captured and also the Authority would have a better idea of some of the challenges coming forward.

The Chairman asked that the Internal Audit Plan be brought to this Committee at the next meeting so that Members could be briefed on what was going to be addressed in the coming year and the Director of Finance and Assets advised that at the next

meeting the Internal Audit Manager would be giving Members an update on the current year's programme and the proposed programme for the coming year was presented to Members each March.

The Chief Fire Officer advised Members that the first tranche of inspections for the new HMICFRS inspection process for fire and rescue services was underway and reports would be available in October/November 2018. Hopefully this would give an indication of where fire and rescue services were, which would be helpful as this Authority's inspection was due within the next 8-10 months.

The Chief Fire Officer asked Members to consider the Audit Plan, and also consider how the Authority could adapt and adopt the findings of the inspection team and try to connect the two together, it would give Members a broader view of what issues could be faced going forward.

RESOLVED –

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

OA06

ANNUAL GOVERNANCE STATEMENT 2017/18

The Director of Finance and Assets advised Members that the purpose of this report was to present the 2017/18 Annual Governance Statement. This contained the progress on the implementation of the recommendations of the 2016/17 Annual Governance Statement and highlighted recommendations for 2018/19. The Annual Governance Statement had been based upon the six core principles of good governance set out in the CIPFA/SOLACE guidance (2007, revised and updated 2012).

The Head of Service Development updated Members on two items, the first one was with regard to Operational Assurance. In November 2017 Operational Assurance Ltd (OAL) were invited back into the Service, in order to undertake a further independent review of the progress made against previously identified improvement recommendations. The value of having such in-depth scrutiny was so great that the Authority agreed to sanction the funding of a further three years of external assurance for our operations. After a procurement process, the contract was awarded to OAL. The benefit of having external scrutiny of the Authority's operations had been extensive, it would also supply really strong evidence for the HMICFRS inspection around service delivery.

The Head of Service Development also advised Members that in June 2017 an assurance team from the home Office visited the service to examine its progress in delivering Joint Emergency Services Interoperability Principles (JESIP), this looked at how the service interacted with other blue light agencies and how it assessed risk at incidents and how they work together. The

Authority received a really positive report with only one recommendation.

RESOLVED –

1. That the Annual Governance Statement be approved.
2. That the progress on the implementation of recommendations of the previous Annual Governance Statement (Appendix A to the Annual Governance Statement) be acknowledged.
3. That the priorities for 2018/19 (Appendix B to the Annual Governance Statement) be agreed.

OA07

AUDIT RESULTS REPORT

The External Audit Manager advised Members that this report summarised the findings from the 2017/18 audit. Members were aware, the deadline for the accounts this year was the end of July and this report had been drafted on 25 June 2018, which was an extremely positive position to be in at that time.

The External Audit Manager advised Members that she would be issuing an unqualified opinion on the Authority's financial statements and an unqualified value for money conclusion. All the work had now been completed for the audit, and when the Authority adopted the statements today, and the Letter of Management Representation was issued, the financial statements would be signed off.

The External Audit Manager asked Members to note the two areas of significant risk, revenue and expenditure recognition and the risk of management override and could confirm to Members, that having flagged them as risks, there were no concerns. Other areas of audit focus were valuation of land and buildings and pensions. Pensions assurance had now been received from the Pensions Auditor.

The External Audit Manager advised Members that as requested previously, some useful diagrams had been added to show what the data analytic tools could do. All information was downloaded and any nuances could be shared and investigated with officers.

The External Audit Manager advised Members that with regard to fees, the audit had taken longer than planned because of the new finance system and this had resulted in additional work. Once the audit was complete the impact on fees would be quantified.

RESOLVED –

That the content of the report be noted.

OA08**LETTER OF MANAGEMENT REPRESENTATION 2017/18**

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

There was also a letter previously sent from the Chairman to Ernst & Young to provide them with assurance as to how the Overview and Audit Committee get assurance from the Management of the Authority.

RESOLVED -

That the Letter of Representation be approved for signature by the Chief Finance Officer and the Chairman of the Committee.

OA09**ADOPTION OF THE AUDITED STATEMENT OF ACCOUNTS**

The Principal Accountant advised Members that this year was the first year the Authority was required to legislatively close its accounts by the 31 July 2018. As mentioned previously, there had been challenges with the new finance system requiring Ernst & Young to carry out further work, but even with the additional work, the Authority was in a position to sign off its accounts in a timely manner.

A Member asked about the small underspend of £95k and was advised that as Members would be aware historically the Authority had a much bigger underspend, but this was now more reflective of where the Authority was and the direction it was going in, with the next few years being challenging financially.

A Member asked what was the background for the considerable slippage in the capital outturn, and was advised that there was a figure of £11.659M which mainly related to the Blue Light Hub currently being built in Milton Keynes which was due to be completed in 2019/20. It had taken longer than expected to start the build as the tender process had taken longer than anticipated, but as Members would be aware, work started on site in April. There would be a considerable spend in the current year and the level of slippage would fall away in the run up to completion of the construction.

A Member asked why there was an overspend on contingency in the Revenue Outturn and was advised that the apprentices were funded from contingency. And the expenditure was slightly over what was anticipated.

A Member asked why there was a variance of £578K on service delivery and was advised that this was an underspend due to not fully recruiting all on call vacancies. The Authority was currently looking at remodelling how on call staff were recruited.

A Member asked if the senior management team bonus figures were pre-determined as the level of payment was identical to last year and was advised that each year was considered on its merit. It was put before the Executive Committee and discussed in detail and robustly challenged and any similarities were a matter of coincidence.

RESOLVED –

1. That the matters raised by the Audit Commission be considered.
2. That the Statement of Accounts for the financial year ended 31 March 2018 be approved for signing by the Chairman of the Committee.

OA10 ANTI-MONEY LAUNDERING POLICY

The Director of Finance and Assets advised Members that the Anti-Money Laundering Policy had been updated to reflect the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 which came into force on 26 June 2017, repealing the Money Laundering Regulations 2007. This paper was being presented to the Committee as part of a triennial review and Members would be aware that the Authority was very low risk.

RESOLVED –

That the Anti-Money Laundering Policy be approved.

OA11 TREASURY MANAGEMENT PERFORMANCE 2017/18 – QUARTER 4

The Director of Finance and Assets advised Members that the accrued interest earned for 2017/18 was £164k, which was £64k higher than budgeted for the year. The budget had been raised in the coming year to £150k.

The Director of Finance and Assets also advised Members that he had approached the Public Works Loans Board (PWLB), to ask if they would consider allowing the Authority early repayment of its debt. PWLB stated that the statute under which it was set up does not allow it to make a loss, so unfortunately early repayment was not possible.

RESOLVED –

That the Treasury Management Performance 2017/18 – Quarter 4 report be noted.

OA12 CORPORATE RISK MANAGEMENT

The Corporate Risk Manager advised Members that this report provided an update on the current status of identified corporate risks. Risk registers were maintained at project, departmental and directorate levels. Corporate risks were those that had been escalated from these levels for scrutiny by the Strategic Management Board because of their magnitude, proximity or because the treatments and controls require significant development. The Corporate Risk Register was last reviewed by the Performance Management Board at its meeting on the 21 June 2018 and by SMB more recently at its meeting on 3 July 2018, where it was agreed that the risk scores for each of the four corporate risks would be maintained at their present level.

The Corporate Risk Manager advised that in terms of individual risks on the corporate risk register, the updated position was set out in Annex C:

- Staff availability risk was still rated at amber, as there was still a risk of operational staff leaving or transferring to a different service. London Fire Brigade was still actively recruiting. To mitigate this risk there were various initiatives underway, including a very active programme of recruitment for apprentices and also taking in a small number of transferees from other services to get the balance of experience right. The development pools were also being replenished, to identify people who could potentially be promoted internally.
- The funding and savings risk remained at red because of financial challenges. The Authority had still not received any firm reassurance regarding the long-term viability of USAR grant funding. There was also no clarity as to the level of any pay-award, and whether amounts above 1% (planned for in the budget) would be funded centrally or not. There was also a budget forecast deficit of £440k for 2019-20.
- The closure of the Vodafone paging service was still an amber risk, there was an interim solution in place and the Authority was still awaiting confirmation of the code of compliance permissions from the Home Office which would allow integration with the mobilising system at Thames Valley Fire Control Service. In the interim, the opportunity to develop the App with the provider was being undertaken.
- Information Security Failure was a red risk but the defences put in place, firewalls, email screening etc., had kept the Authority safe from any significant hostile activities.

A Member asked why the information security risk was rated at red if the organisation understood the threats it was facing up to

and had put in reasonable industry standard solutions to deal with those threats, why was it not rated amber or even green and was advised that the intention was to keep the awareness level very high.

RESOLVED –

1. That the status report on identified corporate risk at Annex C be reviewed and approved.
2. That comments to officers for consideration and attention in future updates/reports be provided.

OA13

EMERGENCY RESPONSE PERFORMANCE REPORTING

The Head of Service Development advised Members that the purpose of this report was to review how the service currently measured and reported its speed of response to emergency incidents. In particular, it considered how performance was reported to the Fire Authority and the general public and whether this form of reporting was sufficiently viable, transparent and comprehensive.

The Head of Service Development advised Members that it was not the purpose of this report to recommend a review of the standards of fire cover or how the service distribute resources. These were currently determined by the Authority's 2015-2020 Public Safety Plan and would be considered within the scope of the work to develop the next Public Safety Plan which would cover the period 2020-2025. The report provided an overview of how response standards and associated performance reporting had evolved. The review also examined how other fire and rescue services report to see if there were any good practices from which the service could learn.

A Member asked if the response time for incidents started when the caller called 999 and was advised that the response time started when a call was received by Thames Valley Fire Control.

A Member asked if this was a national standard for reporting or a local 'Buckinghamshire' initiative and was advised that there were no national standards of reporting.

A Member asked if it would be helpful to add the average travel time as well as the average response time to the 'Average Response Times All Emergencies 17-18' graph and was advised that some work had been done around this, but it relied on fire appliances being in fire stations which might not always be the case as they may be out in the communities and also fire appliances were moved around to meet the risk demand in communities.

RESOLVED –

That the proposed changes and improvements to the emergency response performance reporting methodology be approved (as summarised in the 'Overall Recommendation' at page 2 of Appendix 1 and further detailed at Appendix 3 to this report).

(Councillor Glover left the meeting)

OA14 BUSINESS AND SYSTEMS INTEGRATION PROJECT: PROGRESS REPORT

The BASI Project Manager presented the report and informed Members that since the last meeting eRecruitment was now live and had been utilised for the latest round of Apprentice recruitment. Two new systems had been built, the Prevention System was nearing completion and the go live date revised until the end of July 2018. The Resource Management System was well underway, this system had taken three different systems and pulled them into one system. The timescales and budget had been reviewed and senior management had signed off an extension to the Project Manager role until March 2020.

RESOLVED –

That the report be noted.

OA15 DATE OF NEXT MEETING

The Committee noted that the next Overview and Audit Committee meeting would be held on Wednesday 14 November 2018 at 10.00am.

THE CHAIRMAN CLOSED THE MEETING AT 11.45AM