



Business Assurance and Risk Management

Partnership Working - FINAL

Auditors

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Management Summary

Introduction

The Partnership Working audit was undertaken as part of the 2023/24 Internal Audit plan. This area was included in the plan at the Audit Committee's request and due to the significance of risks related to the area in Buckinghamshire & Milton Keynes Fire Authority (BMKFA) ('the Authority') Risk Register.

Partnerships are a strategic tool for the Authority to achieve its objectives by leveraging the strengths and resources of other organisations. However, these arrangements also introduce new and different risks that need to be recognised, evaluated, and effectively managed.

In May 2014, the Executive approved a Partnership Strategy, which includes a set of nine key principles that need to be determined to justify any relationship with another body as a true partnership.

Audit Objective

The purpose of this audit is to provide assurance over the adequacy and effectiveness of current controls over Partnership Working. It evaluated the Authority's approach to managing its partnerships, including the governance arrangements, partnership register and agreements, implementation of policies and procedures, transformation initiatives, and communication strategies.

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 agreed scope of this audit was:

- Governance Arrangements;
- Partnership Register and Agreements;
- Duplication;
- Implementation;
- Transformation;
- Financial and Operational Impact and
- Performance and Communication.

This audit only considered the controls in place at the time of the audit.

Table 1: Overall Conclusion

Overall conclusion on the system of internal control being maintained	Reasonable
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RISK AREAS	AREA CONCLUSION	No. of High Priority Management Actions	No. of Medium Priority Management Actions	No. of Low Priority Management Actions
Partnership Working				
Governance Arrangements	Substantial	0	0	0
Partnership Register and Agreements	Reasonable	0	2	0
Duplication	Substantial	0	0	0
Implementation	Substantial	0	0	0
Transformation	Substantial	0	0	0
Financial and Operational Impact	Substantial	0	0	0
Performance and Communication	Reasonable	0	0	1
Total		0	2	1

Appendix 1 defines the grading for each of the conclusions given.

Governance Arrangements

Overall responsibility for partnership arrangements lies with the Authority's Executive Committee; individual partnerships are delegated to respective managers. The Executive Committee receives a Partnership Governance Update on a biennial basis; the last update was presented in July 2022 and delivered by the Director of Finance and Assets.

The Authority has sections on the management of partnerships within the Financial Regulations (last updated September 2019) and Financial Instructions (last updated July 2023). They stipulate that partnerships should have the following in place:

- A defined manager who is responsible for ensuring that the partnership is appraised for financial viability on an ongoing basis;
- Appropriate resources assigned to the partnership;
- A documented agreement in place detailing the accountabilities of the partnership;
- Detail on how the partnership will be monitored;
- Assurances that the partnership contributes to the Authority's objectives as outlined in the Corporate Plan, and
- A risk assessment conducted before the signing of the partnership¹.

We confirmed that risks around partnerships are considered and included on the Legal and Governance Risk Register (last updated February 2023). Risk 32 is on partnerships: *'Failure to ensure that all agreements with partners are maintained and deleted when no longer required'*. In addition, there are additional risks relating to individual partnerships. This is the case for the partnership with the Fire Rescue and Indemnity Company (FRIC), which is the Authority's insurance provider, as well as with the Thames Valley Fire Control Service (TVFCS), which operates a joint control centre, and so contributes to the Authority's core service functions. Risk number three on the Directorate Risk Register (last updated April 2023), *'Failure of FRIC to cover insurance issues'*, and Risk number four on the Prevention Response Resilience Risk Register (last updated April 2023), *'Loss of ability to mobilise appliances and service delivery resources'* relate specifically to FRIC and TVFCS respectively.

From eight current partnerships at the Authority, we selected a sample of five to assess whether a risk assessment had been conducted before signing the contract. We confirmed that three had risk assessments carried out as part of their proposals (presented either to the Members of the Authority or the Executive Committee); one partnership (Safer Bucks Board) was required by law to enter into (under the Crime and Disorder Act 1998), and so no risk assessment was necessary. We note that for one partnership (with the British Red Cross), the Authority could not provide us with any documentation for its proposal, financial/legal implications, monitoring, or the partnership agreement itself. We were advised by the Group Commander (Response South) that there had been a lapse in communications between the Authority and the Red Cross. We were unable to test this partnership's management (**Finding 1**).

Partnership Register and Agreements

¹ Testing against these bulletpoints for our sample of partnerships has been detailed throughout the report.

Commented [HM1]: Please can this just say managers as Area Manager has a specific meaning in the fire sector.

The Authority maintains oversight of its eight current partnerships through a Partnership Register, which was presented to the Executive Committee along with the Partnership Governance Update in July 2022. The Register is a static document and has not been updated since the Executive Committee noted it. It contains the following details on the current partnerships in place:

- The signing date of the partnership;
- Whether the partnership is legally defined and agreed by all partners;
- Links to the Authority's Corporate Plan;
- Aims and outcomes for the partnership;
- Whether the outcomes are measurable;
- Whether the risk is shared;
- Date of last review by all partners;
- Whether the desired outcomes could be achieved in any other manner and
- Whether there is an exit strategy in place.

From our previously selected sample of five partnerships, we cross-referenced the agreements with the 2020-25 Corporate Plan (last updated June 2023). We confirmed that three partnerships were linked to the Strategic Objectives in the Plan; these links were identified on the Partnership Register, and the partnerships were referenced in the Corporate Plan. The Director of Finance and Assets advised that one of the partnerships was not required to be specifically aligned with the Strategic Objectives as it is an insurance arrangement (FRIC) and relates to the Authority's core functioning. As noted above, we were not provided evidence for the British Red Cross partnership. We could not test its alignment with the Authority's Strategic Objectives.

Of the eight partnerships currently in place, we were advised that one agreement has not yet been finalised (included in the Register as joint venture terms agreed and a formal signed contract is to follow). One is missing (British Red Cross). We confirmed that three had signed agreements that were in date as of August 2023, but we did not receive three other agreements. In addition, we note that there is no central location where all partnership agreements are held; knowledge of their whereabouts was limited to individuals at the Authority (**Finding 2**).

Duplication

We received information (through reviewing the partnership agreements or other Authority documents on partnerships, such as Committee reports) which have the following rationales:

- Safer MK: a community safety partnership for Milton Keynes Council;
- Safer Bucks Board: a community safety partnership for Buckinghamshire Council,
- MK Safety Centre: an education partnership with the Milton Keynes Safety Centre, to whom the Authority has partially outsourced their education function,
- Fire Co-responder: a partnership whereby the Authority co-responds to certain medical emergencies,
- British Red Cross: support services provided by the Red Cross when the Authority responds to fires, to help those afflicted by a fire in their homes,
- Thames Valley Fire Control Service: a joint centre for emergency call handling, mobilising, and resource management,
- Fire and Rescue Indemnity Company: a shared insurance pool/arrangement with other fire services, and:
- Wide Area Network (WAN)/Local Area Network (LAN): a shared data network joint venture between the Authority and Buckinghamshire Council, Buckinghamshire NHS Trust and Buckinghamshire Clinical Commissioning Group.

As mentioned above, we noted no apparent overlaps in the purpose of each partnership (the Safer MK and Safer Bucks Board relate to different geographical areas).

Implementation

For our previously selected sample of partnerships, we confirmed that either Managers were assigned to the partnership or Members had been appointed to the relevant partnership to sit on the Governing Body (for TVFCS and Safer Bucks Board). However, we note that the relevant Manager of each partnership was not listed on the Partnership Register or in another form of documentation (**Finding 2**).

Transformation

For our sample of partnerships, we confirmed that where appropriate, continuous improvement was sought after. For example, this took the form of annual workshops for TVFCS, which identified the possibility of holding more formal meetings (three meetings and an extra workshop). These discussions took place in the TVFCS Joint Committee meeting in July 2023.

We received no evidence of continuous improvement for the MK Safety Centre or the Safer Bucks Board (**Finding 4**). We were advised by the Director of Finance and Assets that there was no monitoring for continuous improvement for FRIC due to its nature as an insurance provider, the key considerations are the annual contributions on the part of the Authority, which are monitored as part of regular financial reporting.

Financial Operation and Impact

The below table notes the annual financial contributions to each partnership, according to the Authority's 2023-24 budget:

Partnership	Amount	Notes
Safer MK	-	Not separately identified in the budget (either zero or negligible)
Safer Bucks Board	-	Not separately identified in the budget (either zero or negligible)
MK Safety Centre	£25,000	-
Fire Co-responder	£45,000	Gross value – netted off by cost recovery
British Red Cross	£0	No direct financial contributions
Thames Valley Fire Control Service	£978,380	-
Fire and Rescue Indemnity Company	£378,000	Includes £10,000 to cover claims below policy excess
WAN/LAN	£160,000	-
Total	£1,576,380	

We requested evidence of performance monitoring for our selected sample. One partnership is a shared insurance pooling arrangement with no specific deliverables besides paying out insurance claims. Therefore, no performance monitoring occurs, although annual financial contributions are monitored.

We received evidence for performance metrics for two partnerships (dating from October 2022 to July 2023), which were reported quarterly to the Authority (or the TVFCS Joint Committee) **(Finding 3)**.

Performance and Communication

We reviewed the Partnership Governance Update (dated July 2022) and confirmed that it provided a high-level update on partnerships. There was an executive summary detailing the rationale or partnerships introduced formally in 2014 and sections on risk management, legal implications, privacy and security implications, and key changes since the previous update. Two new partnerships had been added to the Register, whilst three had been removed. The current Partnership Register was also included in the Appendix of the update. We noted no mention of when the next update should occur **(Finding 3)**.

For our sample of partnerships, we confirmed that meetings occur regularly between the partners. TVFCS' Joint Committee meets every six months; the Safer Bucks Board and the MK Safety Centre meet with the Authority quarterly. We identified one partnership (FRIC) where an annual AGM is attended, but the Authority could not find minutes; we were advised by the Director of Finance and Assets that they would be held on the partner's end. We received no evidence around regular meetings for the MK Safety Centre and the Safer Bucks Board **(Finding 4)**.

Table 2: Detailed Audit Findings and Management Action Plan

Finding 1: Partnership Agreements	Risk Rating	Agreed Management Actions
<p>The Authority should have signed and up-to-date partnership agreements for their current partnerships. We requested copies of signed agreements for our selected sample. However, Management advised that the British Red Cross partnership could not be found.</p> <p>We were also not provided with the agreements for the Safer MK, Safer Bucks Board and MK Safety Centre partnerships, with no explanation provided, whilst one other has not yet been finalised. We were advised by the Director of Finance and Assets that there is no central location where all partnership agreements are held; instead, individual staff members would know where each agreement is held.</p> <p>The Authority could provide no evidence for the Red Cross partnership, including the initial proposal and ongoing monitoring. We were advised by the Group Commander (Response South) that there had been a lapse in communications between the Authority and the Red Cross. As listed above, neither partner has a direct financial contribution to this partnership.</p> <p>The absence of signed and up-to-date partnership agreements and a central location for all such agreements poses risks for the Authority. This lack of organisation can lead to accountability issues, potential non-compliance with policies and procedures, and even legal and financial risks. Furthermore, the lack of a central repository for these agreements can lead to operational disruptions due to miscommunication or loss of information, especially if the staff member responsible for a particular agreement is unavailable or leaves the organisation.</p> <p>Additionally, the lapse in communication between the Authority and the Red Cross and the absence of evidence for this partnership suggests risks of operational disruptions and inadequate oversight. These issues could lead to unmet objectives or inefficiencies within the partnership. Moreover, failure to maintain proper documentation and communication with partners could harm the Authority's reputation, affecting its ability to form future partnerships.</p>	M	<p>Action:</p> <p>All partnership agreements will be stored in a central repository.</p> <p>Officer responsible: Director of Finance and Assets</p> <p>Date to be implemented by: 29 March 2024</p>
Finding 2: Partnership Register	Risk Rating	Agreed Management Actions
<p>The Authority maintains a Partnership Register (last updated July 2022) for its eight current partnerships. However, we noted the following:</p> <ul style="list-style-type: none"> • The 'Date of last review by all partners' column did not always list the actual date and instead stated 'Annual' in five out of eight cases, meaning that it is unclear when the latest review took place; • The Manager of the partnership was not listed, 	M	<p>Action:</p> <p>Within the central repository (see Finding 1) a live version of the partnership register will be created.</p>

<ul style="list-style-type: none"> • The most recent contract date signed (as opposed to the initial signing date) was not listed. Some partnerships are currently over five years old, with two being entered into in 2010 and 2012, • The annual cost of the partnership was not listed, • In addition, we note that it is not a live document and has not been updated since the last Partnership Governance Update in July 2022. Because of this, it has not reflected the renewal of the MK Safety Centre partnership in October 2022. <p>The Authority's Partnership Register, last updated in July 2022, presents areas of concern. The lack of specific dates for the last review by all partners, absence of the partnership manager's name, omission of the most recent contract signing date, and failure to list the annual cost of the partnership all contribute to a lack of transparency and accountability. This could potentially lead to mismanagement or inefficiencies within the partnerships.</p> <p>Furthermore, the Register is not a live document and has not been updated since the last Partnership Governance Update in July 2022. This has resulted in it not reflecting recent changes, such as the MK Safety Centre partnership renewal in October 2022. The outdated nature of the Register poses a risk of inaccurate record-keeping. It could impact the Authority's ability to manage its partnerships effectively.</p>		<p>Officer responsible: Director of Finance and Assets</p> <p>Date to be implemented by: 29 March 2024.</p>
<p>Finding 3: Partnership Governance Update</p>	<p>Risk Rating</p>	<p>Agreed Management Actions</p>
<p>The Authority Executive last received a Partnership Governance Update in July 2022. The update contained an executive summary detailing the rationale or partnerships introduced formally in 2014 and sections on risk management, legal implications, privacy/security implications, and key changes since the previous update. We note no mention of when the next Update should be provided to the Authority Executive. We were informed by the Director of Finance and Assets that the updates should be biennial and that this would be documented for clarity.</p> <p>We also note that the lapse in communications with the British Red Cross (the last noted date of review of the agreement by all partners is listed as 2014 in the Update) was not discussed.</p> <p>The absence of a specified date for the next update could lead to irregular or delayed updates, affecting the Authority's ability to manage its partnerships effectively. Although the Director of Finance and Assets has stated that updates should be biennial, this is not documented, which could lead to confusion or inconsistency in future updates.</p> <p>Furthermore, the lapse in communications with the British Red Cross, with the last noted date of review of the agreement by all partners listed as 2014, was not discussed in the update. This omission could indicate a lack of transparency and oversight, potentially impacting the effectiveness of the partnership.</p>	<p>L</p>	<p>Action: Frequency of updates (recommended biennial) to be specified in future reports.</p> <p>Officer responsible: Director of Finance and Assets.</p> <p>Date to be implemented by: 31 July 2024 (proposed date of next update)</p>

Finding 4: Information Not Provided During the Audit Fieldwork	Risk Rating	Agreed Management Actions
<p>We note the below pieces of evidence that were not provided to us by Management:</p> <ul style="list-style-type: none">• The signed funding agreements with the MK Safety Centre, Safer Bucks Board and Safer MK;• The latest quarterly performance report provided by the MK Safety Centre, as well as the latest Safety Centre update provided to the Authority's Performance Monitoring Board;• The Terms of Reference for the Safer Bucks Board;• The Safer Bucks Board 3-Year Plan;• The most recent Safer Bucks action log and• The most recent Safer Bucks Board quarterly meeting minutes.	<p>n/a</p>	

Appendix 1: Definition of Conclusions

Key for the Overall Conclusion:

Below are the definitions for the overall conclusion on the system of internal control being maintained.

Definition	Rating Reason
<p>Substantial</p>	<p>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.</p>
<p>Reasonable</p>	<p>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.</p>
<p>Limited</p>	<p>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.</p>
<p>No Assurance</p>	<p>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.</p>

Management actions have been agreed to address control weakness identified during the exit meeting and agreement of the Internal Audit report. All management actions will be entered onto the Pentana Performance Management System and progress in implementing these actions will be tracked and reported to the Strategic Management Board and the Overview & Audit Committee.

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

Action Priority	Definition
High (H)	Action is considered essential to ensure that the organisation is not exposed to an unacceptable level of risk.
Medium (M)	Action is considered necessary to avoid exposing the organisation to significant risk.
Low (L)	Action is advised to enhance the system of control and avoid any minor risk exposure to the organisation.

Appendix 2: Officers Interviewed

The following staff contributed to the outcome of the audit:

Name:	Title:
Mark Hemming	Director of Finance and Assets
Joanne Cook	Community Safety and Safeguarding Manager
Stuart Grosse	Group Commander Response South

The Exit Meeting was attended by:

Name:	Title:
Mark Hemming	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.

Appendix 3: Distribution List

Draft Report

Name:	Title:
Mark Hemming	Director of Finance and Assets
Joanne Cook	Community Safety and Safeguarding Manager
Stuart Grosse	Group Commander Response South

Final Report as above plus:

Name:	Title:
Mark Hemming	Director of Finance and Assets
Mick Osborne	Acting Chief Fire Officer
Ernst and Young	External Audit

Audit Control:

Deliverable	Date
Closing Meeting	17 August 2023
Draft Report	5 October 2023
Management Responses	6 October
Final Report	9 October 2023

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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