



Business Assurance and Risk Management

FINAL BMKFA Performance Management Audit Report (Ref-2019)

Auditors

Maggie Gibb, Head of Business Assurance (and Chief Internal Auditor)

Selina Harlock, Audit Manager

Caroline Jenkins, Senior Auditor

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Management Summary

Introduction

The Performance Management audit was undertaken as part of the 2019/20 Internal Audit plan.

Performance Management is important for any organisation. It helps identify and focus on corporate priorities; helps with the monitoring and management of significant risks; and helps improve decision making.

Performance at the Fire Authority covers a number of areas, including Finance, Health and Safety and Operations within each directorate. Each directorate is responsible for managing and monitoring its own performance and risks.

The main board for overseeing performance is the Performance Management Board who reviews on a quarterly basis, performance against PSP targets, performance against annual Directorate / Corporate Plans and performance against annual revenue and capital budgets. In addition the Performance Management Board reviews directorate and corporate risks.

Performance data is collected on a business information system called Viper from which reports are downloaded for presentation at Boards and information can be drilled down where required.

Audit Objective

Internal Audit's objectives for this audit was to provide an evaluation of, and an opinion on, the adequacy and effectiveness of the system of internal controls that are in place to manage and mitigate financial and non-financial risks of the system. This will serve as a contribution towards the overall opinion on the system of internal control that the Chief Internal Auditor is required to provide annually to the Fire Authority, and also as an assurance to the Section 112 officer that financial affairs are being properly administered.

Scope of work

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

- Corporate Performance Framework
- Data Quality
- Risk and Performance Management

The audit considered the controls in place at the time of the audit only. Where appropriate, testing was undertaken using samples since the beginning of the current financial year.

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
Corporate Performance Framework	Partial	0	2	1
Data Quality	Substantial	0	0	0
Risk and Performance Management	Reasonable	0	0	1
		0	2	2

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

Corporate Performance Framework

The Corporate Performance Framework works on a financial year basis. Directorates / Departments review their performance against their action plans and assess progress of the key activities/projects and monitor their position against agreed performance indicators and risk treatments, updating their progress using the performance management system and its associated risk register. Quarterly performance reporting is undertaken and any actions plans for underperformance agreed and monitored. There is also an Annual Performance Monitor Report produced which includes the Balance Scorecard.

To support this framework there is the Fire Authority Committee and Service Board Structure in place. The structure has been in place since 2013 with the last updates to the structure being approved by the Strategic Management Board (SMB) in October 2019. There are Terms of References available for each committee / board and there is a hierarchy diagram available within committee minutes on the Fire Authority website. It was noted that the structure is due to be fully reviewed in 2020. The main board in relation to performance management is the Performance Management Board (PMB) who oversees performance and concentrates on the performance against the in-year plans.

The Fire Authority, through its Corporate Plan 2015 - 2020, has clearly stated its vision, strategic objectives and performance measures. Cross examination of the documents provided confirmed that there was a clear link between the performance measures and the strategic objectives.

Performance Measures

16 key performance measures have been defined within the Corporate Plan and each measure is linked to one of the four strategic objectives of the Fire Authority as shown in the table below:

<p>Strategic Objective 1: Prevent Incidents that cause harm from happening</p>	<p>Strategic Objective 2: Protect homes, public buildings and businesses from the effects of fire.</p>	<p>Strategic Objective 3: To provide a timely and proportionate response to incidents by allocating our assets and resources in relation to risk and demand.</p>	<p>Strategic Objective 4: Offer best value for money to our residents and businesses.</p>
<p>Performance Measures:</p> <ul style="list-style-type: none"> • Number of accidental dwelling fires. • Numbers of primary fires in non-domestic buildings. • Number of deliberate fires. • Number of road traffic collision killed and seriously injured. 	<p>Performance Measures:</p> <ul style="list-style-type: none"> • Number of fire deaths. • Number of injuries in accidental dwelling fires. • Number of Injuries in non-domestic building fires. • False alarms. • Real alarms. 	<p>Performance Measures:</p> <ul style="list-style-type: none"> • Incidents per appliance. • Emergency response time trends. • Appliance availability. • Customer satisfaction (After the Incident Survey). • Co-Responding (incidents attended / lives saved). • Number of persons rescued from fires, road traffic collisions and 'Special Service' calls. 	<p>Performance Measures:</p> <ul style="list-style-type: none"> • Council Tax rates compared with family group and / or other Combined Fire Authorities. • Net expenditure per 1,000 population.
<p>Enablers:</p> <ol style="list-style-type: none"> 1. People - To optimise the contribution and well-being of our people. 2. Information Management Systems and Processes- To ensure that risk, performance, financial and management information is accurate, relevant and delivered to users in an efficient, timely and reliable way. 3. Assets and Equipment - To provide high quality, cost effective assets and equipment with sufficient flexibility to adapt to changing requirements. 			

The Corporate Plan was originally produced in 2014 with the plan being revised twice, the last revision being in March 2019 and presented to the Fire Authority in June 2019.

There are four strategic objectives around prevention, protection and proportionate response, with several performance (outcome) measures for each objective. There are also three strategic enablers around people, information management systems and assets and equipment. The Corporate Plan also sets key projects and tasks to meet strategic objectives.

Examination of performance measures identified the following issues:

- The 'Council Tax rates compared with family group and / or other Combined Fire Authorities' performance measure is no longer appropriate given the outcome of the Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) report issued in December 2019.
- The 'Customer Satisfaction' performance measure - the Annual Performance Monitor 2018-2019 report notes that 'from this feedback [Customer Satisfaction] it would appear that it is not linked to the time taken by the Service to have an appliance on scene'. However the strategic objective relating to the Customer Satisfaction performance measure is 'to provide a timely and proportionate response to incidents by allocating our assets and resources in relation to risk and demand'. Given this, Audit believes that the performance measure is not appropriate.
- The 'Emergency response time trends' performance measure – the HMICFRS report notes that:

In July 2018, the service agreed with its fire and rescue authority a different approach to reporting attendance times. This approach better suited the capacity of the risk-based demand-led model to work to an average attendance time no worse than ten seconds more than the average of the previous five-year period. In the year ending 31 March 2019, the service was meeting this new measurement. But this agreement means the response could potentially get worse and the service will still meet its response standards.'

Although Audit acknowledges this HMICFRS finding and that the Fire Authority should be aware that response time could potentially get worse, it recognises that the Fire Authority does have a mechanism in place to review, monitor and report on response trends. And therefore through this mechanism, the Fire Authority should be able to:

- Recognise if the response trend is getting worse over time over a rolling five year period and act accordingly; and
- Continuously review and factor in changes to parameters to attendance times such as road traffic.

There are two main points where underperformance is escalated. As part of the PMB, performance is reviewed and any areas where underperformance is discussed and actions places put in place. The SMB reviews exception reports from the PMB with regards to the annual plan targets, milestones and budgets. From a review of underperformance, there was evidence that it had been identified, escalated and action plans put in place.

Performance Benchmarking

Benchmarking is another performance management tool that can be used to compare an organisation's performance against others within the same sector.

The key performance benchmarking exercise undertaken by the Fire Authority for the past few years was the CIPFA Benchmarking. The benchmarking compares the Fire Authority's fire and rescue service figures from CIPFA statistics collection against a group of 22 other combined fire & rescue authorities. This provides a comprehensive analysis of fire data covering all the major topics collected in the CIPFA Fire and Rescue statistics.

The last CIPFA benchmarking report was dated 19 September 2018 but this was not presented to the Overview and Audit Committee until 13 March 2019. Although the Executive Summary on the supporting Overview and Audit Committee papers highlights the key points from the CIPFA Benchmarking report, it did not summarise how the statistics links to the strategic objectives and whether any further action is required. Management should ensure that for any benchmarking exercises completed going forwards, that there is a clear link between performance results and objectives. Management should also ensure that for any benchmarking exercises completed going forwards, that exercises are completed and results presented in a timely manner. This will allow management to make timely and informed decisions about any improvements required.

It should be noted that more recent benchmarking data with a similar coverage was now provided within the HMICFRS report that was issued in December 2019. The Fire Authority noted that for any future benchmarking chosen, statistical and financial comparisons with other organisations would be reviewed by the Fire Authority to identify opportunities to align them with the Service's strategic objectives and enablers. Also, wherever possible, commentaries will be added to provide additional insights and better inform future decision making.

Data Quality

There are management and systems controls and defined processes, including clear roles and responsibilities in place, to ensure that source data for the performance measures are accurate and complete. Performance measures are ultimately captured on the Viper system however the data comes from the Incident Reporting System (IRS) and Vision (Thames Valley Fire Control). As well as the system validation with the IRS, IRS data is quality checked by a member of the Data Intelligence Team using the Home Office guide and the Home Office good practice guide. Local data is then compared with incident data from command and control to ensure that all incidents and information have been captured. Local data is also compared with national data to ensure all incidents have been received and that any incidents reported by other services that have an influence on the Fire Authority's statistics.

In addition to the management and system controls in place, reports are run to ensure that the data is as accurate as can be and automated exception reports are run on source data sets such as the control data - this identifies any missing data, non-date format in date fields and logic tests. All systems are regularly backed up and are duplicated in the cloud utilising Azure.

Risk and Performance Management

The Risk Management Policy was last updated in 2015 and was approved by the Executive Committee on 18 March 2015. The policy indicates that it was due to be reviewed January 2018. However, this has not been done and we were informed that a formal review is planned for the 2020/21.

The identification and management of risk plays a key role in the delivery of the strategy and related objectives and as such risk registers are reviewed alongside performance information at the Performance Management Board.

From a review of directorate risk registers, we confirmed that there is a link between the risks and performance, through the strategic outcomes and enablers as stated in the Corporate Plan.

We confirmed that performance measures are monitored and reported on in a timely manner. The Corporate Performance Framework works on a financial year basis. Directorates / Departments review their performance against established action plans, assess the progress of key activities/projects and also monitor current position against agreed performance indicators and risk treatments, updating progress through the performance management system and its associated risk register.

Quarterly performance is reported to the PMB with any actions plans for underperformance agreed and monitored. Also, the Annual Performance Monitor Report, which includes the Balance Scorecard, is assessed by the Executive Committee with the Overview & Audit Committee also having oversight.

Table 2: Detailed Audit Findings and Management Action Plan

Finding 1: Corporate Performance Framework – Bucks Fire & Rescue Service (BRFS) Balance Scorecard	Risk Rating	Agreed Management Actions
<p>A balance scorecard is a strategic performance management metric which takes a 'balanced' view of performance against an organisation's strategic objectives.</p> <p>The Bucks Fire & Rescue Service (BRFS) Balance Scorecard supplements the Fire Authority's Annual Performance Monitor report and details some of the performance measures from the Corporate Plan and are grouped into the following four quadrants; Prevention, Protection, Response and Finance.</p> <p>It was noted that on the BRFS Balance Scorecard, there are no headings to describe what each quadrant is showing the reader and how it relates back to strategic objectives.</p> <p>If there are no appropriate headings or commentary alongside the balance scorecard, management may not be able to easily identify the link between performance and objectives.</p>	<p>L</p>	<p>Headings / explanations will be added to Scorecard.</p> <p>Officer responsible: Craig Newman, Data Intelligence Team Manager</p> <p>Date to be implemented by:</p> <p>June 2020</p>

Finding 2: Corporate Performance Framework – Council Tax Performance Measure	Risk Rating	Agreed Management Actions
<p>In relation to performance management, there should be appropriate performance measures in place that are specific measurable achievable relevant and timely (SMART) to ensure that management can make informed decisions.</p> <p>One of the strategic objectives for the Fire Authority is to ‘Offer best value for money to our residents and businesses’ and one of the outcome measures against this strategic objective is “Council Tax rates compared with family group and / or other Combined Fire Authorities’.</p> <p>However, HMICFRS report issued in December 2019 states that the Fire Authority ‘requires Improvement’. One of the questions asked was ‘How efficient is the service at keeping people safe and secure?’ and the following was noted by HMICFRS:</p> <p>“We have serious concerns as to whether Buckinghamshire FRS has the resources it needs to meet its foreseeable risk. As a result of the financial position the service finds itself in, it does not have enough operational firefighters to resource its prevention and protection functions and crew the minimum number of fire engines it says it needs.”</p> <p>Given that the Fire Authority must address the findings in the HMICFRS report to ensure that budget requirements and funding are sustainable in the future, it is no longer an appropriate performance measure that Buckinghamshire and Milton Keynes Fire Authority continues to be the lowest precepting Combined Fire Authority based on Band D Council Tax.</p> <p>By not having appropriate performance measures in place there is a risk that management cannot make informed decisions that will impact on strategic objectives.</p>	<p>M</p>	<p>This discussion had already taken place at the Performance Management Board and Senior Management Board and it was decided that this measure would be removed from the next iteration of the Corporate Plan.</p> <p>Officer responsible: Stuart Gowanlock, Corporate Planning Manager.</p> <p>Date to be implemented by: March 2020</p>

Finding 3: Corporate Performance Framework – Customer Satisfaction Performance Measure	Risk Rating	Agreed Management Actions
<p>In relation to performance management, there should be appropriate performance measures in place that are specific measurable achievable relevant and timely (SMART) to ensure that management can make informed decisions.</p> <p>A review of the Annual Performance Monitor 2018-2019 report showed that for the 'Customer Satisfaction' performance measure, the customer satisfaction results does not give any detail as to why customers are satisfied or dis-satisfied. The annual report also notes that “from this feedback [Customer Satisfaction] it would appear that it is not linked to the time taken by the Service to have an appliance on scene”. However, the strategic objective relating to the Customer Satisfaction performance measure is 'to provide a timely and proportionate response to incidents by allocating our assets and resources in relation to risk and demand'.</p> <p>Given the lack of detail around the customer satisfaction results and its link to the strategic objective and what is stated in the annual report, there is a risk that management cannot make informed decisions that will impact on strategic objectives being achieved.</p>	<p>M</p>	<p>The measure contained in the Annual Performance Report is drawn from the 'After the Incident' Survey and measures customer satisfaction with the Service as whole. However, the survey also includes a range of ratings for different aspects of our service, including response. We will review these with a view to including further analysis within the Annual Performance Report that can provide additional insights to inform decision making.</p> <p>Officer responsible: Stuart Gowanlock, Corporate Planning Manager</p> <p>Date to be implemented by: July 2020</p>

Finding 4: Risk and Performance Management – Risk Management Policy	Risk Rating	Agreed Management Actions
<p>Performance management is not undertaken in isolation from risk management within the Fire Authority to ensure that threats and opportunities are identified and managed. There should be a Risk Management Policy in place that has been approved by the relevant committee, is up to date and has been subject to regular review.</p> <p>The Risk Management Policy was last updated in 2015 and was approved by the Executive Committee on 18 March 2015. It is noted on the policy that it was due to be reviewed January 2018. However, the policy has yet to be reviewed.</p> <p>If there is an out of date Risk Management Policy, there is a risk that the risk management processes are not effective to ensure performance meets strategic objectives.</p>	<p>L</p>	<p>A formal review is planned during the 2020/21 Financial Year.</p> <p>Officer responsible: Stuart Gowanlock, Corporate Planning Manager</p> <p>Date to be implemented by: December 2020</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
Substantial	There is a sound system of internal control designed to achieve objectives and minimise risk.	<p>The controls tested are being consistently applied and risks are being effectively managed.</p> <p>Actions are of an advisory nature in context of the systems, operating controls and management of risks. Some medium priority matters may also be present.</p>
Reasonable	There is a good system of internal control in place which should ensure objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Majority of actions are of medium priority but some high priority actions may be present.</p>
Partial	The system of internal control designed to achieve objectives is inadequate. There are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an inadequate level of internal control in place and/or controls are not being operated effectively and consistently.</p> <p>Actions may include high and medium priority matters to be addressed.</p>
Limited	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>The internal control is generally weak/does not exist. Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Actions will include high priority matters to be actions. Some medium priority matters may also be present.</p>

Management actions have been agreed to address control weakness identified during the exit meeting and agreement of the draft 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:

Mark Hemming
Stuart Gowanlock
Craig Newman

Title:

Director of Finance and Assets
Corporate Planning Manager
Data Intelligence Team Manager

The Exit Meeting was attended by:

Name:

Mark Hemming
Stuart Gowanlock
Craig Newman

Title:

Director of Finance and Assets
Corporate Planning Manager
Data Intelligence Team Manager

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:

Mark Hemming
Stuart Gowanlock
Craig Newman

Director of Finance and Assets
Corporate Planning Manager
Data Intelligence Team Manager

Final Report as above plus:

Lynne Swift
Jason Thelwell

Director of People and Organisational Development
Chief Fire Officer
Chairman of Bucks and Milton Keynes Fire Authority
External Audit

Ernst and Young

Audit Control:

Closing Meeting
Draft Report
Management Responses
Final Report
Audit File Ref

03 March 2020
05 June 2020 (delayed due to Covid-19)
25 June 2020
01 July 2020
19-45

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

Maggie Gibb, Head of Business Assurance

Phone: 01296 387327

Email: Maggie.Gibb@buckinghamshire.gov.uk

Selina Harlock, Audit Manager

Phone: 01296 383717

Email: Selina.Harlock@buckinghamshire.gov.uk