

# Buckinghamshire & Milton Keynes Fire Authority



**Internal Audit Service  
Annual Report of the Chief Internal Auditor 2022/23**

**July 2023**

## Introduction

- 1.1 This report outlines the Internal Audit work undertaken by the Internal Audit Service for the year ending 31 March 2023 and seeks to provide an opinion on the adequacy and effectiveness of the control environment detailing the incidences of any significant control failings or weaknesses.
- 1.2 The Account and Audit Regulations require the Fire Authority to maintain an adequate and effective Internal Audit Service in accordance with proper internal audit practices. The CIPFA Public Sector Internal Audit Standards (PSIAS), which sets out proper practice for Internal Audit, requires the Chief Internal Auditor (CIA) to provide a written report to those charged with governance, to support the Annual Governance Statement (AGS), which should include an opinion on the overall adequacy and effectiveness of the Fire Authority's control environment.
- 1.3 This is achieved through a risk-based plan of work, agreed with management, and approved by the Overview and Audit Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described in this report. The updated CIPFA Statement on the role of the Chief Internal Auditor (CIA) in Local Government issued in April 2019 notes that the CIA in a local authority plays a critical role in delivering the authority's strategic objectives by:
  - objectively assessing the adequacy and effectiveness of governance and management of risks, giving an evidence-based opinion on all aspects of governance, risk management and internal control; and
  - championing best practice in governance and commenting on responses to emerging risks and proposed developments.

The updated CIPFA Statement notes that the CIA may look to the work of other assurance providers as evidence for their assurance.

## 2. Responsibilities

- 2.1 Section 151 of the 1972 Local Government Act and the Accounts and Audit Regulations 2015 sets out the requirement for all Authorities to maintain an adequate and effective Internal Audit Service in accordance with proper internal audit practices. The PSIAS define internal auditing 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."

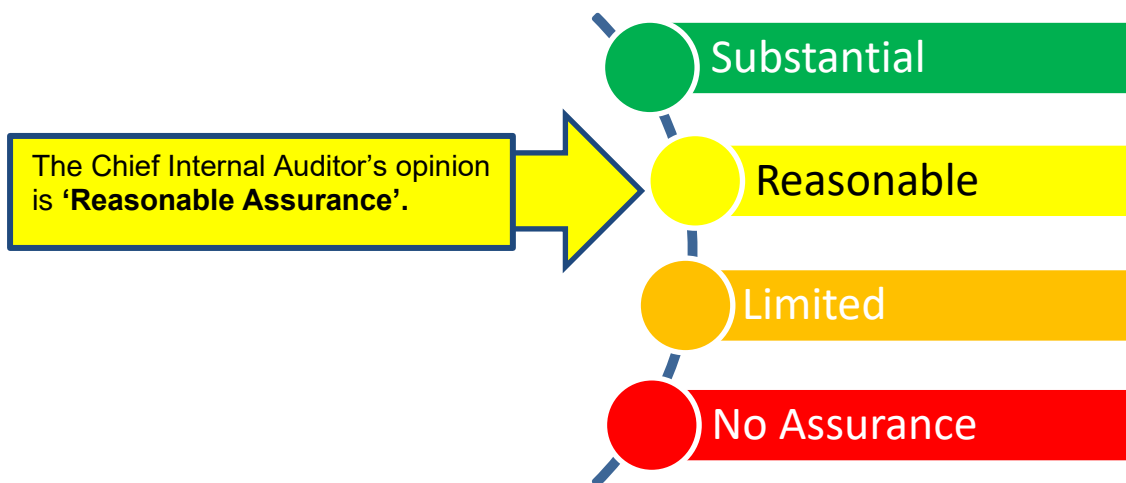
2.2 Internal Audit is not responsible for the control system. This responsibility sits with management who are accountable for maintaining a sound system of internal control and is responsible for ensuring that adequate arrangements are in place for gaining assurance about the effectiveness of the overall system of control. Management should ensure that the Authority operates in accordance with the law and proper standards, that public funds are safeguarded, properly accounted for, and used economically, efficiently, and effectively.

2.3 The role of the internal audit service is to provide management with an objective assessment of whether systems and controls are working properly. It is a key part of the Authority's internal control system because it measures and evaluates the adequacy and effectiveness of other controls so that:

- The Fire Authority can establish the extent to which they can rely on the whole system; and
- Individual managers can establish how reliable the systems and controls for which they are responsible are.

2.4 It should be noted that no system of internal control can provide absolute assurance against material misstatement or loss, nor can internal audit give absolute assurance.

### 3. Chief Internal Auditor Opinion



*\* See Appendix 3 for definitions of the assurance opinions.*

3.1 The results of the audit work undertaken, when combined with our experience and knowledge of previous years' performance and the current climate in which the Authority is operating, form the basis for the overall opinion. As such, in my opinion the system of internal control provides **reasonable assurance** regarding the effective, efficient and economic exercise of the Authority's functions. The work undertaken during 2022/23 has identified areas that require further improvements to ensure that the internal control framework remains adequate and effective. Findings raised from the 2022/23 internal audit reviews have not identified any material weaknesses. Overall, the Fire Authority has continued to demonstrate a robust and effective internal control and risk management environment.

3.2 The table below outlines the audit assurance opinions for the work delivered in 2022/23 for which the overall opinion is derived:

Audit	Assurance Opinion				Direction of Travel
	No Assurance	Limited	Reasonable	Substantial	
Core Financial controls				✓	↔
HR/Payroll – Process Mapping	No opinion given for this review as an assurance mapping exercises was undertaken to assist the service in identifying the key control weaknesses in the current processes. This approach was taken due to the previous control weakness identified in previous audit reports in this area.				
Risk Management and Business Continuity Planning			✓		↔
Pension Fund Administration				✓	↔
Number of Findings	-	-	7	4	
Percentage	-	-	64%	36%	

3.3 Internal Audit did not undertake a specific review of Corporate Governance in 2022/23. However, a number of audits considered the management oversight and decision-making processes as part

of each audit assignment, and no concerns were raised. We would like to acknowledge that the Authority has continued to make significant progress to implement the required improvements which were highlighted in the May-June 2021 inspection undertaken by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) which reached a 'cause of concern' conclusion. A robust governance structure and a substantial resource structure was established and during 2022/23 these arrangements have continued to work towards implementing the improvement plans. Good progress has been made to deliver the actions plans and this was recognised in the February 2023 Cause of Concern Revisit Letter from HMICFRS. For the coming year, Internal Audit will be working with the Authority to provide assurance on the improvement plans.

#### **4. Basis of Audit Opinion**

4.1 The Internal Audit Service continues to operate in accordance with the Public Sector Internal Audit Standards (PSIAs). The Audit Strategy complies with the PSIAs and is summarised within the Service Level Agreement. This requires Internal Audit to objectively examine, evaluate and report on the adequacy of internal controls as a contribution to the proper, economic, efficient and effective use of resources.

4.2 The Internal Audit Plan was developed in consultation with the Director of Finance and Assets to focus specifically on financial management, corporate processes and key risk areas. There were no constraints placed on the scope of audit work in the year and there were sufficient resources to provide an adequate and effective audit coverage, however we would like to highlighted that the Inspection and Operational Improvement Plan Assurance review which was part of the approved Internal Audit Plan for 2022/23 was deferred in agreement with the Director of Finance & Assets and was approved by the Overview and Audit Committee.

4.3 The strategy for delivery of the Internal Audit Service is reviewed triennially and subject to the approval of the Overview and Audit Committee.

4.4 In reaching the overall opinion, the follow was taken into account:

- The results of all audits undertaken as part of the 2022/23 Internal Audit Plan. **Appendix 1** provides a detailed summary of the findings raised for each internal audit review undertaken.
- The results of follow-up action taken in respect of audits from previous years. **Appendix 2** provides a detailed summary of the implementation progress. It is management's responsibility for monitoring the implementation of the agreed actions following each audit review.
- Whether or not any 'high' priority recommendations have not been accepted by management and the consequent risks. It should be noted that all findings raised from the audit work undertaken were accepted by management and implementation of agreed actions is being progressed.
- The effects of any material changes in the Authority's objectives or activities.
- Whether or not any limitations have been placed on the scope of internal audit.
- Findings of work performed by other assurance providers (e.g. the External Auditors who we have liaised with throughout the year in order to share information and reduce any duplication of audit activity).
- The scope of the internal control environment - which comprises the whole framework of systems and controls established to manage BMKFRS to ensure that its objectives are met.
- Consideration of third-party assurances.

4.5 It should be noted that the Chief Internal Auditor opinion does not imply that Internal Audit has reviewed **all** risks relating to the Fire Authority. The most that the Internal Audit Service can provide to the Accountable Officers and Overview and Audit Committee is a **reasonable** assurance that there are no major weaknesses in control processes. The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

## 5. Anti-Fraud

5.1 There have been no suspected frauds or financial irregularity brought to the attention of the Chief Internal Auditor during 2022/23. Throughout the year we continued to work closely with the Director of Finance and Assets on fraud awareness and our work on the core financial systems

included a review of the key anti-fraud controls.

## 6. The Internal Audit Team

6.1 The Internal Audit Service is provided by the Business Assurance Team at Buckinghamshire Council. All staff are qualified or part-qualified with either ACCA, CIAA, QICA or AAT qualifications, and all audit work is subject to a rigorous quality assurance process.

6.2 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.

## 7. Our Performance

7.1 With effect from 1 April 2013, the Public Sector Internal Audit Standards were introduced as mandatory guidance that constitutes the principles of the fundamental requirements for the professional practice of internal auditing within the public sector. All public sector internal audit services are required to measure how well they are conforming to the standards. This can be achieved through undertaking periodic self-assessments, external quality assessments, or a combination of both methods. However, the standards state that an external reviewer must undertake a full assessment or validate the internal audit service's own self-assessment at least once in a five-year period.

7.2 The Buckinghamshire Council Internal Audit Service was subject to its first external quality assessment of conformance to the PSIAS in quarter four of 2021/22. The assessment was conducted by CIPFA and the review concluded that:

*'It is our opinion that Buckinghamshire Internal Audit Service's self-assessment is accurate and as such we conclude that they **FULLY CONFORM** to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.'*

7.3 We continue to monitor our performance standards as 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 monitor relationship management issues in the areas of:

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

7.4 The 2022/23 Internal Audit Strategy set out six performance indicators that the Internal Audit Service was measured against. Below is a summary of our performance against the set indicators:

Performance Measure	Target	Method	2020/21 Results
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	90%
Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 Days	Internal Audit Performance Monitoring System	90%
Elapsed Time between issue of Draft report and issue of Final Report	15 Days	Internal Audit Performance Monitoring System	*100%
% of Internal Audit Planned Activity delivered by 30 April 2019	100% of Plan by End of April 2019	Internal Audit Performance Monitoring System	100%
% 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	100%
Customer satisfaction questionnaire (Audit Assignments)	Overall customer satisfaction 95%	Questionnaire	**Nil – questionnaires not utilised for this year



*\* Please note that measure looks at the timeliness of reporting by the team, and delays caused by the auditees are not factored in.*

*\*\* Whilst questionnaires were not utilised this year, feedback was provided on completion of each audit and is also discussed as part of the regular meetings with the Director of Finance & Assets.*

**Maggie Gibb**

*Chief Internal Auditor*

*July 2023*

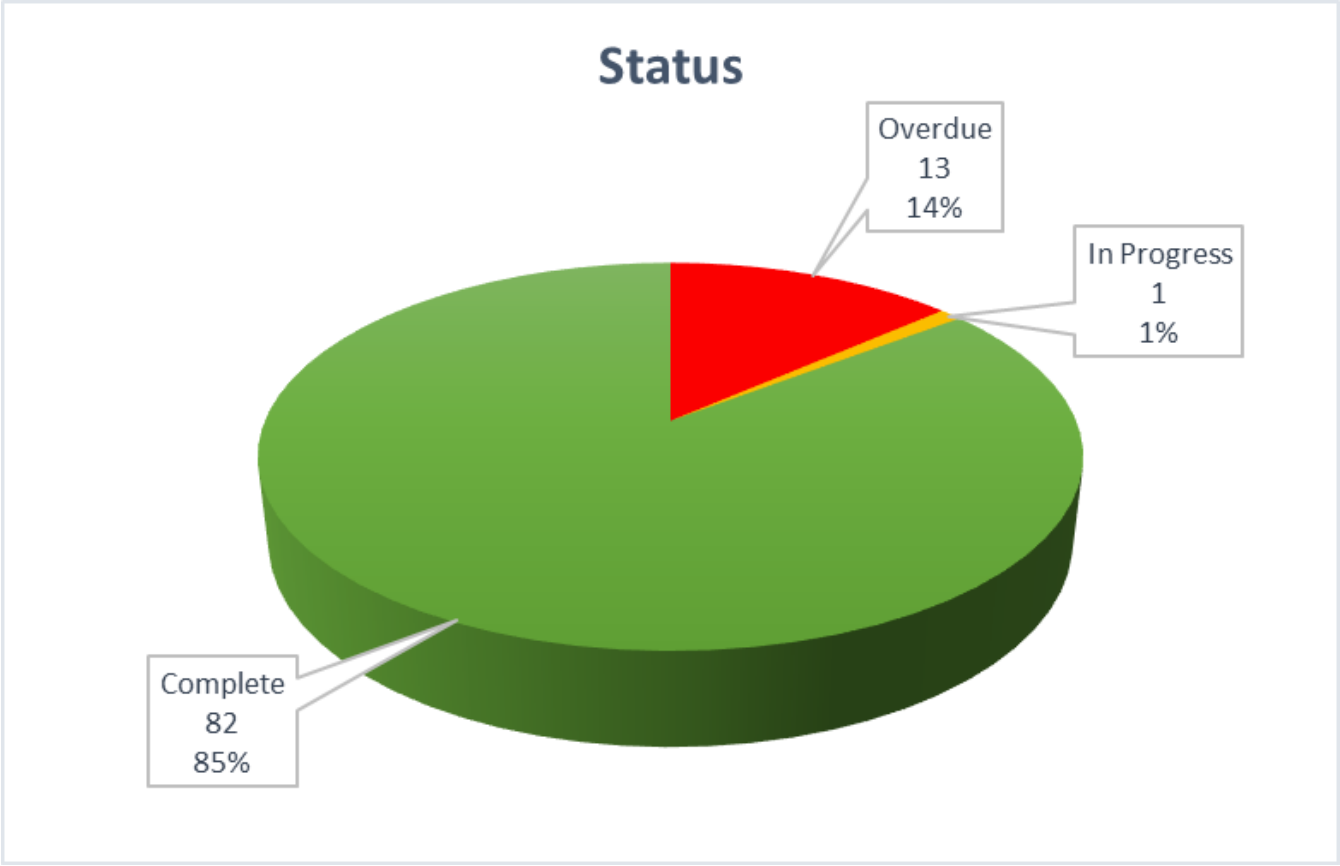
## Appendix 1: Summary of 2022/23 Audits Performed Informing the Annual Opinion

Audit Assignment	Audit Opinion	No. of Audit Actions by Priority	Summary of Audit Findings
Core Financial Controls	Substantial	<p>High = 0 Medium = 0 Low = 3</p>	<p><b><u>1. Creditors – Purchasing card spending limits (Low)</u></b>  <b>Finding:</b> In six out of 20 cases, total spend for the month of the transactions was not within the cardholder’s monthly spending limit. In one of these cases, a single purchase of £2,248 exceeded the cardholder’s spending limit of £1,000. Whilst a temporary increase to the cardholders’ spend limit was approved by the budget holder and actioned by Finance in all six cases, and all spend was within the temporary increase to the limit, analysis of all Purchasing Card transactions found 16 instances (spread across ten cardholders) where monthly spend was higher than the designated spend limit in the period between 1 December 2021 and 30 November 2022, indicating that the officers were exceeding their limits with relative frequency.</p> <p><b>Risk:</b> If purchasing card spend limits do not reflect actual purchasing card spend, there is a risk that temporary increases to spend limits become increasingly frequent, leading to inconsistent purchasing card usage across the Fire Authority.</p> <p><b><u>2. Financial Control Framework – Financial Instructions (Low)</u></b>  <b>Finding:</b> We noted that the Financial Instructions document was last updated and approved in January 2018 and has therefore not been reviewed for five years, whereas best practice suggests that financial policies and procedures are reviewed regularly as well as when known changes are implemented.</p> <p><b>Risk:</b> If Financial Instructions are not kept under regular review there is a risk that they are not up to date and do not reflect the current operations and strategic objectives of the Fire Authority, as well as any changes to legislation.</p> <p><b><u>3. Payroll – Second officer check (Low)</u></b>  <b>Finding:</b> Examination of a sample of ten permanent changes made to payroll between December 2021 and November 2022 found that in four cases, there was no evidence that inputs relating to the change were checked by a second officer.</p> <p>Examination of a sample of ten employees who left the Fire Authority’s employment between December 2021 and November 2022 found that in four cases there was no evidence on the checklist that a second check was carried out.</p> <p><b>Risk:</b> If inputs into Integra are not checked by a second officer, there is a risk that permanent changes and leavers are processed incorrectly and the pay information is not accurate, leading to an overpayment or underpayment.</p>
Pension Fund Administration	Substantial	<p>High = 0 Medium = 0 Low = 1</p>	<p><b><u>1. Performance Monitoring/KPIs (Low)</u></b>  <b>Finding:</b> There were issues in July 2022 where Pension Set Up/Payment of Lump Sum, Retirement Actual and Deferred Benefits Set Up on Leaving did not reach their targets. This was highlighted in the following Pension Board meeting. However, there is a lack of evidence concerning scrutiny and challenge within minutes. In addition, no review of whether KPIs are still fit for purpose or whether they should be amended has taken place.</p> <p><b>Risk:</b> If KPIs are not scrutinised in detail, and this is documented in minutes, there is a risk that any underperformance is not being rectified in time. This could lead to continuous poor performance, which could impact the Authority’s reputation and/or create financial loss.</p>

Audit Assignment	Audit Opinion	No. of Assurance Recommendations by Priority	Summary of Audit Findings
HR Payroll Process Review (Assurance)	N/A	<p>High = 0 Medium = 1 Low = 1</p>	<p><b>1. Starters (Medium)</b></p> <p><b>Finding:</b> Review of the HR and Payroll checklists established that separate checklists are completed by the HR and Payroll teams and that each team does not have sight of the other team’s checklist. The following tasks and document checks were found to be duplicated across both checklists:</p> <ul style="list-style-type: none"> <li>• Offer letter and signed contract;</li> <li>• Personal Details form;</li> <li>• HMRC New Starter Declaration;</li> <li>• Right to work check; and</li> <li>• Entry of pay and contract information into iTrent.</li> </ul> <p>Additionally, discussion with the Payroll Manager established that Pension-related inputs are sometimes completed by HR, although this is the responsibility of the Payroll and Benefits team. Where such tasks are completed by the team not usually responsible for completion of the task, the other team is not notified.</p> <p><b>Recommendation:</b> Review tasks listed on both the HR Starter checklist and Payroll Starter checklist and ensure they are not duplicated across the two functions but that sufficient checks remain in place. Produce a new Starter checklist that is accessed by both HR and Payroll and includes all tasks related to processing Starters for both functions.</p> <p><b>2. Leavers (Low)</b></p> <p><b>Finding:</b> It was noted that HR and the Payroll and Benefits team were working from separate checklists and did not have sight of actions completed by the other team. Whilst there were no apparent duplications in tasks, or discrepancies over the responsibility for actions between the checklists, it would benefit the Leavers process to have a Leaver processing checklist that can be accessed by both teams so that relevant officers are aware that data has been input and checked by other officers involved in the process, to enable them to continue with subsequent process steps and to avoid any duplication or missed steps.</p> <p><b>Recommendation:</b> Review tasks listed on both the HR Leaver checklist and Payroll Leaver checklist and ensure they are not duplicated across teams but that sufficient checks remain in place. Produce a new Leaver checklist that is accessed by both HR and Payroll and includes all tasks related to processing Leavers for both functions.</p>
Risk Management and Business Continuity Planning	Reasonable	<p>High = 2 Medium = 4 Low = 1</p>	<p><b>1. Business Continuity Plans - Testing (High)</b></p> <p><b>Finding:</b> We could not obtain evidence to support that the BCPs were tested annually as the business continuity guidance requires. Management indicated that this was not done due to capacity constraints in the business continuity section.</p> <p><b>Risk:</b> Without developing and implementing a formal testing program, there is the risk that appropriate levels of testing are not undertaken to establish the ability of the BCP to support an effective and efficient response to business disruption. The lack of business continuity tests increases the risk that existing plans are not fit for purpose. The Authority would fail in its statutory duty to maintain services in an emergency or major incident.</p>

Audit Assignment	Audit Opinion	No. of Audit Actions by Priority	Summary of Audit Findings
<p style="text-align: center;">Risk Management and Business Continuity Planning</p>	<p style="text-align: center;">Reasonable</p>	<p>High = 2 Medium = 4 Low =</p>	<p><b><u>2. ICT Disaster Recovery Plan - Testing (High)</u></b></p> <p><b>Finding:</b> We confirmed that the ICT disaster recovery (DR) Plan was last tested in 2019.</p> <p><b>Risk:</b> BMKFA is faced with the risk of not being certain if the DR Plan is still functional, and also, there is a risk of missed opportunities.</p> <p><b><u>3. Business Continuity - Employee Awareness and Training (Medium)</u></b></p> <p><b>Finding:</b> We confirmed that the business continuity manager holds a Certificate of the Business Continuity Institute (CBCI). However, there has been limited awareness training provided for relevant staff (typically responsible managers) in relation to Business Continuity.</p> <p><b>Risk:</b> If a positive business continuity culture is not embedded within the Authority, there is the risk that staff members will not have the required level of knowledge and will not fully understand their responsibilities effectively should BCPs be invoked.</p> <p><b><u>4. Business Continuity Plans Review (Medium)</u></b></p> <p><b>Finding:</b> As of December 2022, the Authority had a total of sixteen directorates and nineteen fire stations; each had a BCP. Whilst the existence was confirmed, no evidence could be obtained that the BCPs were reviewed by the planned date. Management indicated an issue with the capacity of the business continuity section.</p> <p><b>Risk:</b> There is a risk that critical changes might be missed due to failure to update the BCPs and result in an ultimate failure to recover should an event.</p> <p><b><u>5. BCP Lessons Learned (Medium)</u></b></p> <p><b>Finding:</b> We noted that the lessons learned were not identified since the BCPs were not tested since 2019.</p> <p><b>Risk:</b> The Authority cannot, therefore, identify the BCP's positive or negative experiences due to failure to perform the BCP testing.</p> <p><b><u>6. BCP Monitoring and Reporting (Medium)</u></b></p> <p><b>Finding:</b> While we noted that BCP is discussed at a PMB forum as an overlap as part of risk management reporting, we confirmed that no regular reports regarding business continuity are produced.</p> <p><b>Risk:</b> There is an increased risk that an ineffective or inappropriate business continuity system is not identified through regular monitoring and reporting, placing the Authority at risk of being unable to carry out its statutory duties effectively in the event of an incident or emergency.</p> <p><b><u>7. ICT Disaster Recovery Plan - Roles and Responsibilities (Low)</u></b></p> <p><b>Finding:</b> Upon review of the BMKFA ICT disaster recovery plan, we noted that although there are names and job titles of the individuals with the responsibilities of activating the plan mentioned within the ICT disaster recovery plan, there are no further contact details. Those individuals are the Head of Technology Transformation &amp; PMO, ICT (ICT Manager), and ICT (Service Desk Manager).</p> <p><b>Risk:</b> There is a risk that staff would not know how to contact key staff members in the event of a disaster.</p>

**Appendix 2: Current Status of Audit Actions as at 12 June 2023**



*\* This is a summary status of all audit recommendations raised from 2017/18 to date.*

## Detailed Description of Overdue Audit Actions as at 12 June 2023

Audit Title & Management Action	Description	Due Date	Priority	Latest Note
BMKFA 2122 2215 Blue Light Hub Post Project Evaluation (10) 2018/19 Follow Up Recommendations – Risk Registers	<p><b>Finding</b>                      Additionally, risk registers should include all present risks. We reviewed each risk in the Project Risk Registers and Transition Activities Risk Register obtained and did not identify any specific risks relating to poor performance of the construction consultant.</p> <p><b>Risk</b>                      If all relevant risks are not included within a risk register, there is a risk that further preventative actions are not identified to mitigate the risk in a timely manner, leading to an increased likelihood of the event occurring/escalating.</p> <p><b>Action</b>                      Recommendations from this audit regarding risk to be incorporated into future major projects. This will be reflected in updated budget/project management guidance.</p>	31-Mar-2023	High Priority	Update from Director of Finance and Assets 21/06/2023:  This requirement has been incorporated into the extension of the existing Property Strategy to 2025, which will be presented to the Executive Committee for approval in July 2023.
BMKFA 2122 2215 Blue Light Hub Post Project Evaluation (2) Governance Framework - Amount of Contingency	<p><b>Finding</b>                      The Executive Committee report from 15 September 2021 states, “The West Ashland build is now complete. The final account, including retention fees, is yet to be finalised. The Authority will also be looking to recover some of the increased costs from the professional design team. The forecast variance for West Ashland total project costs is expected to be offset by additional capital receipts and contributions which will result in a net variance of circa £1m against the forecast expenditure and risks previously reported to Committee”.</p> <p>As stated on 19 September 2018 Executive Committee meeting minutes, “There was no contingency originally as the planned BIM process would not have required any. This is now allocated at £100k given that a number of the adverse variance issues have already presented themselves in the period since construction began and are therefore accounted for elsewhere in this document.”</p> <p>The contingency allocated of £100k is &lt;1% of the initial £13.1145m budget. The January 2020 Learning Points created by the former Director of Finance and Assets indicates that “Every major public sector construction project overspends. Include a general contingency of at least 15%”.</p> <p><b>Risk</b>                      If the contingency is not adequate, there is a risk that insufficient funds are available for the project delivery. This could result in reputational damage and/or financial loss.</p> <p><b>Action</b>                      The contingency value for future projects will be set at a level much greater than 1% of the overall value. Guidance on setting an appropriate level of contingency will be added to updated budget/project management guidance.</p>	31-Mar-2023	High Priority	Update from Director of Finance and Assets 21/06/2023:  This requirement has been incorporated into the extension of the existing Property Strategy to 2025, which will be presented to the Executive Committee for approval in July 2023.
BMKFA 1819 1947 Project Management BLH (2) The Hub Performance	<p><b>Finding</b>                      During the Audit it was confirmed that the construction consultant have had difficulties with technical support; which has had an impact of the timeliness of design work, changes or updates and which in turn has led to delays in providing information that is required by the construction firm. The Quantity Surveyor maintains a schedule of delays caused by the construction consultant and the associated costs. It was confirmed that any financial implications that arise as a result of the construction consultant’s poor performance could potentially be recoverable. However Audit found that whilst these potentially recoverable costs are reflected in the Budget Monitoring Financial Statements, they are not separately identified as attributable to any party as this will be the subject of negotiation between all parties depending on final outcomes at the conclusion of construction. The risk of construction consultant poor performance has been recorded in the risk register.</p> <p>It was confirmed that the Director for the construction consultant Professional Services has been made aware of potentially recoverable costs and the issues that were causing poor performance have been addressed.</p> <p><b>Risk</b></p>	31-Oct-2019	Medium Priority	Update from Director of Finance and Assets 21/06/2023:  Work to substantiate the value of the claim is ongoing.

Audit Title & Management Action	Description	Due Date	Priority	Latest Note
	<p>Where the impact of poor performance is not completely and accurately reflected in the budget and/or risk register, this may lead to project overspend as the budget will not be forecasting all expected costs.</p> <p><b>Action</b>  The necessary actions to deal with potential financial loss arising from delays on the part of construction consultant have already been addressed during 2018 and a significant improvement has been seen. The current delay in the construction programme (5-6 weeks) has not altered for some months.  Both the construction consultant and construction firm have a responsibility to mitigate any delay as much as possible and with some 8 months of construction still to take place at the time of writing (Feb 2019) they must both maintain the opportunity to do so.  Only at post construction and during the period when the final account will be negotiated and agreed, will any financial loss due to delays or failures be attributed.  The Director of construction consultant parent company has been in discussions with both DFA and Property Manager and he is well aware of the potential claim the Authority may have in due course.  The financial statements produced by the QS do show all costs (i.e. worst case) but do not at this stage set out which potentially claimable costs are attributable to which parties.  The Authority's officers will continue to maintain dialogue with senior representatives at both the construction consultant and the construction firm over any potential situation (either worsening or improving) that may lead to a claim.</p>			
<p>BMKFA 2021 2119 GDPR (4) Retention and Destruction</p>	<p><b>Finding:</b>  The Records Retention and Disposal Information Asset Register procedure states that information stewards are responsible for ensuring the timely archiving and/or destruction of records and advising the Information Owners where it is believed a retention timescale should be amended following legislation or business needs.  The Information Governance and Compliance Manager is responsible for maintaining and reviewing records management processes. The retention schedules for departments and stations are defined within the ROPA.  The Authority relies on stewards to ensure that electronic data is disposed of per the retention schedule. However, there is no mechanism in place to ensure this takes place.  <b>Risk:</b> If no adequate processes are in place to ensure lawful retention schedules and/or destruction of electronic records, there is a risk of accidental and/or unlawful alteration, destruction, or authorised personal data disclosure.  <b>Action:</b> Agreed. A mechanism to review data disposals inline with the retention schedules will be formalised and monitored.</p>	<p>31-Dec-2021</p>	<p><b>Medium Priority</b></p>	<p>Update from Director of Legal &amp; Governance 21/06/2023:   Training package being developed by the provider (Buckinghamshire Council)</p>
<p>BMKFA 2122 2215 Blue Light Hub Post Project Evaluation (1) Governance Framework</p>	<p><b>Finding</b>  The agenda and papers from the Fire Authority meeting held on 7 June 2017 outline the delivery plan for the Blue Light Hub project. It also details who the project will be managed by. A Governance Arrangements document was developed, which provides a basis to manage and control the project implementation.  However, we established that key tasks for the project team were not defined in a schedule of activities. Besides the 7 June 2017 paper delivery plan, there was no formalised project governance framework.  <b>Risk</b>  If a formalised project governance framework is not in place, there is a risk that project objects, including time scales and budgets, are not met, leading to financial loss to the Fire Authority.  <b>Action</b>  When future projects of this scale are undertaken a formalised governance framework will be agreed. This will be reflected in updated budget/project management guidance.  This finding also links to Finding 4, as the type of governance will be determined by the risk sharing arrangements.</p>	<p>31-Mar-2023</p>	<p><b>Medium Priority</b></p>	<p>Update from Director of Finance and Assets 21/06/2023:   This requirement has been incorporated into the extension of the existing Property Strategy to 2025, which will be presented to the Executive Committee for approval in July 2023.</p>
<p>BMKFA 2122 2215 Blue Light Hub Post Project</p>	<p><b>Finding</b>  Examination of the BMKFA Delivery Plan found that it included:</p> <ul style="list-style-type: none"> <li>• an initial project plan;</li> <li>• use of resources;</li> </ul>	<p>30-Nov-2022</p>	<p><b>Medium Priority</b></p>	<p>Update from Director of Finance &amp; Assets 21/06/2023:</p>

Audit Title & Management Action	Description	Due Date	Priority	Latest Note
Evaluation (3) Implementation Strategy and Project Delivery - Project Implementation Process	<ul style="list-style-type: none"> <li>• project management;</li> <li>• a design release schedule and</li> <li>• an Indicative Procurement Timetable.</li> </ul> However, from a review of the design release schedule, we found that there were 18 activities that did not have the actual release dates recorded, of which 12 activities did not have a supplementary note to give a clear indication as to why the target design release date was not met and what the related construction issue may be. <p><b>Risk</b> If a clear project implementation process is not documented, there is a risk that project objectives, including time scales and budgets, are not met, leading to financial loss to the Fire Authority.</p> <p><b>Action</b> The design release schedule was the responsibility of the main contractor, and due to the nature of the project, target deadlines for some activities were added as the project progressed.</p> The “learning points” document produced by the previous Director of Finance and Assets highlighted that there may be more suitable methods of engaging a main contractor (e.g., design and build) in the future. This will be considered within a formal “lessons learned” report (see also findings 7 and 8).			Evaluation paused pending further work on potential claim.
BMKFA 2122 2228 PMO Assurance (2) The PMO’s Standardisation of Project Processes	<p><b>Finding</b> The Head of Transformation, Technology, and PMO provided the Authority’s guidelines around a project’s process to ensure consistent and effective delivery. This included a detailed PMO presentation, a project life-cycle and various templated documents available for project managers. Furthermore, evidence was provided of an eLearning package and a page on the Fire Authority’s intranet for PMs to review, explaining the process. In its design, the PMO’s outlined a clear framework for consistency and successful delivery of projects. However, testing a sample of projects commencing after the PMO’s creation outlined inconsistencies in the process they should follow and discrepancies regarding which documentation was completed for each project. The findings are as follows:</p> <ul style="list-style-type: none"> <li>• 1/3 projects is without a completed project mandate;</li> <li>• 2/3 projects are without a completed business case;</li> <li>• 1/3 project is without a completed PID;</li> <li>• 3/3 projects are without a completed risk register which is key to reviewing the risks and controls in place within a project;</li> <li>• 3/3 projects are without a completed project plan, resulting in a lack of progress monitoring during the life of a project;</li> <li>• 3/3 projects are without a highlight report that updates management on key areas such as managing risks and their impact; and</li> <li>• 3/3 projects are without evidence of stakeholder communication for any of the projects that have commenced after creating the Authorities PMO function, despite stakeholders being outlined within the early project documentation.</li> </ul> Furthermore, we were informed that Property capital projects do not follow the process outlined within the PMO’s lifecycle document. Consequently, they did not have evidence of the key documentation such as mandates, PID, business case and risk registers. These are key documents for successful project delivery and should be evident across all types of projects. <p><b>Risk</b> If project managers fail to follow the standardised process set out by the PMO and neglect certain documentation which should be completed, best practice will not be consistently followed throughout the Authority. This could result in the failure to deliver projects to the standard expected.</p> <p><b>Action</b> 1. Launch Project Management e-Learning package. 2. Document a Property capital project process. 3. Introduce a PMO KPI relating to following the project process as part of finding 1.</p>	30-Jun-2022	Medium Priority	Update from Head of Technology, Transformation & PM 12/06/2023  Action 1: Project Management eLearning package is ready to rollout. Launch plan to be agreed.  Action 2: Property Capital process has been agreed and will be incorporated into the next Property Strategy  Action 3: A KPI showing the projects that have the correct documentation is now part of BMKFA 2122 2228 (Closed)



Audit Title & Management Action	Description	Due Date	Priority	Latest Note
BMKFA 2122 2228 PMO Assurance (3) Projects Over Budget/Time Request Approval	<p><b>Finding</b> The Head of Transformation, Technology and PMO confirmed that the Authority does not currently have an official process for extensions and instead held informal conversations with project managers. They encourage RAG ratings for updates within a project regarding budgets and timescales. However, going beyond estimated figures does not require approval. We were informed that this was due to the PMO being in its infancy.</p> <p><b>Risk</b> If there is no formal process to request additional budget requirements and timescale extensions, the budget may be exceeded without the Authority's notice and approval, putting unnecessary pressure on the Authority's overall budget.</p> <p><b>Action</b> Refresh and relaunch the change control process relating to projects.</p>	30-Jun-2022	Medium Priority	Update from Head of Technology, Transformation & PMO, 12/06/2023  The training has been delayed linked to BMKFA 2122 2228 PMO Assurance (2) The PMO's Standardisation of Project Processes
BMKFA 2122 2234 Procurement Governance and Compliance (4) Financial Approval Limits	<p><b>Finding</b> The Authority should ensure it formalises financial approval limits within its Financial Instructions at the earliest opportunity, including the identification of individual roles and their respective financial limits.</p> <p><b>Risk</b> A lack of formalised, up to date financial approval limits can increase the risk that financial activity will not be appropriately managed and be subject to fraudulent activity/financial loss.</p> <p><b>Action</b> Existing financial limits to be formalised within Financial Instructions.</p>	30-Mar-2023	Medium Priority	Update from Director of Finance & Assets 21/06/2023:  Updated Financial Instructions were issued during June 2023.
BMKFA 2122 2228 PMO Assurance (5) Centralised System	<p><b>Finding</b> The Head of Transformation, Technology and PMO confirmed there was no centralised system for the storage of project documentation. There was evidence of a project dashboard, presented on an excel spreadsheet, which summarised the progress of all projects underway and in the review stage. This stated some key dates, the names of PMs and progress updates. However, there is no evidence of a system where documents can be accessed for each project. This would be beneficial from an audit trail perspective and allow PMs to follow previous projects' processes and learn from their mistakes.</p> <p><b>Risk</b> Without a centralised system to store and access project documentation, there are missed opportunities to share important lessons learned across the organisation and avoid re-occurrences.</p> <p><b>Action</b> Review the options available and launch a centralised system to store/review/access project documentation.</p>	30-Sep-2022	Low Priority	Update from Head of Technology, Transformation & PMO 12/06/2023  This has not yet been started but will be part of the scope of reviewing our Performance management system requirements
BMKFA 2122 2215 Blue Light Hub Post Project Evaluation (6) Implementation Strategy and Project Delivery-Resources	<p><b>Finding</b> Additionally, there was a change of the Director of Finance and Assets in 2020. Ideally, this individual would have been present throughout the project to provide continuity from the top level. We were informed that the resources available to the Property Manager did not impact the project's outcomes. However, it made an impact on the individual's workload. Prior to occupation of the building, additional resources were allocated to the project from across the organisation to ensure a successful transition to the new station.</p> <p><b>Risk</b> There is a risk that those who manage project deliverables in an operational setting do not have the necessary resources and training to manage them.</p> <p><b>Action</b> Consideration to be given to allocating additional resources to major projects in the future. Guidance on this to be included in updated budget/project management guidance.</p>	31-Mar-2023	Low Priority	Update from Director of Finance and Assets 21/06/2023:  This requirement has been incorporated into the extension of the existing Property Strategy to 2025, which will be presented to the Executive Committee for approval in July 2023.

Audit Title & Management Action	Description	Due Date	Priority	Latest Note
BMKFA 2122 2215 Blue Light Hub Post Project Evaluation (7) Monitoring of Project Benefits	<p><b>Finding</b>            The Director of Finance and Assets and the Property Manager established that there are no formal processes to monitor the continued benefits of the project since the transition of the three services. The Director of Finance and Assets informed us that the Portfolio Management Office will assess strategic level views.</p> <p><b>Risk</b>            If project benefits are not monitored there is a risk that stakeholders are not aware of the improvements resulting from the project, and additionally whether, or not, the expected project benefits have been met.</p> <p><b>Action</b>            This will be included within a formal “lessons learned” report (see also findings 3 and 8).</p>	30-Nov-2022	Low Priority	Update from Director of Finance & Assets 21/06/2023:  Evaluation paused pending further work on potential claim.
BMKFA 2122 2234 Procurement Governance and Compliance (5) Contract Register	<p><b>Finding</b>            We noted that the register did not include the name of the officer responsible for the contract in the register of contracts over £5,000, as required by Standing Order 2.2(g). As per regulation 31 of the Local Government Transparency Code 2015, it is only legally required for the Authority to state the local authority department instead of the officer responsible. We found that the department was included in the Authority’s contract register. The Procurement Manager suggested that listing the officer was unfeasible given that officers in the authority often change departments.</p> <p><b>Risk</b>            If CSOs relating to the ownership of contracts is unclear, the responsibilities associated with the performance of a contract may be unclear, resulting in improper management of the agreement, and queries regarding specific agreements may be ineffectively communicated.</p> <p><b>Action</b>            This will be reviewed as part of the forthcoming update to CSOs.</p>	30-Jun-2022	Low Priority	Update from Director of Finance & Assets 21/06/2023:  The updated Standing Orders were approved by the Fire Authority at its meeting of 7 December 2022.

### Appendix 3 Definition of Assurance Opinions

For each audit an opinion was determined firstly on the framework of controls that exist for that operational area and secondly on compliance with the controls. From this an overall audit opinion is given for each audit. An opinion on the quality of risk management in place is also provided. Work has been planned and performed so as to obtain all the information and explanations which were considered necessary to provide sufficient evidence in forming an audit opinion. The range of audit opinions is:-

#### No Assurance

*"Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited."*

#### Limited Assurance

*"Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited."*

#### Reasonable Assurance

*"There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited."*

#### Substantial Assurance

*"A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited."*