

# Public Document Pack



## BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

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Members of Audit and Standards Committee.

Bedford Borough Councillors: M Headley

Central Bedfordshire Councillors: F Chapman, J Chatterley and P Duckett

Luton Borough Councillors: R Saleem, D Franks and Y Waheed

A meeting of **Audit and Standards Committee** will be held at **Conference Room, Fire and Rescue Service Headquarters, Kempston, Bedford MK42 7NR** on **Wednesday, 6 December 2017** starting at **10.00 am**.

John Atkinson  
Secretary/Monitoring Officer

### A G E N D A

Item	Subject	Lead	Purpose of Discussion
1.	Apologies		
2.	Declarations of Disclosable Pecuniary and Other Interests		Members are requested to disclose the existence and nature of any disclosable pecuniary interest and any other interests as required by the Fire Authority's Code of Conduct (see note below).
3.	Communications		(Pages 1 - 20)
4.	Minutes		To confirm minutes of the meeting held on 28 September 2017 (Pages 21 - 30)
5.	Annual Audit Letter for year ended 31 March 2017	Ernst and Young	To consider a report (Pages 31 - 56)
6.	Internal Audit Progress Report	RSM	To consider a report (Pages 57 - 64)

<b>Item</b>	<b>Subject</b>	<b>Lead</b>	<b>Purpose of Discussion</b>
7.	Audit and Governance Action Plan Monitoring - Exception Report and Summary Analysis	ACO	To consider a report (Pages 65 - 70)
8.	Statement of Assurance	HOA	To consider a report (Pages 71 - 98)
9.	Review of Code of Conduct	Secretary/Monitoring Officer	To consider a report (Pages 99 - 110)
10.	Review of 'Monitored Policies'	ACO	To consider a report (Pages 111 - 116)
11.	Report on Registration of Interests and Gifts/Hospitality	Secretary/Monitoring Officer	To consider a report (Pages 117 - 118)
12.	Review of the Audit and Standards Committee Effectiveness	Chair	To consider a report (Pages 119 - 160)
13.	Corporate Risk Register	HOA	To consider a report (Pages 161 - 164)
14.	Review of Work Programme 2017/18	ACO	To consider a report (Pages 165 - 170)
	Next Meeting		10.00 am on 28 March 2018 at Conference Room, Fire and Rescue Service Headquarters, Kempston, Bedford MK42 7NR

### **DECLARATIONS OF INTEREST**

From 1 July 2012 new regulations were introduced on Disclosable Pecuniary Interests (DPIs). The interests are set out in the Schedule to the Code of Conduct adopted by the Fire Authority on 28 June 2012. Members are statutorily required to notify the Monitoring Officer (MO) of any such interest which they, or a spouse or civil partner or a person they live with as such, have where they know of the interest.

A Member must make a verbal declaration of the existence and nature of any Disclosable Pecuniary Interest and any other interest as defined in paragraph 7 of the Fire Authority's Code of Conduct at any meeting of the Fire Authority, a Committee (or Sub-Committee) at which the Member is present and, in the case of a DPI, withdraw from participating in the meeting where an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.

# Emergency services sector update



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## Introduction

Welcome to our latest emergency services sector briefing, providing insight on recent developments and publications affecting the sector. In this edition, we shine the spotlight on lifecycle contract management.

We highlight the ever-pertinent threat of cyber security, and in drawing on our research findings too, detail those high-level questions the National Audit Office advises audit committees to consider in the scrutiny of cyber security arrangements.

Since our last briefing we have also seen a shift in the government's public sector pay policy, with the announcement that police officers are to receive a 2 per cent pay award during 2017 to 2018. In addition, details of the 2017/18 police inspection programme have been published, with Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) confirming a specific 'thematic inspection on fraud' and highlighting the outcomes from its review of modern slavery and human trafficking.

Following the tragic events at Grenfell Tower, the opening of the public inquiry has taken place, with Sir Martin Moore-Bick providing details of how the Inquiry will be undertaken.

The release of new data has done little to calm concerns regarding a decline in fire staff numbers, while we consider the outcomes of a study seeking to understand the fire and rescue services' capability and capacity to use large data sets to effectively target resources.

In moving away from sector publications, we provide a deeper focus on contract management. We discuss our contract lifecycle management tool, which identifies several focus areas for organisations to maximise value for money from contracts. We also provide example critical success factors and central principles which should underpin an organisations approach to contract management.

We hope you find this update a useful source of insight. As ever, if you have any queries, or have any suggestions for topics for future editions, please contact either myself, or your usual RSM contact and we will be delighted to help.

**Daniel Harris**

National Head of Emergency Services and Local Government



# Technical update – Guidance and publications

## Cyber security and information risk guidance for audit committees

The National Audit Office (NAO) has published a guidance document containing high level questions and detailed areas for audit committees to consider when scrutinising cyber security arrangements. The 16–page document complements other government advice and features three 'high–level questions' audit committees may want to initially consider.

- 'Has the organisation implemented a formal regime or structured approach to cyber security which guides its activities and expenditure?'
- 'How has management decided what risk it will tolerate and how does it manage that risk?'
- 'Has the organisation identified and deployed the capability it needs in this area?'

The NAO also lists the 10 steps for cyber security as identified by the National Cyber Security Centre, which include: secure configuration; network security; managing user privileges; and incident management. This is supplemented by additional questions on cloud services and developing new technology / services.

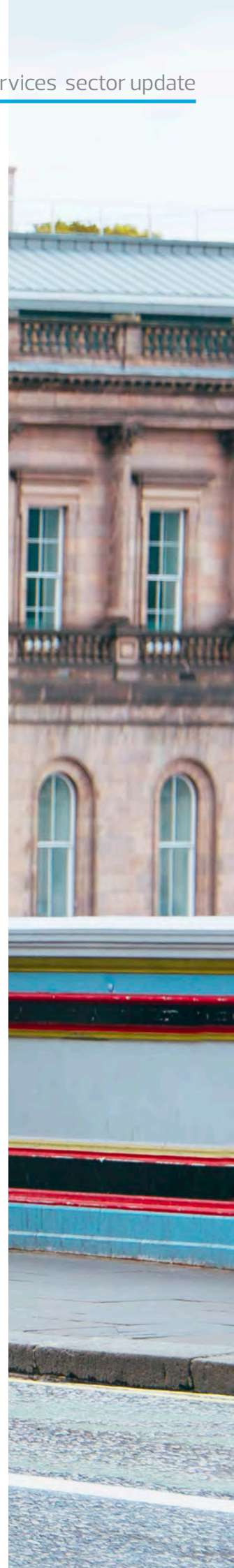
### Questions for Audit Committee's considerations

Does your organisation know the answers to the NAO's questions on cyber security and are ongoing assurances received on these matters?

RSM's 'The Icarus effect: tackling cybercrime complacency' highlights that 40 per cent of organisations say they have suffered a cyberattack, with organisations often lacking the proper controls to identify breaches. Organisations are failing to embed core security measures. Few have an up–to–date or board–approved cybersecurity strategy, while staff training is often overlooked, and complacency leaves organisations hugely vulnerable.

### A guide to fire and rescue services

In seeking to assist police and crime panel members in particular, the Local Government Association has published a guide to 'Fire and rescue services in England.' It has been developed in light of the Policing and Crime Act 2017 which seeks to create greater collaboration within the emergency services sector in the aim of improving efficiency and effectiveness. In providing an overview of the fire and rescue sector, the guide provides information regarding: the legislative landscape; funding and governance; organisational structures; performance and improvement; and 'the evolving fire and rescue service delivery model.'



# Police

## 2017/18 police inspection programme and framework

Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) has published information on its police inspection programme for 2017/18. HMICFRS confirms that its PEEL inspection programme will continue focusing on effectiveness, efficiency and legitimacy and police forces will, as in previous years, be given graded judgements. In a break from previous inspections however, leadership will be considered 'as a theme in the efficiency, effectiveness and legitimacy inspections, rather than as an inspection in its own right.' This takes into account the view that leadership does not take place in isolation, but rather 'leadership is identified, developed and displayed across every element of policing.'

HMICFRS also confirms that vulnerability will be an important element within its inspections, as demonstrated by the recent publication of the outcomes of initial inspections on how the police approach human trafficking and modern slavery offences (further discussed below). In addition, the inspectorate will develop a specific 'thematic inspection on fraud' which will include cyber-enabled fraud, whilst other thematic inspections will cover: child protection; counter-terrorism; hate crime; and crime data integrity.

### Questions for Audit Committee's considerations

**Has your organisation considered the HMICFRS inspection programme and is it prepared for it?**

## Modern slavery and human trafficking

Whilst HMICFRS found 'signs of progress', a recent thematic inspection found that in many cases the policing response to modern slavery and human trafficking was 'reactive and showed little understanding of the nature and scale' of this exploitive practice. In reviewing several cases, HMICFRS found 'substantial problems' with the way investigations were managed, whilst there was 'variable commitment amongst police leaders to tackling this area of

offending.' It was also found that the provisions contained within the Modern Slavery Act 2015 were not being fully utilised.

### Questions for Audit Committee's considerations

**Is the Audit Committee sighted on the recent inspection and the actions agreed to address any areas of weakness?**

## Police pay award

The Home Office has confirmed that, following recommendations from the Police Remuneration Review Body and the Senior Salaries review body, police officers are to receive a 2 per cent pay award during 2017 to 2018. Home Secretary, Amber Rudd, has stated the 'award strikes a fair balance for police forces, officers and taxpayers.' With the increase below UK inflation levels and growing pressures on the service and officers, the 43 Police Federations have published a strongly worded open letter to the government in which the pay award is regarded as 'insulting'. The outcome is nevertheless a shift in government public sector pay policy, which has capped increases at 1 per cent.

### Questions for Audit Committee's considerations

**Has the Police pay award been factored into budgets and medium term financial plans?**

## Routine arming survey results

The results of a recent survey highlight that 34 per cent of officers are in support of being routinely armed, an increase from 23 per cent in 2016. The outcome is a key finding from the Police Federation's routine arming survey undertaken earlier this year. It was found that 42.5 per cent of respondents were not in support of routine arming for all police officers but 55.2 per cent confirmed they were prepared to carry a firearm if required to do so.



### Police workforce in the digital age

Think-tank Reform has published a report examining whether the police workforce can meet the demands of the digital age. From its research and insights from police officers, Reform confirms that several changes are necessary to ensure forces are equipped to 'fight digital crime.' As a result, Reform makes several recommendations for policy makers and stakeholders, including:

- calling on the Home Office to create a police digital capital grant worth approximately £450m, which would be used to invest in digital infrastructure;
- police forces to use 'competitive procurement channels' to attain better value for money when purchasing new technology;
- forces should try and increase secondment numbers, with Reform calling for an extra 1,500 officers and staff; and
- calling for a monumental increase in the numbers of cyber volunteers from 40 to 12,000 in law enforcement agencies, to be achieved in part by offering 'more dynamic volunteering opportunities.'

### Questions for Audit Committee's considerations

**Do you know the level of cyber crime reported in your area?**

**What prevention initiatives are in place to reduce demand?**

**What collaborative working are you considering in this area with other Forces and agencies?**

**Do you have forward planning in place to train officers to deal with the expected continued increase in demand?**

### Tackling abuse of position

Despite some progress, HMICFRS has found that most police forces 'have work to do in regard to their planning around preventing the abuse of position for a sexual purpose.' In December 2016, HMICFRS requested forces to develop and submit implementation plans on this matter and following a review in May, the Inspectorate confirmed there had 'undoubtedly been impressive work' at the national level.

However, in reviewing individual force plans it was found that: 11 plans had information deemed to be insufficient; 15 other forces had plans in place but had not commenced with implementation; 15 forces had developed their plans but hadn't commenced with implementation; and only two forces had 'all elements in place.' HMICFRS has confirmed that it will undertake a full inspection of this area, and other police legitimacy areas, next year.

### Questions for Audit Committee's considerations

**Are you one of the 15 forces that has not commenced implementation of their plans, and have you considered this in respect to HMIC's focus on vulnerability in its inspections this year?**

**What progress has been made against the actions in your plan and are the Joint Audit Committee sighted on this progress?**



Across 26 FRS, there had been  
a decrease in specialist staff

**↓ 924 to 680**  
between  
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**2011 and 2017**



# Fire

## Grenfell Tower Inquiry

The formal opening of the Grenfell Tower Inquiry took place on 14 September. A tragedy described by Inquiry Chair, Sir Martin Moore-Bick, as 'unprecedented in modern times' commenced with a minute's silence as a mark of respect. In his opening statement, Sir Martin provided some details of how the Inquiry would be undertaken, noting that it would incorporate two core phases.

Phase one: 'shall investigate the development of the fire itself, where and how it started, how it spread... and the chain of events that unfolded during the course of the hours before it was finally extinguished.' It will also consider 'the response of the emergency services and the evacuation of residents.'

Phase two: 'will examine on a broad front how the building came to be so seriously exposed to the risk of a disastrous fire. That will involve an investigation into the design of the building, its modification from time to time over previous years, the decisions relating to design and construction... and whether at each stage of its development the building complied with regulations then in force.'

Document examination will be time consuming, and therefore, phase two is anticipated to be a lengthier process than phase one. Albeit, both phases will take place in parallel with one another.

## Fire safety staff numbers down

A Guardian investigation has raised some concerns, with the news that fire services in England have 'lost more than a quarter of their specialist fire safety staff since 2011.' Figures obtained under the Freedom of Information Act reveal, that across 26 FRS there had been a decrease in specialist staff, from 924 to 680 between 2011 and 2017.

In addition, operational statistics for the fire service have been published by the Home Office revealing that the number of full time equivalent staff in England in 2016 was four per cent lower than the previous year, and '17 per cent lower than five years before.' Firefighter strength is also reducing and in 2016 was approximately four per cent lower than in 2015.

### Questions for Audit Committee's considerations

Are you satisfied with the level of specialist fire safety staff and is this having an impact operationally?

## Big data

The National Fire Chiefs Council commissioned a research study seeking to understand the fire and rescue services' capability and capacity to use large sets of data to effectively target resources, particularly for those most vulnerable.

As part of the Chief Fire Officers Association's Sustained Action for Elderly Risk (SAfER) programme, a subset of the Exeter data, which provides access to NHS patient data held on the National Health Applications and Infrastructure Services (NHAIS) systems, were utilised. The Exeter data was used to create a dataset detailing the address, birth year and gender of individuals 65 years or older, registered with a GP in England and Wales. It was intended 'to ensure that FRSs target preventative resources more effectively, at a time where the ageing demographic means fire deaths and injuries will increase significantly for the first time in 30 years.'

After receiving the 'Exeter data' (as it is commonly known) and in considering its use, several recommendations were noted within the final report, including:

- in order to cut down data preparation and cleansing time, it would be beneficial if data shared by other public services were 'pre-cleansed' before it is passed to FRS;
- a feedback loophole exists, which should be closed through FRS 'reviewing the value of data over the short, medium and longer term'; and
- more work is required to ensure those that hold a data analyst role within FRS do not feel 'isolated'. Indeed 'more efforts could be made to bring the analysisist community together and to support the development of individual competencies and the collective knowledge-base.'

### Questions for Audit Committee's considerations

Are you aware of the recommendations in the report and what is your service doing about it?

Do you understand what data you hold?

Have you considered this data and recommendations as part of the implementation of GDPR and wider projects in this area?

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Our experience of working with the sector shows that most organisations are still battling with setting up a robust contract management function leading to value leakage of five per cent to 15 per cent.

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# Lifecycle contract management is key to maximising value from your contracts

Getting value for money from existing contracts is a challenge for most organisations.

This is especially true when services/products and contractual charging regimes are complex and difficult to understand. This often leads to a lack of commercial control and a loss of value. The good news is that better contract management is achievable, will unlock meaningful cost savings and improve your relationship with suppliers.

Third party spend in the emergency services sector currently sits in the region of £2.8bn<sup>1</sup> per annum; across both UK Police and Fire & Rescue services.

Our contract lifecycle management tool identifies a number of focus areas for organisations to maximise value for money from contracts. In this article, we explore these focus areas in Part A and other contract management critical success factors in Part B.

## Part A: Contract management focus areas

The success of contract management is strongly influenced by what has happened during the procurement and contract award phase. Therefore, the pre- and post-award phase should be seen as a continuum rather than distinct phases, and so contract management should be planned from the start of the procurement process.

Life-cycle contract management refers to activities which need to be performed throughout the contract's life to ensure value for money is secured at the procurement stage and realised during its operational and exit/renewal phase. The following figure illustrates the typical stages in a contract's life.

<sup>1</sup>UK Police 2015-16 expenditure £12.6bn and UK Fire 2015-16 expenditure £2bn; pages 4-5 at <https://www.nao.org.uk/wp-content/uploads/2016/07/The-work-of-the-National-Audit-Office-in-the-police-and-fire-sectors-Briefing-pack.pdf>

Of these figures; UK Police spend approximately £2.2bn on goods and services per para 5 at <http://www.govopps.co.uk/government-calls-for-greater-collaboration-between-police-forces-to-drive-down-costs/>

And Fire & Rescue spend approximately £600m on procured good and services per 'Background' section at <http://www.nationalfirechiefs.org.uk/procurement>



## Key drivers



Cost pressure



Value for money concerns



Internal audit (IA) concerns



Audit Committee (AC) concerns



Risks



Compliance

## Contract life-cycle management



## Benefits



Cost reduction



Achieve value for money



Address IA/AC concerns



Transparency and compliance



Minimising of risks

- The first step of contract life-cycle management is to adequately **define the need** i.e. what service and product the organisation is looking to acquire. This then feeds into the **specification** where clear communication and clearly defined requirements are critical to allow well-informed decisions to be made in relation to supplier capability and capacity to deliver on the contract. Lack of clarity and a poorly defined specification is a key driver for multiple post-award contract issues and significant value leakage, therefore organisations should invest adequate resources and engage with key stakeholders to ensure the specification is clearly defined and is fit for purpose.

### A well-defined specification is critical to get value for money from a contract.

An emergency services organisation we were working with had outsourced their IT management services. The key stakeholders wanted an outcome based contract. However, the team developing the specification failed to align the commercial structure of the contract with this key objective. The key elements of the specification such as contract price, performance measures, how services will be delivered etc., focused heavily on inputs. As a result, the supplier was getting paid regardless of their performance with minimal service deductions and there was no financial incentive for the supplier to strive for good performance. Performance measures focused on measuring inputs with no real indication of delivery against outcomes. They paid the supplier a lot of money and received a very poor service.

**Comment:** What is important to you as the buyer should also be important to the supplier. The contract should align both organisations' objectives. A well written specification would have ensured that outcomes are clearly defined and underlying performance standards measures the outcomes and what really matters. It also would have linked the contract payment to outcomes to ensure the supplier is financially incentivised to deliver on agreed outcomes.

- The **business case** should be aligned with the organisation's overall strategy and objectives, it should describe clearly how the contract arrangement will meet these objectives. Affordability and critical success factors should be considered, as well as an initial analysis of risks and related activity that may impact or support the delivery of the contracted service. The clearer the business case; the more informed the decision-making process can be.
- Adequately resourced and effectively planned **procurement processes** can help organisations capture maximum value from contracts during the procurement process. Many clients we have worked with have failed to achieve this due to lack of planning, "rushed" procurement process and poor market management/engagement.
- A lack of planning for **contract deployment** is another reason for value-leakage. This stage should deal with the transition of the contract from tendering stage to operation stage; establishing the contract operation and management team as well as processes and controls. The plan essentially acts as a set of instructions to the tendering stage and prevents gaps in operational delivery that could lead to value leakage, reduced benefit realisation, and disputes between buyer and supplier.
- The **operational contract management** stage deals with three key areas to ensure the value captured during the tendering stage is realised. The three areas are; robust contract administration, effective service performance and delivery management and proactive relationship management. Robust operational contract management can help organisations to ensure that contracts are always aligned with their strategic aims, value leakage is detected/prevented and supplier relationships are enhanced.
- **Contract close/exit** stage can really help organisations evaluate what went well and what needs to be changed in the future. Managed well, this stage can also ensure smooth service transition from one supplier to another and reduce transition cost. Some of the clients we have worked with have opted to perform commercial and open book reviews as part of this stage to help them identify and recover any overpayments and better understand what needs to change going forward.

## Part B – Critical success factors

The organisations should define and identify a set of organisation wide critical success factors (CSF) and principles that should underpin their approach to contract management. Examples of good practice CSFs and principles are outlined below.

- **Create a contract management function:**

A contract management function will help create a consistent approach to managing contracts within the organisations; shared good practices; a source of challenge, support and guidance; standard training processes and a culture which takes responsibility for contract management.

- **Contracts should be categorised:** This will enable the appropriate level of contract management resource to be allocated to ensure that contract management activities are proportionate to the potential benefit and underlying risks for contracts. Therefore, the organisations should develop a contract categorisation approach/tool and categorise contracts in line with pre-defined criteria including the contract value, political interest, business value, potential impact, sourcing complexity, contractual complexity and performance assessment complexity etc.

- **Establish and use strong governance arrangements to manage risk and enable strategic oversight:** Organisations should ensure that the governance structures are proportionate to the size and risk of contracts, and that they are suitably empowered to support the business outcomes and objectives. There should be some level of consistency around contract management governance to enable strong decision making and should hold suppliers to account for poor performance. In our experience the governance should be defined at the following three levels:

- **Level 1: Strategic contract management governance:** Organisations should define a senior accountable officer for each significant/high risk contract. This officer must be accountable for the delivery of business strategy,

benefits, supplier performance and is ultimately responsible for the decision making for the contracts they are accountable for.

- **Level 2: Contract management governance for each contract:** Organisations should adopt a standardised governance structure which is flexible for application to all contracts.
- **Level 3: Individual contract management roles and responsibilities (R&R):** Organisations roles i.e. contract manager, accountable officer, client lead etc. need to be defined and communicated to all teams and stakeholders. The key contract management activities should be mapped and ownership should be determined using a Responsible, Accountable, Consulted and Informed (RACI) matrix.

- **Invest in commercial capability and capacity:** Organisations should clearly define the contract management skills and experiences required at different stages of life-cycle contract management, and actively recruit or train to acquire these skills within the organisation.

- **Proactive management of risks and opportunities:** Risk and opportunity management should become an integral part of contract management. The organisations should analyse, mitigate and manage contract related risks and opportunities throughout the contract's life cycle. This process should start at the tendering stage to ensure the risks are placed with the party best able to manage it. Organisations should also analyse opportunities throughout the contract life cycle to capture additional value and to ensure dependencies and interdependencies are captured and managed.



Risks should be placed with the party best able to manage it.





# Progress up to now

A considerable amount of work has been undertaken across the emergency services sector in recent years to bring third party spend under control and effectively manage the needs of organisations and the wants of their suppliers. In 2014–15 UK police forces collectively planned £474m<sup>2</sup> of savings from better procurement of all goods and services, and the National Fire Chiefs Council have implemented a Commercial Transformation Programme<sup>3</sup> to standardise requirements, aggregate volumes, and manage contracts collaboratively. This work will be ongoing as organisations and teams get to grips with the crucial role of life-cycle contract management and prepare themselves for even bigger challenges in the future. The question is: Have you done enough to ensure your contract management function is ready to play its part in making savings and help the organisation deal with future challenges?

The following questions, that Audit Committee members might ask about their organisation's life-cycle management arrangements, may help you make this assessment:

- How much are we spending with suppliers as an organisation?
- Do we have a robust contract register which gets updated on a regular basis?
- Have we got organisation wide contract management guidance and processes? If yes, how do we monitor compliance?
- How do we know if we are getting value for money from our major contracts?
- When was the last time we carried out a commercial review of our contracts and what was the outcome?
- Do we have open book clauses in our contracts and when was the last time we invoked these clauses?

RSM's Contract Risk Advisory team works with a range of clients to help them benchmark their contract management function against a best practice framework; and to support and help them improve their contract management from these findings.

<sup>2</sup> Per page 8 <https://www.nao.org.uk/wp-content/uploads/2016/07/The-work-of-the-National-Audit-Office-in-the-police-and-fire-sectors-Briefing-pack.pdf>

<sup>3</sup> <http://www.nationalfirechiefs.org.uk/procurement>

# Sources of further information

## National Audit Office

### 'Cyber security and information risk guidance for Audit Committees'

<https://www.nao.org.uk/report/cyber-security-and-information-risk-guidance/>

## RSM

### 'The Icarus effect: tackling cybercrime complacency'

<https://www.rsmuk.com/ideas-and-insights/tackling-cyber-crime-complacency>

## Local Government Association

### 'Fire and rescue services in England: a guide for police and crime panel members'

<https://www.local.gov.uk/fire-and-rescue-services-england-guide-police-and-crime-panel-members>

## Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services

### 'Inspection programme and framework 2017/18'

<https://www.justiceinspectorates.gov.uk/hmicfrs/publications/hmicfrs-inspection-programme-2017-18/>

## HMICFRS

### 'Stolen freedom: the policing response to modern slavery and human trafficking'

<https://www.justiceinspectorates.gov.uk/hmicfrs/publications/stolen-freedom-the-policing-response-to-modern-slavery-and-human-trafficking/>

## Home Office

### 'Home Office sets out police pay award for 2017 to 2018'

<https://www.gov.uk/government/news/home-office-sets-out-police-pay-award-for-2017-to-2018>

## Police Federation

### 'No more smoke and mirrors'

<http://www.polfed.org/newsroom/4951.aspx>

## Police Federation

### 'Routine Arming Survey 2017, Headline Report'

<http://www.polfed.org/newsroom/4954.aspx>

## Reform

### 'Bobbies on the net: a police workforce for the digital age'

<http://www.reform.uk/publication/bobbies-on-the-net-a-police-workforce-for-the-digital-age/>

## HMICFRS

### 'Insufficient progress on police force plans to tackle the abuse of position for a sexual purpose'

<https://www.justiceinspectorates.gov.uk/hmicfrs/news/news-feed/insufficient-progress-on-police-force-plans-to-tackle-the-abuse-of-position-for-a-sexual-purpose/>

## HMICFRS

### 'Abuse of position for a sexual purpose, A review of forces' plans in response to our PEEL legitimacy 2016 national report recommendation'

<https://www.justiceinspectorates.gov.uk/hmicfrs/publications/abuse-of-position-for-a-sexual-purpose/>

## Grenfell Tower Inquiry

### Transcript of the formal opening of the Inquiry

<https://www.grenfelltowerinquiry.org.uk/wp-content/uploads/2017/07/Transcript-of-Inquiry-opening-14-September-2017.txt>

## The Guardian

### 'England's fire services suffer 25% cut to safety officers numbers'

<https://www.theguardian.com/uk-news/2017/aug/29/englands-fire-services-suffer-25-cut-to-safety-officers-numbers>

## Home Office

### Fire and rescue authorities: operational statistics bulletin for England 2015 to 2016

<https://www.gov.uk/government/statistics/fire-and-rescue-authorities-operational-statistics-bulletin-for-england-2015-to-2016>

## University of East Anglia

### 'Benchmarking Big Data Research Project'

<https://www.nationalfirechiefs.org.uk/news/new-study-published-about-how-fire-services-use-big-data-sets/182450>



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**For Publication**

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Audit and Standards Committee  
6 December 2017  
Item No 4**

## **MINUTES OF AUDIT AND STANDARDS COMMITTEE MEETING HELD ON 28 SEPTEMBER 2017**

Present: Councillors F Chapman (Chair), J Chatterley (Vice-Chair), M Headley, R Saleem

Mr J Atkinson, ACO Z Evans, AC D Cook, Mr G Chambers and Mr J Harrison

Ms D Hanson and Ms K Storey, Ernst & Young

Mrs S Rowlett, RSM

### 16-17/ASC/17 Apologies

Apologies were received from Councillors Duckett, Franks and Waheed.

### 16-17/ASC/18 Declarations of Disclosable Pecuniary and Other Interests

There were no declarations of interest.

### 16-17/ASC/19 Communications

#### **National Pay Negotiations**

The Assistant Chief Officer reported that there had been no further update on negotiations relating to the grey book pay offer. The initial position which was rejected by the FBU membership was an offer of an initial increase of 2% back dated to 1 July 2017 with a further 3% later in the year subject to ongoing discussions around the broadening of the role. Whilst discussions are ongoing the Employers' side has suggested the payment of the 1% already in budgets from 1 July 2017.

As a result of the membership rejecting the pay offer, co-responding activities had ceased with effect from 18 September 2017.

It was hoped to provide a further update to Members at the meeting of the Authority in October.

## **Ernst & Young Audit Committee Briefing**

The Committee then considered the Fire and Rescue sector Audit Committee briefing from Ernst & Young.

Members' attention was drawn to the section in the briefing on the Home Office funds for Police and Crime Commissioners (PCCs) to support further police and fire collaboration. Nine PCCs had been awarded £1 million to develop proposals to take on additional responsibility for the governance of fire and rescue in their areas. Three of these PCCs were in the eastern region.

Information had also been provided on cybersecurity following a global ransomware attack, including further support and additional actions to be taken to reduce the risk of ransomware.

The Assistant Chief Officer assured Members that the ICT Shared Service had developed an ongoing programme of work to address this issue, although she also acknowledged that this was a large draw on the resources and capability available within the Shared Service.

Members were referred to the section on women and leadership and the target for 50% of individuals appointed as NHS Board Members to be female by 2020.

## **Emergency Services Sector Update**

The Committee received the Emergency Services Sector briefing from RSM.

The Committee considered a number of questions relating to preparations for the new inspection regime to be carried out by HM Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS).

The Assistant Chief Officer advised that the Service had been subject to an operational assessment in 2013 and would be the subject of an equality peer review in 2018.

The Service was working closely with colleagues in the Police Service to learn from the recent inspection on efficiency, effectiveness and leadership.

The first round of inspections of fire and rescue authorities was expected to commence in 2018 with 3 tranches of 15 services being inspected over the following 12 month period, with the first full inspection programme concluding in April 2019. Timescales are yet to be confirmed.

In recognition of the level of resource that supporting an inspection would require, management capacity had been created in the organisation.

In response to a comment, the Assistant Chief Officer confirmed that the Inspector responsible for the Service would be the current HMI responsible for inspecting Bedfordshire Police.

The Committee also considered the following questions:

*Have you considered the potential changes from the Queen's Speech and what these may mean for you?*

The Assistant Chief Officer advised that changes arising from the Grenfell inquiry and the counter terrorism review were being considered by the Service.



*Are you prepared for the General Data Protection Regulation changes and are you confident your arrangements will be in place by May 2018?*

The Assistant Chief Officer reported that an assessment would be undertaken of the Service's current position in relation to the changes required. This assessment would lead to the development of an action plan to ensure that the Service was best placed going forward.

The Committee then considered a number of questions relating to the role of fire and rescue services to advise property owners and their residents about fire risks and how these could be reduced.

The Assistant Chief Officer referred to the ongoing budget in place to support the Service's varied protection and prevention activities. This was monitored regularly by the Service Delivery Policy and Challenge Group.

The Committee also noted the section on Collaboration: barriers, risks and assurance. The Service's current collaborative activities were reported to the full Fire and Rescue Authority.

In response to a question, the Assistant Chief Officer advised that, whilst there were currently no league tables ranking fire and rescue services, national statistics were published in relation to particular areas, such as fires per head of population and workforce demographics.

The introduction of a new inspection regime should produce more helpful comparative data; however, the standards to be assessed to determine what a 'good' service looked like had not yet been agreed. It was acknowledged that the risks facing services covering rural areas were different than those services covering largely urban areas and that one size did not fit all.

It was suggested that more comparative data, such as performance information for neighbouring and comparator authorities, should be provided to and considered by the Policy and Challenge Groups at their annual target-setting meeting.

The Head of Finance and Treasurer reported that, in anticipation of the inspection, Value for Money statistics were being examined with a future report to be submitted to the Corporate Services Policy and Challenge Group for review and for information.

**RESOLVED:**

That the communications be received.

16-17/ASC/20 Minutes

**RESOLVED:**

That the Minutes of the meeting held on 14 June 2017 be confirmed and signed as a true record.

16-17/ASC/21 Audit Results Report (Results of 2016/17 audit including any matters outstanding)

Ms D Hanson of Ernst & Young presented the audit results report for the year ending 31 March 2017. She thanked the Service's finance team for their cooperation during the audit.

The Committee was referred to the materiality levels used in the audit. These were £560,380 for the audit of the main authority accounts and £157,740 for the firefighters' pension fund

accounts. No unadjusted or adjusted errors had been identified. Lower thresholds had been in place for areas which may be of greater public interest. These were remuneration disclosures, related party transactions and Members' allowances.

Ms K Storey of Ernst & Young advised that the audit plan had largely been completed with outstanding work required on the finalisation of work on employee costs, the testing of the £498,000 debtor with the Home Office for reimbursement of injury benefit pension costs to ensure they were charged to the right account (which was either the Authority's General Fund or the firefighters' pension fund) and journals testing.

Ernst & Young were awaiting the receipt of the signed management representation letter, which would be signed following the Committee's approval of the Statement of Accounts.

It was anticipated that this work would be completed and an audit opinion would be issued later in the day.

Ms Hanson advised that changes had been required on the Expenditure and Funding Analysis note. This was a new requirement for 2016/17.

She reported that there had been a delay to the audit of the Statement of Accounts in relation to the capital accounting entries. This was as a result of difficulties with the consultancy support that had been provided. The Authority would need to ensure that robust arrangements were in place to ensure that the Statement of Accounts was completed ready for audit by the end of May 2018.

There were no issues to report in relation to the Value for Money arrangements.

Ms Hanson advised that, as a result of the additional work that had to be undertaken in relation to the audit of the 2016/17 Statement of Accounts, as a result of them not being compliant with CIPFA regulations and the work required on the injury benefit debtor, it was likely that an increase in the audit fee would be sought through the PSAA.

In response to a question, the Head of Finance and Treasurer reported that he was in early discussions with CIPFA Penna to ensure that a suitable candidate was in place early on in the process to enable the capital accounting to be completed in accordance with the requirements and within the new timescales. Robust checks on candidates' technical ability and previous experience would be undertaken.

In relation to the earlier closure of accounts from the current financial year, the Committee was advised that Ernst & Young had completed a significant programme of work to address this challenge and to identify areas of audits that could be completed prior to the Statement of Accounts being produced.

**RESOLVED:**

1. That the submitted external Audit Results Progress Report for 2016/17 be received.
2. That the work undertaken to improve the prompt production of the Statement of Accounts for 2017/18 be noted.

16-17/ASC/22 2016/17 Statement of Accounts and Letter of Representation

Mr G Chambers, the Head of Finance and Treasurer, presented the current version of the 2016/17 Statement of the Accounts to the Committee for its approval.

The Committee was advised that the £498,000 debtor previously referred to had been allocated to the Collaboration Reserve, along with the £847,000 year-end underspend.

Members noted that the General Reserves balance at 31 March 2017 was £2.6 million and that there were earmarked reserves of £12.249 million, £4.976 million of which was the transformational earmarked reserve to support future budget setting.

The Committee was referred to the Annual Governance Statement. This remained largely unchanged from the version that was submitted to the previous meeting of the Committee.

Mr J Harrison advised that the increase in pension liabilities from £280.705 million in 2016 to £322.628 million in 2017 was based on a number of assumptions by the actuaries including longevity of current and future pensioners, the rate of inflation and the proportion of employees opting to take a commuted lump sum. This figure had decreased as well as increased in the past and was reassessed annually.

In response to a question on the balance sheet as at 31 March 2017, Mr Harrison advised that the increase in vehicles, plants and equipment from £4.98 million in March 2016 to £6.197 million in 2017 was the result of the ongoing replacement of the fire appliances. It was noted that this replacement programme was now drawing to a close.

The adjustments relating to the charges for depreciation and impairment of non-current assets were calculated based upon the varying lives of the individual assets and was primarily a management to account for the reduction in asset value.

The total Collection Fund surplus across the three constituent authorities was £445,000 for council tax, with a £78,000 deficit in business rates collection.

In referring to the contingent liabilities, the Head of Finance and Treasurer reported that the FBU had lodged an appeal with the Employment Appeals Tribunal in relation to the transitional protections associated with the 2015 firefighters' pension scheme. The potential future costs to the Service were unknown at this stage.

One of the items under contingent assets referred to the asset reimbursement hearing relating to fraudulent activity that had not yet taken place.

The final appendix of the report was the letter of representation to be signed by both the Head of Finance and Treasurer and the Chair of the Committee subject to the Committee's approval of the accounts.

**RESOLVED:**

1. That the current version of the 2016/17 Statement of Accounts and Annual Governance Statement that have now been externally audited be approved.
2. That the Treasurer be delegated authority to make any final amendments to the 2016/17 Statement of Accounts.
3. That the letter of representation be approved.

16-17/ASC/23 Review of Code of Conduct

The Secretary and Monitoring Officer submitted a report on the review of the Code of Conduct, following a discussion on the Review of the Code of Conduct and the Annual Report on Standards at the Committee's last meeting (Minute 17-18/AS/012 refers). This related particularly to paragraphs 4.14 and 4.15 of the Authority's Code of Conduct regarding

enhancing public trust and confidence in the integrity of the Authority and its Members (4.14) and showing respect and courtesy to others (4.15).

The Secretary and Monitoring Officer reported that, in his research, he had come across guidance from the former body Standards for England that clarified that clauses in the Code of Conduct were not intended to restrict political debate or prevent Members from criticising decisions made by the Authority as a whole. This guidance was clear in its intent that robust political debate could still take place in accordance with the Code of Conduct.

The view was expressed that, as Standards for England had been abolished in 2012 and replaced with a new standards regime, significant weight could not be placed on any guidance issued by that body.

Concern was also expressed that the inclusion of paragraphs 4.14 and 4.15 of the Code restricted Members from being able to express individual opinions or views that were in contrast to those agreed by the Authority as a whole and that this could leave such members vulnerable to complaint and that the paragraphs could be interpreted subjectively.

The Chair commented that Members treated one another with respect and courtesy and that the removal of the paragraphs from the Code was not necessary.

In response to a question, the Secretary and Monitoring Officer reported that there had not been a complaint lodged against a Member of the Authority under the Standards regime. He advised that Members needed to be confident in the Code that was adopted by the Authority and that any change to the Code would need to be formally agreed by the Authority.

The Committee agreed to refer the report to the next meeting of the Authority to enable all Members of the Authority to express a view on the matter.

**RESOLVED:**

That the report be referred to the Fire and Rescue Authority for consideration, with Members' attention being drawn particularly to paragraphs 4.14 and 4.15 of the Code and whether they should be removed.

16-17/ASC/24 Internal Audit Progress Report 2017/18

Mrs S Rowlett of RSM introduced a report on the progress made against the internal audit plan for 2017/18.

One final audit report, on Procurement, had been issued. This had been awarded an opinion of substantial assurance.

The remaining work was in progress as planned.

**RESOLVED:**

That the submitted report be received.

16-17/ASC/25 Audit and Governance Action Plan Monitoring - Exception Report and Summary Analysis

The Assistant Chief Officer presented a summary statistical analysis of actions arising from internal audit reports over the last three financial years to date and from the Authority's current Annual Governance Statement.

Two extensions had been requested during the reporting period. These related to low priority actions arising from the audit of Governance – Transparency and Decision Making to publish information on the Service’s website.

**RESOLVED:**

That the report be received.

16-17/ASC/26 Review of the Fire Authority's Effectiveness

The Assistant Chief Officer introduced her report on proposals for the review of the Fire and Rescue Authority’s effectiveness in 2017/18.

It was agreed that a full questionnaire should no longer be provided to Members and that, instead, discussion should take place at the next round of meetings on the following questions:

- Does the Group/Committee consider that they have been effective and discharged their responsibility in regard to the Group’s/Committee’s terms of reference?
- Considering the Group’s/Committee’s terms of reference are there any areas that have not been considered and should be addressed?
- Does the Committee/Group consider any training and development would assist them with the areas of work of the Group/Committee?

Consideration would also be given at the Budget Workshop to Members’ statutory responsibilities and the terms of reference of the full Authority.

**RESOLVED:**

That the process for reviewing the Authority’s effectiveness in 2017/18 remain largely the same as the previous year and that:

- (a) the Policy and Challenge Groups and Committees review their effectiveness by considering the three overarching questions to feed into the Review of Effectiveness (this year Corporate Services on 29 November 2017, Service Delivery on 30 November 2017, Audit and Standards on 6 December 2017 and Human Resources on 11 January 2018 and then programmed yearly thereafter);
- (b) all FRA Members will receive their statutory responsibilities and terms of reference for discussion against the three questions at the budget workshop for 2017/18 on 18 January 2018 and then programmed yearly thereafter); and
- (c) the 2017/18 Review of Effectiveness and Action Plan for 2018/19 will be considered by the Audit and Standards Committee on 28 March 2018, to report to the FRA on 26 April 2018 and for inclusion in the FRA’s Annual Governance Statement.

16-17/ASC/27 Corporate Risk Register

Area Commander D Cook presented an update on the review of the Corporate Risk Register. There had been no changes to risk ratings and updates to risks had been considered by the relevant Policy and Challenge Group.

There had been three updates to risk ratings within the remit of the Corporate Services Policy and Challenge Group and Area Commander Cook provided updates as follows:

CRR29 (if we do not communicate well, both internal and external to the Service, then we will suffer from poor staff morale, miss the opportunity to promote ourselves and the excellent work that we do and potentially impact upon our ability to deliver a full range of services) had been updated as work had been ongoing to enhance the Service's website and this would be linked to the Service's use of social media.

CRR15 (if we do not properly manage the work issues that can potentially be caused by collaboration or shared services including: 1. Redundancy 2. Relocation 3. Cost of work for the convergence of procedures 4. Use of inexperienced staff familiar with FRS operations 5. Increase in staff numbers and associated cost. Then there will be a negative cultural impact upon the Service and the projects may fail): the Service's new mobilising data terminals for use with Resque 4i had gone live in August 2017. All the resilience benefits required by the Home Office had been completed, with the exception of "automatic fail over".

There had been one update arising from the Service Delivery Risk Register. CRR22 (If we have inadequate or incomplete operational pre planning policies, procedures or information available to us then we can potentially risk injury or even death to our firefighters and staff) had been updated to reflect that the three year National Operational Guidance programme had been due to be completed in August 2017. Further workstreams arising from this would be progressed as required.

There had been two changes to individual risks arising from the Human Resources Risk Register:

CRR40 (if there is a retirement of a large number of operational officers over a short period of time then we lose significant operational and managerial experience within the service which could ultimately affect our service delivery and wider corporate functionality in the shorter term) had been updated as a new recruitment campaign had commenced in August 2017. Successful candidates would be eligible for foundation training at the beginning of 2018.

CRR25 (if operational personnel either individually or collectively at any or all levels do not meet the minimum level of competence to safely deal with the full range of incidents which may be encountered, particularly areas of competencies relating to: - Incident Command – Use of Breathing Apparatus – Compartment Fire Behaviour – Water related incidents – High-rise incidents – Work at Height – then there is the potential to cause significant injury or even deaths to our staff): had been updated to reflect that competencies continued to be monitored in relation to safety critical training via PDR Pro. There were also opportunities for experienced firefighters to join the Service as transferees.

**RESOLVED:**

1. That the continuing development of the Service's Corporate Risk Register be acknowledged.
2. That it be acknowledged that the appropriate Policy and Challenge Groups have considered and reviewed controls proposed to reduce the identified risks.

16-17/ASC/28 Review of Work Programme

The Committee considered the proposed work programme for 2017/18.

The Head of Finance and Treasurer advised that the meeting scheduled for June/July 2018 was likely to take place at the end of July. There may also be amendments to the agenda items currently programmed for the meeting.

**RESOLVED:**

That the Committee's Work Programme for 2017/18 be received.

The meeting ended at 11.23 am

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**For Publication**

**Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
6 December 2017  
Item No. 5**

**REPORT AUTHOR: ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

**SUBJECT: ANNUAL AUDIT LETTER FOR YEAR ENDED 31 MARCH 2017**

For further information on this report contact: Nicky Upton  
Democratic and Regulatory Services Supervisor  
Tel No: 01234 845149

Background Papers: None

Implications (tick ✓):

LEGAL			FINANCIAL	✓
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New		CORE BRIEF	

*Any implications affecting this report are noted at the end of the report.*

**PURPOSE:**

To receive and consider the Annual Audit Letter for Year Ended 31 March 2017 received from Ernst & Young, the Fire and Rescue Authority's external auditor.

**RECOMMENDATION:**

That Members consider the submitted Annual Audit Letter dated October 2017.

1. Introduction

- 1.1 The submitted Annual Audit Letter for the year ended 31 March 2017 communicates the key issues following completion of the audit procedures carried out by Ernst & Young.

**ZOE EVANS  
ASSISTANT CHIEF OFFICER  
(HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

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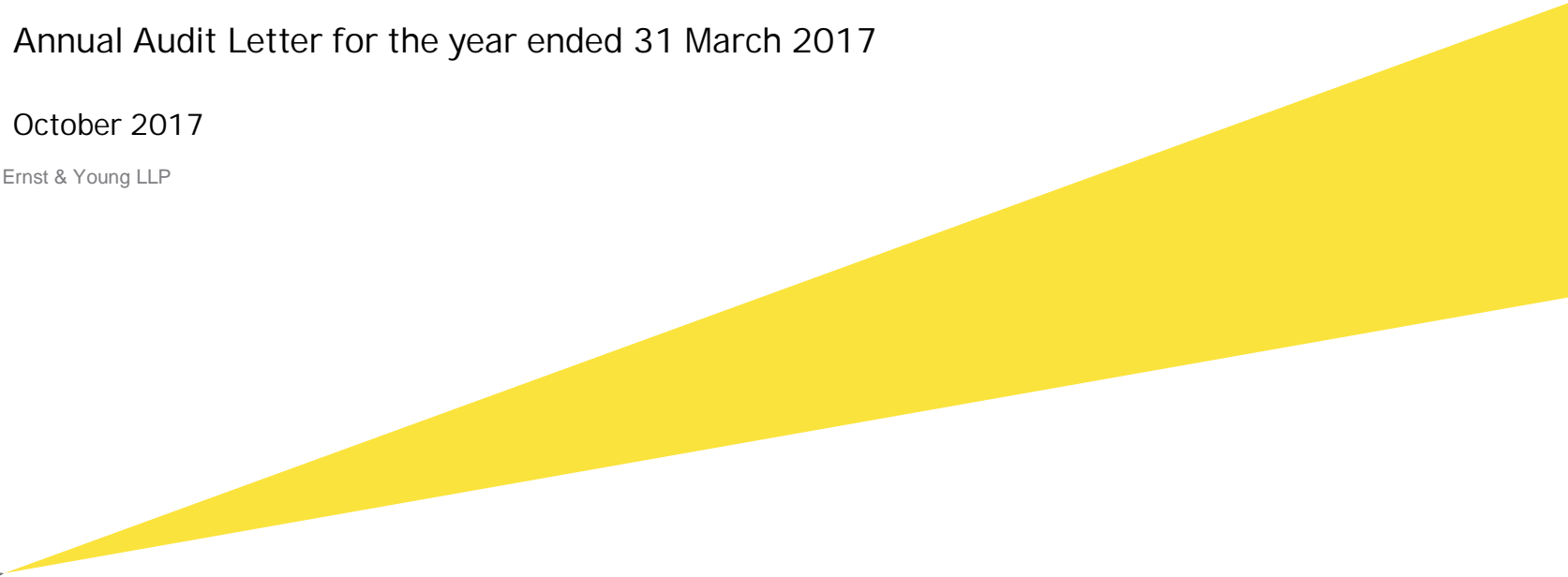
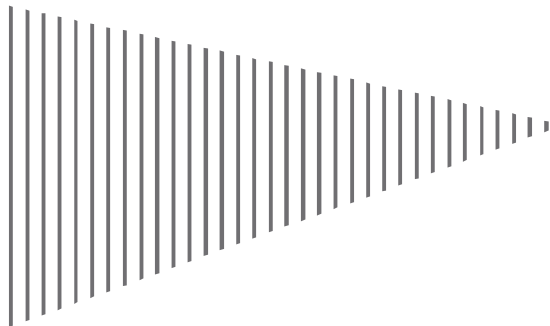
# Bedfordshire Fire and Rescue Authority

Annual Audit Letter for the year ended 31 March 2017

October 2017

Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) have issued a “Statement of responsibilities of auditors and audited bodies”. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psaa.co.uk](http://www.psaa.co.uk))

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment (updated 23 February 2017)” issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Annual Audit Letter is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

# Executive Summary

## Executive Summary

We are required to issue an Annual Audit Letter to Bedfordshire Fire and Rescue Authority following completion of our audit procedures for the year ended 31 March 2017.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Authority's: ▶ Financial statements	Unqualified – the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2017 and of its expenditure and income for the year then ended
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts
Concluding on the Authority's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources

Area of Work	Conclusion
Reports by exception: ▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Authority
▶ Public interest report	We had no matters to report in the public interest
▶ Written recommendations to the Authority, which should be copied to the Secretary of State	We had no matters to report
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Authority's Whole of Government Accounts return (WGA).	The Authority is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Authority communicating significant findings resulting from our audit.	Our Audit Results Report was presented to the 28 September 2017 Audit and Standards Committee
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 29 September 2017

We would like to take this opportunity to thank the Authority's staff for their assistance during the course of our work.

Debbie Hanson  
Associate Partner  
For and on behalf of Ernst & Young LLP

Purpose





## Purpose

### The Purpose of this Letter

The purpose of this Annual Audit Letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Authority.

We have already reported the detailed findings from our audit work in our 2016/17 Audit Results Report to the Audit and Standards Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Authority.



# Responsibilities

## Responsibilities

### Responsibilities of the Appointed Auditor

Our 2016/17 audit work has been undertaken in accordance with the Audit Plan that we issued on 17 February 2017 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
  - ▶ On the 2016/17 financial statements; and
  - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Authority has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
  - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Authority;
  - ▶ Any significant matters that are in the public interest;
  - ▶ Any written recommendations to the Authority, which should be copied to the Secretary of State; and
  - ▶ If we have discharged our duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on you Whole of Government Accounts return. The Authority is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the return.

## Responsibilities of the Authority

The Authority is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement. In the AGS, the Authority reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

# Financial Statement Audit

## Financial Statement Audit

### Key Issues

The Authority's Statement of Accounts is an important tool for the Authority to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Authority's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 29 September 2017.

Our detailed findings were reported to the 28 September 2017 Audit and Standards Committee.

The key issues identified as part of our audit in our Audit Plan were as follows:

Significant Risk	Conclusion
<p>Management override of controls</p> <p>A risk present on all audits is that management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Auditing standards require us to respond to this risk by testing the appropriateness of journals, testing accounting estimates for possible management bias and obtaining an understanding of the business rationale for any significant unusual transactions.</p>	<ul style="list-style-type: none"> <li>• We tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in preparing the financial statements.</li> <li>• We reviewed the following accounting estimates for evidence of management bias: pension valuations, property valuations, provisions and creditor accruals.</li> <li>• We evaluated the business rationale for any significant unusual transactions.</li> <li>• We tested a sample of accruals and provisions to check whether they had been recorded at an appropriate value.</li> <li>• We undertook cut off testing for income and expenditure to ensure that material amounts had not been omitted from the financial statements that related to 2016/17.</li> </ul> <p>We have not identified any material weaknesses in controls or evidence of material management override.</p> <p>We have not identified any instances of inappropriate judgements being applied.</p> <p>We did not identify any other transactions during our audit which appeared unusual or outside the Authority's normal course of business</p>

Our audit also highlighted a number of issues with the Authority's processes for the production of the accounts. We reported these in our Audit Results Report and summarise the key issues below.

Issues identified	Impact on the audit and recommendation
<p><b>Statement of accounts</b></p> <p>Whilst a draft statement of accounts was placed on the Authority's website in June it was evident that these were not compliant with the requirements of the Cipfa Code of Practice on Local Government Accounting (the Cipfa Code). Our audit also identified issues with the Authority's accounts which impacted on the timely completion of the audit and resulted in additional officer and audit time being required.</p>	<p>We delayed our audit from its original scheduled date in July to August to enable the Authority to produce a revised, Cipfa Code compliant, statement of account. We received these on 29th July and completed our audit of these revised statements by the end of September.</p> <p>A number of issues were identified during our audit which included:</p> <ul style="list-style-type: none"> <li>• Difficulties in accounting for the Authority's capital transactions, which was the main reason for the delay in producing a Cipfa Code compliant set of accounts.</li> <li>• Errors in the new Expenditure and Funding Analysis (EFA) note. This was included in the 2016/17 accounts for the first time as a result of changes to Cipfa Code following publication of their 'Telling the Story' report on the presentation of local government financial statements. Although the EFA was included in the draft statement of accounts, the note did not comply with the requirements to show income and expenditure using the same analysis as for internal decision making, nor did it show how this reconciled with the final general fund position.</li> </ul> <p>In light of these issues, the Authority should review its processes for the production of the accounts for 2017/18 to ensure these issues are addressed and the Authority is able to produce a fully compliant set of accounts by the statutory deadline. This is particularly important in light of the compression of the timescale for the production and audit of the accounts in 2017/18, when the accounts will need to be produced by the 31 May and the audit opinion given by 31 July. The Treasurer reported to the Audit and Standards Committee meeting held on 28 September that he plans to bring in external support to assist with the preparation of the 2017/18 statement of accounts in order to address these issues.</p>

## Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £560k (2016: £525k), which is 2% of gross expenditure on services reported in the accounts. For the fire fighters’ pension fund we determined planning materiality to be £157k (2016:£143k). This is based on pensions payable including lump sums and commutations.</p> <p>We consider gross expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Authority.</p>
Reporting threshold	<p>We agreed with the Audit and Standards Committee that we would report to the Committee all audit differences in excess of £28,019 (2016: £26k) and differences over £7,887 (2016: £7k) for the firefighters’ pension fund.</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits. We applied a lower threshold for errors (£10,000) and any error that would affect the banding (where applicable to the note).
- Related party transactions: Accounting standard require us to consider the disclosure from the point of materiality to either side of the transaction we therefore considered this on a case by case basis.
- Members’ allowances: We would expect an error of over £10,000 to be considered material in the context of total spend of £67k.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.



A close-up, shallow depth-of-field photograph of a stack of gold coins. The coins are stacked vertically, with the edges of several coins visible. The lighting is warm, highlighting the metallic texture and the embossed details on the coins. A bright yellow rectangular box is overlaid on the left side of the image, containing the text "Value for Money".

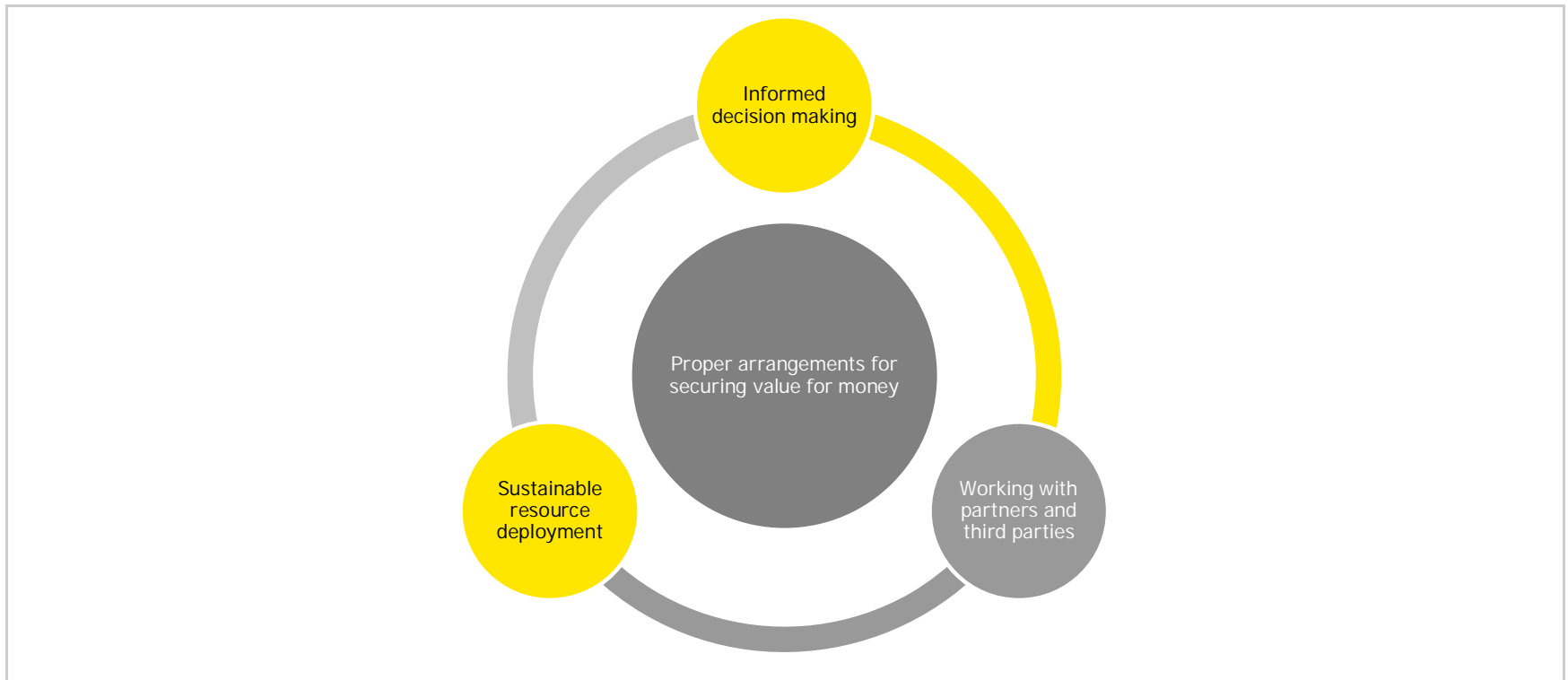
## Value for Money

## Value for Money

We are required to consider whether the Authority has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.



We did not identify any significant risks in relation to these criteria.

We have performed the procedures outlined in our Audit Plan. We did not identify any significant weaknesses in the Authority's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We have set out below our observations which informed our conclusion.

We therefore issued an unqualified value for money conclusion on 29 September 2017.

#### Observations

Bedfordshire Fire and Rescue Authority has continued to respond well to the financial challenges that it, along with other public sector bodies, faces. The size of that challenge however remains significant.

The Authority continues to challenge ways of working to improve effectiveness and efficiency working collaboratively with other fire authorities and blue light services.

---

The Authority has a track record of controlling its budget and this has continued in 2016/17 with an underspend in year of £1.4 million, which is being used to set up an earmarked reserve to support further collaborative working.

---

The medium term financial strategy to 2020/21 projects only a small balance remaining on the transformational reserve which the Authority holds to help manage the changes required to its base budget over the medium term. The balance at 31 March 2017 on this reserve is £5 million.

---

## Other Reporting Issues

## Other Reporting Issues

### Whole of Government Accounts

The Authority is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack.

### Annual Governance Statement

We are required to consider the completeness of disclosures in the Authority's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern

### Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Authority or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

### Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

### Objections Received

We did not receive any objections to the 2016/17 financial statements from member of the public.

### Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

## Independence

We communicated our assessment of independence in our Audit Results Report to the Audit and Standards Committee on 28 September 2017. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

## Control Themes and Observations

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the Audit and Standards Committee.

A close-up photograph of a person's face as they look through a pair of black binoculars. The person's eyes are focused on the lenses. A bright yellow rectangular box is overlaid on the left side of the image, containing the text "Focused on your future".

Focused on your  
future

## Focused on your future

Area	Issue	Impact
<i>Earlier deadline for production and audit of the financial statements from 2017/18</i>	The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.	<p>As noted earlier in this letter, the Authority experienced difficulties in its capital accounting which affected its ability to produce the financial statements by the reporting deadline of 30 June this year.</p> <p>The change to the deadlines for 2017/18 provides challenges for both the preparers and the auditors of the financial statements.</p> <p>The Authority clearly needs to consider how it ensures that the key requirements of capital accounting and any changes to financial reporting requirements for the sector generally are addressed in future years. Given the pressure to complete audits within a more compressed timescale the preparation of clear working papers and prompt responses to queries will be vital. There will need to be a 'step change' in the quality of working papers produced to support the accounts, with the provision of a full set of papers with suitable supporting evidence on the first day of the audit.</p> <p>As auditors, nationally we have:</p> <ul style="list-style-type: none"> <li>• Issued a thought piece on early closedown</li> <li>• As part of the strategic Alliance with CIPFA jointly presented accounts closedown workshops across England, Scotland and Wales</li> <li>• Presented at CIPFA early closedown events and on the subject at the Local Government Accounting Conferences in July 2017</li> </ul> <p>Locally we have:</p> <ul style="list-style-type: none"> <li>• Set up a forum for chief accountants to meet with us to share ideas on how procedures can be streamlined. This will meet for the first time in October 2017.</li> </ul> <p>We will continue to develop our productive working relation with the Authority during 2017/18 to jointly meet these new challenges.</p>
<i>Policing and Crime Act 2017</i>	The provisions in the Policing and Crime Act 2017 aim to support further emergency services collaboration between police bodies and ambulance and fire and rescue services. This presents a real	<p>The Authority will need to respond to the provisions in the legislation and the clear intention from Government for increased collaboration between emergency services.</p> <p>The Authority has already started to work more collaboratively with other</p>



Area	Issue	Impact
	opportunity to increase their efficiency and effectiveness, which will benefit the public as whole. The Act also includes provisions to enable PCCs to take on responsibility for the governance of local fire and rescue services where a local case is made.	emergency services and we will consider any impact on the financial statements and our value for money conclusion as part of our 2017/18 audit.

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Annual Audit Letter for the year ended 31 March 2017 – Bedfordshire Fire and Rescue Authority

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ED None

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**For Publication**

**Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
6 December 2017  
Item No. 6**

**REPORT AUTHOR: ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

**SUBJECT: INTERNAL AUDIT PROGRESS REPORT 2017/18**

For further information on this report contact: Nicky Upton  
Democratic and Regulatory Services Supervisor  
Tel No: 01234 845149

Background Papers: RSM Strategy for Internal Audit  
Bedfordshire Fire Authority 2017/18 to 2019/20

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New		CORE BRIEF	

*Any implications affecting this report are noted at the end of the report.*

**PURPOSE:**

To receive and consider a report on progress made against the internal audit plan for 2017/18.

**RECOMMENDATION:**

That the submitted report be received.

1. Introduction

1.1 An internal audit plan for 2017/18 was agreed by this Committee at its meeting on 16 March 2017.

1.2 A report by RSM (previously Baker Tilly & RSM Tenon) on progress made against the internal audit plan for 2017/18 is appended for Members' consideration.

**ZOE EVANS  
ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

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# BEDFORDSHIRE FIRE & RESCUE AUTHORITY

## Internal Audit Progress Report

Audit and Standards Committee

6 December 2017

This report is solely for the use of the persons to whom it is addressed.  
To the fullest extent permitted by law, RSM Risk Assurance Services LLP  
will accept no responsibility or liability in respect of this report to any other party.





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As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance>.

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Management actions for improvements should be assessed by you for their full impact before they are implemented. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

This report is solely for the use of the persons to whom it is addressed and for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB

# 1 PROGRESS UPDATE

The internal audit plan for 2017/18 was approved by the Audit & Standards Committee in March 2017. Below provides a summary update on progress against that plan and summarises the results of our work to date.

## Audit Assignments completed since the last Audit & Standards Committee

### 2017/18

In relation to our audit plan for 2017/18 we have finalised one further report since the previous meeting.

We have also issued one further report in draft.

Assignments	Date Planned	Opinion issued	Actions agreed		
			H	M	L
Procurement	Final	Substantial Assurance	0	0	2
<b>Collaboration</b>	<b>Final</b>	<b>Advisory</b>	<b>0</b>	<b>2</b>	<b>3</b>
Key Financial Controls	Draft Report Issued 16/11/2017				
Pensions Board	03/01/2018				
Follow Up	11/01/2018				
Payroll - key controls and system implementation	29/01/2018				
Risk Management	12/02/2018				

## 2 OTHER MATTERS

### 2.1 Head of Internal Audit Opinion

The Audit and Standards Committee should note that the assurances given in our audit assignments are included within our Annual Assurance report. The Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion. We have not issued any negative opinions to date and therefore anticipate issuing a positive opinion at the year end (subject to the remaining audits).

### 2.2 Contract Meeting

We held a joint contract meeting with Bedfordshire, Cambridgeshire and Essex Fire in September, where no contract issues were identified. A further meeting is planned for 19 January 2018 to discuss any potential joint audit areas for the 2018/19 audit plans. No issues have been raised during 2017/18 to date.

### 2.3 Changes to audit plan

There have been no changes to the audit plan since the last Committee meeting. However, management have requested a delay to the Payroll audit to now commence in January 2018.

### 2.4 Information and briefings

We have issued one further client briefing since the last Committee. This is included within your communications section of the agenda.

During November 2017, we provide training to Authority members on Governance, Assurance and the role of the Audit & Standard Committee. Slides have been provided to management for distribution to members.



## FOR FURTHER INFORMATION CONTACT

**Name:** Suzanne Rowlett, Senior Manager

**Email address:** [Suzanne.Rowlett@rsmuk.com](mailto:Suzanne.Rowlett@rsmuk.com)

**Telephone number:** 07720 508148

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**For Publication**

**Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
6 December 2017  
Item No. 7**

**REPORT AUTHOR: ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

**SUBJECT: AUDIT AND GOVERNANCE ACTION PLAN  
MONITORING: EXCEPTION REPORT AND SUMMARY ANALYSIS**

For further information on this report contact: Karen Daniels  
Service Assurance Manager  
Tel No: 01234 845013

Background Papers:

- Action Plans contained in Internal Audit Reports
- Action Plan contained in the current Annual Governance Statement
- Audit Outcome Monitoring reports and Minutes from the Policy and Challenge Group meetings

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New		CORE BRIEF	

*Any implications affecting this report are noted at the end of the report.*

**PURPOSE:**

To present Members with a summary statistical analysis of actions arising from internal audit reports over the last three financial years to date and from the Fire and Rescue Authority's current Annual Governance Statement; together with an exception report on those actions currently in progress for which the relevant Policy and Challenge Group has received a proposal to extend the original timing for completion.

**RECOMMENDATION:**

That Members receive the report and consider any issues arising.

## 1. Introduction

- 1.1 The Audit and Standards Committee has previously agreed that a full monitoring report of current progress on applicable Audit and Governance Statement action plans should be made to each meeting of the appropriate Policy and Challenge Group; and that the Audit and Standards Committee should receive a summary analysis of action plans together with a full exception report of all actions in progress for which a Policy and Challenge Group has received a proposal for an extension to the original completion date.
- 1.2 This is the third summary analysis and exception report to the Audit and Standards Committee for the year 2017/18 and it incorporates information from all monitoring reports made to Policy and Challenge Groups in the reporting period to date.

## 2. Audit and Governance Action Plans Summary Analysis

- 2.1 The Audit Action Plans Summary Analysis (attached as Appendix A) provides a summary statistical analysis of the status of all actions arising from audit reports received over the last three financial years (ie 2015/16 to date).
- 2.2 The report provides the following details for each audit:
- Audit report title and date;
  - Responsible Policy and Challenge Group;
  - Total number of actions arising and their prioritisation;
  - Number of actions completed (by priority) subject to follow-up audit;
  - Number of actions completed (by priority) for which a subsequent or no further follow-up is required;
  - Number of actions (by priority) still in progress; and
  - Number of extensions to original completion dates that have been required in respect of all actions.
- 2.3 It should be noted that actions which are shown as completed for which a subsequent or no further follow up required include:
- High and medium priority actions for which a subsequent or follow-up audit has been successfully completed.
  - All completed low priority actions - for which a subsequent or follow-up audits are not undertaken; and
  - Actions which the Auditors have designated as 'superseded', ie actions which have been replaced, on follow-up audit, by a new action. In such cases, the new actions are included against the relevant follow up audit.
- 2.4 The report shows that a total of 2 High Priority, 21 Medium Priority and 40 Low Priority actions have been agreed over the reporting period, of which, 0 High, 1 Medium and 3 Low are still in progress.

- 2.5 There are no extensions to original completion dates.
- 2.6 The Annual Governance Statement Action Plan for 2016/17 had two actions in 2017/18 which are still in progress.
- 3. Audit Action Plans Exception Report
  - 3.1 The Audit Action Plans Exception Report provides details of all actions arising from internal audits which are still in progress and for which the relevant Policy and Challenge Group has been requested to consider an extension to the original timing for completion.
  - 3.2 For the current period there are no exception report(s).
- 4. Governance Action Plan Exception Report
  - 4.1 The Governance Action Plan Exception Report provides details of actions arising from the Authority's 2016/17 Annual Governance Statement (which was formally adopted by Audit and Standards Committee, on behalf of the Authority, at their meeting on 14 June 2017) which are still in progress and for which the relevant Policy and Challenge Group has been requested to extend the original timing for completion.
  - 4.2 For the current period there are no exception report(s).
- 5. Organisational Risk Implications
  - 5.1 The actions identified within internal audit reports and the Annual Governance Statement represent important improvements to the Authority's current systems and arrangements. As such, they constitute important measures whereby the Authority's overall management of organisational risk can be enhanced.
  - 5.2 In addition, ensuring effective internal audit arrangements and the publication of an Annual Governance Statement are legal requirements for the Authority and the processes of implementation, monitoring and reporting of improvement actions arising therefore constitute an important element of the Authority's governance arrangements.

**ZOE EVANS  
ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL  
DEVELOPMENT)**

## Audit and Annual Governance Statement Action Plans Summary Analysis

Audit Report & Date	Policy & Challenge Group	Total Actions			Actions Completed (subject to Follow up)			Actions Completed/ Superseded (no further Follow-up required)			Actions Currently in Progress			No of Completion Extensions Required to Date (All Actions)		
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Business Continuity inc. Risk Management (Sep 2015)	Corporate Services	-	-	2	-	-	-	-	-	2	-	-	-	-	-	-
Training and Development of Operational Staff (Nov 2015)	Human Resources	1	1	5	1	-	-	-	1	5	-	-	-	-	-	-
Procurement (Nov 2015)	Corporate Services	-	2	2	-	-	-	-	2	2	-	-	-	-	-	-
Governance (Feb 2016)	Corporate Services	-	-	4	-	-	-	-	-	4	-	-	-	-	-	-
Key Financial Controls (Apr 2016)	Corporate Services	-	-	3	-	-	-	-	-	3	-	-	-	-	-	-
IT Shared Service (May 2016)	Corporate Services	-	-	2	-	-	-	-	-	2	-	-	-	-	-	-
Follow-up – Fuel Cards (May 2016)	Corporate Services	-	1	-	-	1	-	-	-	-	-	-	-	-	-	-
Follow-up – Training and Development of Operational Staff (May 2016)	Human Resources	-	1	-	-	1	-	-	-	-	-	-	-	-	-	-
Fleet Management (Nov 2016)	Corporate Services	1	1	4	1	1	-	-	-	4	-	-	-	-	-	-
Stock and Inventory (Dec 2016)	Corporate Services	-	2	1	-	2	-	-	-	1	-	-	-	-	-	-
Risk Protection Pool (Jan 2017)	Corporate Services	-	1	-	-	1	-	-	-	-	-	-	-	-	-	-
Key Financial Controls (Feb 2017)	Corporate Services	-	1	3	-	1	-	-	-	3	-	-	-	-	-	-
Data Quality – Incident Reporting System (Feb 2017)	Service Delivery	-	3	2	-	3	-	-	-	2	-	-	-	-	-	-

## Audit and Annual Governance Statement Action Plans Summary Analysis

Audit Report & Date	Policy & Challenge Group	Total Actions			Actions Completed (subject to Follow up)			Actions Completed/ Superseded (no further Follow-up required)			Actions Currently in Progress			No of Completion Extensions Required to Date (All Actions)		
		H	M	L	H	M	L	H	M	L	H	M	L	H	M	L
Governance – Transparency and Decision Making (May 2017)	Corporate Services	-	3	2	-	3	-	-	-	2	-	-	-	-	-	-
Governance – Transparency and Decision Making (May 2017)	Human Resources	-	-	2	-	-	-	-	-	-	-	-	2	-	-	2
Retained Recruitment (Apr 2017)	Human Resources	-	1	5	-	1	-	-	-	4	-	-	1	-	-	-
Follow up - Fuel Cards (May 2017)	Corporate Services	-	-	1	-	-	-	-	-	1	-	-	-	-	-	-
Risk Management (May 2017)	Corporate Services	-	4	-	-	3	-	-	-	-	-	1	-	-	-	
Procurement – Tendering ( 2017)	Corporate Services	-	-	2	-	-	-	-	-	2	-	-	-	-	-	-
<b>Totals</b>		<b>2</b>	<b>21</b>	<b>40</b>	<b>2</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>37</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>2</b>

**Governance Action Plan Exception Report**

<b>Annual Governance Statement Action Plan from 2016/17 to be completed in 2017/18</b>				
<b>Year</b>	<b>Total Actions</b>	<b>Actions Completed</b>	<b>Actions in Progress</b>	<b>No of Completion Extensions Required to Date (All Actions)</b>
<b>2016/17</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>



**For Publication**

**Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
6 December 2017  
Item No. 8**

**REPORT AUTHOR: HEAD OF ORGANISATIONAL ASSURANCE**

**SUBJECT: STATEMENT OF ASSURANCE**

For further information on this Report contact: Area Commander Darren Cook  
Head of Organisational Assurance  
Tel No: 01234 845061

Background Papers:

Audit and Standards Committee Paper – Statement of Assurance 8 December 2016

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	✓
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New		CORE BRIEF	

*Any implications affecting this report are noted at the end of the report.*

**PURPOSE:**

For Members of the Audit and Standards Committee to receive and approve the Service’s Annual Statement of Assurance for 2016/17.

**RECOMMENDATION:**

That Members scrutinise and review the Statement of Assurance for 2016/17, and subject to any amendment, the Chair of the Committee to sign off the Statement of Assurance for reporting to the full FRA Meeting.

1. Background

- 1.1 The Fire and Rescue National Framework for England (2012) placed a requirement on English Fire and Rescue Authorities (FRAs) to produce and publish an annual Statement of Assurance.
- 1.2 One of the principal aims of the Statement of Assurance is to provide communities, Government, local authorities and partners with an opportunity

to make a valid judgement on the performance of their local fire and rescue authority.

1.3 In February 2014 the Audit and Standards Committee signed off the Authority's first Annual Statement of Assurance for 2012/13. This was authorised following direction by the Fire and Rescue Authority for an amendment to the Terms of Reference of the Audit and Standards Committee to include:

- To oversee the production of, and approve the Authority's Annual Statement of Assurance fulfilling the requirements as set out in the Fire and Rescue National Framework for England.

1.4 Therefore, as part of the changes to the Terms of Reference the Statement of Assurance for 2016/17 is attached for approval by Audit and Standards committee.

## 2. Content of the Statement of Assurance

2.1 The content of the Authority's Statement of Assurance has been developed in line with the guidance issued by the government and includes the following detail:

- **Financial Assurance** - The statement briefly sets out the assessment regard to the authorities' statement of accounts and associated structures procedures in Bedfordshire Fire and Rescue Authority (BFRA) with.
- **Governance Framework** – Details including the current arrangements of the FRA to review the effectiveness of its governance framework, including the system of internal controls.
- **Operational Assurance** – Information regarding legislative structures, the Community Risk Management Plan and consultation, resilience, peer reviews including cross-border, multi-authority and national arrangements; and,
- **Future Improvements** – Details with regard to planned improvements in all areas of the Statement of Assurance where applicable including where plans are underway.

## 3. Next Steps

3.1 Subject to any amendments and subsequent approval by the Audit and Standards Committee, the Statement of Assurance for 2016/17 will be published on the Service's website.

#### 4. Implications

##### 4.1 Corporate Risk – Known

The Statement of Assurance aims to help Fire and Rescue Authorities strengthen local accountability and provide assurance that the Service is efficient and effective in the delivery of its services to the communities.

##### 4.2 Policy

Any policy change as a consequence of issues raised within this report will go through normal policy development structures.

**AC DARREN COOK  
HEAD OF ORGANISATIONAL ASSURANCE**

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**Bedfordshire**  
Fire and Rescue Service

## STATEMENT OF ASSURANCE 2016/17



Bedfordshire Fire and Rescue Authority

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## 1. Introduction

The Government sets out its high level expectations and requirements for Fire and Rescue Authorities through the [Fire and Rescue National Framework \(England\) 2012](#).

The Framework is issued under Section 21 of the [Fire and Rescue Services Act 2004](#) with the stated purpose to give Fire and Rescue Authorities the freedom and flexibility to deliver services to their communities, moving accountability away from Central Government and placing responsibility with local communities.

Under the National Framework, Bedfordshire Fire and Rescue Authority (BFRA) have a responsibility to publish an *Annual Statement of Assurance* which provides a report on the Service's performance in the previous year with regard to:

- **Financial:** How BFRA ensures that public money is properly accounted for, managed, audited and reported along with management of financial assets and the production of the *Annual Statement of Accounts* which is produced in line with accounting codes of practice.
- **Governance:** How BFRA ensures that it conducts its business lawfully and that public money is properly accounted for and managed economically, efficiently and

effectively and that an *Annual Governance Statement* (AGS) is published.

- **Operational:** How BFRA operates within a clear defined statutory framework including key documents such as National Framework (England (2012) and the Fire and Rescue Services Act 2004 etc.

Statements of Assurance are required to be published annually and where possible form part of the existing governance reporting arrangements. This Statement of Assurance is subject to normal scrutiny arrangements which comprise of:

- Approval by the Audit and Standards Committee who oversee the production of the Annual Statement of Assurance;
- Reported to the Full Authority Meeting by the Chair of the Audit and Standards Committee; and,
- Published on the Service's website.

In summary this Statement of Assurance aims to provide information to the communities, government, local authorities and partners in an easy and accessible way in which a valid assessment can be made of their local fire and rescue authority's performance during 2016/17.



## **2. Financial Assurance**

BFRA is a precepting authority; this means that its net cost, after receiving Government Grant and a proportion of local business rates, is met by all council tax payers in Bedford, Central Bedfordshire and Luton as a proportion to the valuation band of their home.

BFRA has the responsibility for ensuring that public money collected by way of grant and council tax is properly accounted for and managed appropriately in accordance with Section 3 of the Local Government Act 1999. This responsibility extends to securing the continuous improvement in which BFRA's functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

As part of managing the financial arrangements of the Authority, BFRA have robust control measures in place for protecting the public purse which are supported by accurate budget monitoring processes which are subject to rigorous scrutiny and reporting.

The Treasurer to the Fire and Rescue Authority (FRA) has the responsibility for ensuring that the right measures are in place to manage the Authority's financial assets that the financial reporting arrangements are

sound and that the Annual Statement of Accounts is prepared in accordance with statutory requirements.

The Statement of Accounts for the year ending 31<sup>st</sup> March 2017 is a document that summarises BFRA's transactions for the previous financial year detailing how the funding was used to provide a Fire and Rescue Service to the communities of Bedfordshire and includes:

- a) The Statement of Responsibilities for the Statement of Accounts which sets out the responsibilities of the FRA and the Treasurer to the FRA;
- b) The Annual Governance Statement (AGS);
- c) The Movement in Reserves Statement which summarises the FRA's spending against the council tax it raised, taking into account the use of reserves during the year;
- d) The Comprehensive Income and Expenditure Statement which summarises the income and expenditure of the FRA;
- e) The Balance Sheet which displays the financial position of the FRA as at 31<sup>st</sup> March 2017;
- f) The Cash Flow Statement which summarises the changes in the FRAs funds; and,

g) The Pension Fund Account for the year together with the Net Assets Statement at the year end.

The Accounts are supported by a Statement of Accounting Policies and Core Financial Statements and prepared by the Finance Team under the direction of the Head of Finance and Treasurer to the Fire and Rescue Authority.

The Statement of Accounts is signed off by the Chairperson of the Audit and Standards Committee which oversees the audit activity, regulatory framework, accounts and standards of the Service and are prepared in accordance with proper accounting practices that include:

- [Accounts and Audit \(England\) Regulations 2015](#);
- [Code of Practice on Local Authority Accounting in the United Kingdom](#); and,
- International Financial Reporting Standards (IFRS).

BFRA are subject to independent external audit and scrutiny to ensure that appropriate and effective financial arrangements are in place.

At the conclusion of the audit for 2016/17 the Annual Audit Letter was produced which reported on the audit of the Authority's financial statements and an assessment of

the arrangements to achieve value for money in the use of resources.

**In summary the auditor's provided an unqualified opinion and stated that the Financial Statements of BFRA:**

- **Give a true and fair view of the financial position of Bedfordshire Fire and Rescue Authority as at 31<sup>st</sup> March 2017 and of its expenditure and income for the year then ended; and,**
- **Have been prepared properly in accordance with the [CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17](#).**

**In addition, the auditors concluded that on the basis of their work, having regard to the guidance on the specified criteria published by the Comptroller and Auditor General (C&AG), they were satisfied that, in all significant respects, Bedfordshire Fire and Rescue Authority put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31<sup>st</sup> March 2017.**

### 3. Governance Framework

BFRA is made up of twelve elected members who are appointed in proportion to the number of local government electors in each constituent authority area with Members from the 3 Local Authorities of Bedford, Central Bedfordshire and Luton comprising:

- Three members from Bedford Borough Council;
- Five members from Central Bedfordshire Council; and,
- Four members from Luton Borough Council.

The responsibility for ensuring proper governance arrangements and controls rests with BFRA that enables for the effective exercise of the Authority's functions and the management of risk. The Governance Framework includes systems, processes, culture and values to enable BFRA to monitor the achievement of strategic objectives and consider whether the objectives have led to the delivery of appropriate, cost effective services to the communities of Bedfordshire and stakeholders.

BFRA's governance framework derives from seven core principles identified in the [International Framework: Good Governance in the Public Sector \(CIPFA/IFAC\) 2014, which was reviewed by CIPFA in 2015 and published in 2016.](#)

The seven core principles are:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law
2. Ensuring openness and comprehensive stakeholder engagement
3. Defining outcomes in terms of sustainable economic, social and environmental benefits
4. Determining the interventions necessary to optimize the achievement of the intended outcomes
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it
6. Managing risks and performance through robust internal control and strong public financial management
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

### **3.1 Annual Governance Statement**

The [Annual Governance Statement \(AGS\) for 2016/17](#) explains how the Authority manages its governance arrangements and internal control measures. It is an open and transparent account of how the Authority ensures its financial management systems are adequate and effective, as well as ensuring there is a robust and sound system of internal control.

The AGS also explains how BFRA has complied with the Code and also meets the requirements of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an Annual Governance Statement. BFRA's financial arrangements conform to the governance requirements of the CIPFA – Statement on the Role of the Chief Financial Officer in Local Government. The Treasurer to the Authority reports in this role directly to the Chief Fire Officer.

### **3.2 Internal Audit**

The role of internal audit is to review the internal control framework that governs the operations of the Authority and, in so doing, provide an independent opinion to both Management and Members of the Authority on the robustness of the Authority's internal control environment. Each year an Internal Audit Plan is produced and developed by the auditors, in conjunction with the Head of Finance and Treasurer to the Fire and Rescue Authority and is based on a risk

assessment of all the services/systems of the Authority. Members and Service Managers are directly involved in the development of the plan and subject to review by the Corporate Management Team (CMT), prior to being approved by the Audit and Standards Committee. In summary, the plan identifies the audits to be completed each year, including core fundamental systems and other operational systems.

The appointed Internal Auditors also work with both Essex, and Cambridgeshire Fire and Rescue Services as part of a joint contract and where possible are able to audit on areas of commonality and shared service areas across all three FRAs. The work of the audit team complies fully with the requirements of CIPFA's Code of Practice for Internal Audit in Local Government in the UK.

**The Annual Internal Audit report for 2016/17 by the Service's appointed internal auditors, RSM, advises that they were satisfied that sufficient internal audit work has been undertaken to allow them to draw a reasonable conclusion on the adequacy and effectiveness of the Authority's arrangements. The report summarises that BFRA has an adequate and effective framework for risk management, governance and internal control.**

### **3.3 External Audit**

BFRA remains committed to continuing to improve its performance towards achieving excellence in all areas. Value for Money (VFM) is still part of an annual review carried out by the Service's external auditors with an opinion whether the Authority is delivering VFM as part of the external auditor's annual report and whether the Authority has proper arrangements for:

- Securing financial resilience; and,
- Challenging how it secures economy, efficiency and effectiveness.

An integral part of this assurance is the role of the external auditor in the annual review report which complies with the statutory requirements governing audit and inspection work, in particular:

- The criteria published by the Comptroller and Auditor General in November 2016.
- The 2016/17 Code of Practice.
- Accounts and Audit Regulations 2015

On the 27<sup>th</sup> September 2017 External Audit issued an unqualified opinion on the 2016/17 Statement of Accounts.

**This means that in the auditor's opinion, the Statement of Accounts provides a true and fair view of the financial position of the Authority and has been prepared properly in accordance with the Code of Practice on Local Authority Accounting. In addition the External Audit also confirmed that in all significant respects that the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.**

### **3.4 Committee and Groups**

BFRA has adopted a Constitution which sets out how the Authority operates, how decisions are made and the procedures which are followed to ensure these are efficient, transparent and accountable to local people and stakeholders.

BFRA meets a minimum of five times per year and have established an Audit and Standards Committee and three Policy and Challenge Groups which align with the structure of the Service to ensure a more interactive relationship between Elected Members and the managers and employees to facilitate the scrutiny role of Members more visibly effective. The Audit and Standards Committee and Policy and Challenge Groups have responsibilities covering all areas of the Service to ensure that the Service is

functioning efficiently and effectively. This is achieved by providing checks and challenges, monitoring performance and approving associated policy and activity. These groups make recommendations on matters within their terms of reference to the Authority according to their area of concern.

The Chairs of the Audit and Standards Committee and Policy and Challenge Groups report any recommendations arising from meetings to each meeting of the Full FRA with on-going policy and decision making facilitated by a clear framework of delegation set out in the Authority's Constitution, with clear details of delegated authorities to officers.

All reports are reviewed for legal, human resource, financial and risk considerations prior to being presented to Members of the Authority for formal decision-making. This, together with an appropriate level of delegation to both the Authority Executive and senior managers, enables prompt decision making.

### **3.5 Review of Authority Effectiveness**

The Authority publishes an Annual Review of the Fire Authority's Effectiveness and Record of Member Attendance. Implementation and formal review of the agreed actions arising from the *Annual Review of Effectiveness* is

incorporated as a standing item in each year's Annual Governance Statement. Review of effectiveness, including the processes of Internal and External Audit has ensured that the Authority's overall financial management and corporate governance arrangements continue to be sound.

### **3.6 Internal Control Framework**

BFRA has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control and is informed by the work of the internal auditors and the Corporate Management Team (CMT).

The Internal Auditors provide an annual opinion on the internal control framework and operate to standards set out in the *Code of Practice for Internal Audit in Local Government in the UK*. The key features of the Authority's internal control framework which directly contribute to review of effectiveness are:

- The Fire and Rescue Authority;
- The Audit and Standards Committee;
- Internal Audit;
- External Audit;
- Assurance Statements; and,
- Internal Performance Management Framework.

BFRA has a robust Performance Management Framework in place for securing  
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continuous improvement in its services and where the quality of service to the communities can be measured by the use of local performance indicators. Other forms of measures include external performance assessment, external inspections, peer reviews, the Authority's internal reviews and audits, consultation exercises, and Service improvements identified by the Authority's Customer Care Complaints and Compliments procedure.

An integral part of the performance framework includes the setting of organisational key performance indicators. These are agreed and monitored on a bi-monthly basis by senior managers of the Service with performance being reported through the Corporate Management Team, the Authority's Policy and Challenge Groups, and to full FRA Meetings.

For the year ending 2016/17 the Annual Internal Audit report advises that the Auditors were satisfied that sufficient internal audit work had been undertaken to allow them to draw a reasonable conclusion on the adequacy and effectiveness of the Authority's arrangements.

### **3.7 Data Transparency**

In accordance with the Code of Recommended Practice for Local

Authorities on Data Transparency, BFRA is committed to greater openness and financial transparency through the publication, on the Authority's website, of information regarding how public money is spent. This includes payments for goods and services to external bodies and suppliers above £500, and details of salaries and allowances paid to staff and Members.

In doing so, BFRA utilise a number of information sources and data sets to improve delivery of service to the communities and reports its performance accordingly. The performance data and information is published in the form of reports against targets and outcomes showing the performance of BFRA.

### **4. Operational Assurance**

The National Framework does not prescribe operational firefighting matters; this is determined locally by respective FRAs.

However it does set out the government's priorities and objectives for Fire and Rescue Authorities in England with the key priorities that include:

- Identifying and assessing the full range of foreseeable fire and rescue related risks in the respective areas;
- Making provision for prevention and protection activities and responding to incidents appropriately;

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- Working with partners within the communities both locally and nationally to deliver their services; and,
- Being accountable to communities for the service they provide through the 'Statement of Assurance'.

FRA's do however operate within a clear defined boundary of a statutory framework that has a number of key documents that outline their responsibilities, these include:

- [The Fire and Rescue Services Act 2004](#);
- [The Civil Contingencies Act 2004](#);
- [The Regulatory Reform \(Fire Safety\) Order 2005](#);
- [The Fire and Rescue Services \(Emergencies\) \(England\) Order 2007](#);
- [The Localism Act 2011](#);
- [The Fire and Rescue National Framework](#);
- [Local Government Act 2010](#); and,
- [Health and Safety & Work Act 1974](#).

In addition to the statutory framework and assurance detailed above BFRA have a range of key performance indicators and measures reported throughout the year. An integral part of operational assurance includes prevention and protection services and emergency response standards; which are regularly monitored and reviewed by the Service and the FRA that include:

- Internal audits of service delivery functions;

- Quarterly performance reporting against station-based targets;
- Formal evaluation of prevention and protection activities; and,
- Full summary report of performance for the previous financial year.

#### **4.1 Performance Summary**

BFRA oversees the performance of the Service throughout the year by the setting and review of robust and challenging Performance Indicators (PIs) and associated stretch targets aimed to maximise the effort and resources of the Service. In 2016/17 the Service's performance was met and surpassed in 9 out of the 20 PIs set with the remaining 11 being narrowly missed and will be targeted to improve the Service's performance in these areas.

Looking forward for 2017/18 the Service delivery PIs have been thoroughly reviewed and approved by the FRA. Full details of the Service's performance for 2016/17 and comparison against performance for 2015/16 can be found in the published document detailed below:

- [Annual Overarching Performance Report 2016/17: A summary report detailing performance against the Service's strategic objectives and strategies](#); and,
- [Statement of Assurance 2015/16](#).

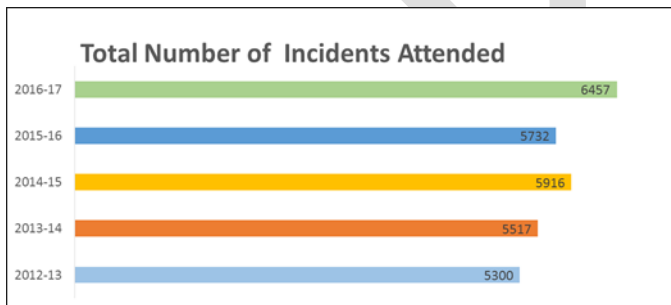


## 4.2 Overview of Service Activity

The following charts provide an overview of the Service's Emergency Response, Prevention, and Home Fire Safety Check (HFSC) activities over a 5 year period to provide a balanced view of performance over the short and medium<sup>1</sup> term. In particular, providing examples of incident types the Service attended.

### 4.2.1 Total Number of Incidents Attended

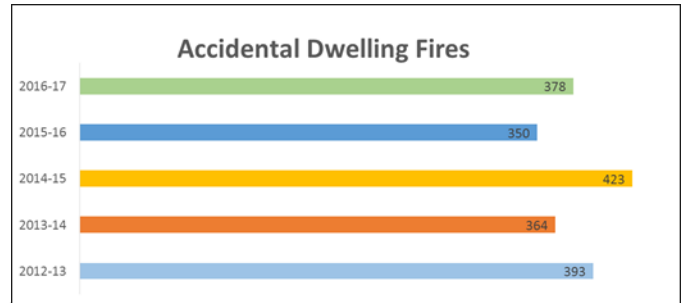
Over the 5 year period the number of incidents attended by the Service has fluctuated with the lowest in 2012/13. The increase is due to increased collaborative working which has expanded the services now delivered by BFRS. See Section 6.



### 4.2.2 Accidental Dwelling Fires

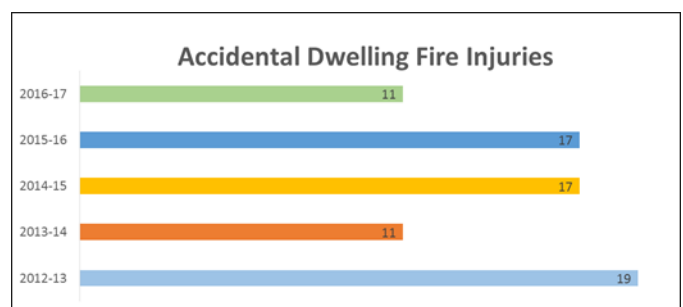
Accidental Dwelling fires are fires that occur in the home and in 2016/17 the number across Bedfordshire totaled 378, this is a slight increase from 2015/16.

A positive relationship to the prevention activities carried out by BFRS to drive down the number of dwelling fires.



### 4.2.3 Accidental Dwelling Fire Injuries

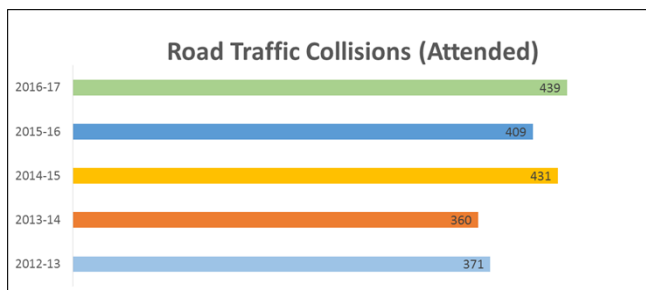
Accidental Dwelling Fire Injuries have reduced in 2016/17 from 17 to 11 compared to the previous year with indications of the start of a downward trend. The performance improvement in 2016/17 is supported by the Service continuing to target advice and guidance to those most at risk in the community on fire safety awareness in the home.



<sup>1</sup>Source: Service Performance Data is updated frequently that may affect previously reported performance figures; this should be noted when comparing previous reports.

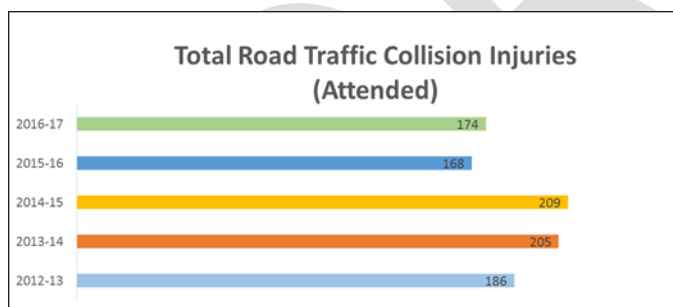
### 1.1.1 Road Traffic Incidents (Attended)

In 2016/17 the Service attended the highest number of Road Traffic Incidents since 2013/14, peaking at 439



### 1.1.2 Road Traffic Collision Injuries (Attended)

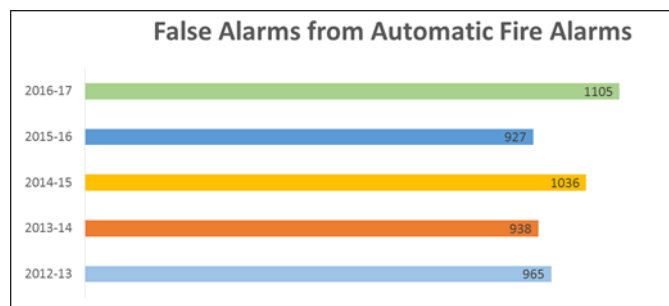
Road Traffic Injuries almost mirrors those seen in the number of Road Traffic Incidents Attended by the Service; in particular an increase in 2016/17 compared to the previous year.



### 1.1.3 False Alarms from Automatic Fire Alarms

During 2016/17 the Service attended 178 more calls to False Alarms from Automatic Fire Alarm Systems when compared to the previous year. The Service continues to target the reduction in false alarms from fire alarm systems and has put in place further

processes during 2016/17.

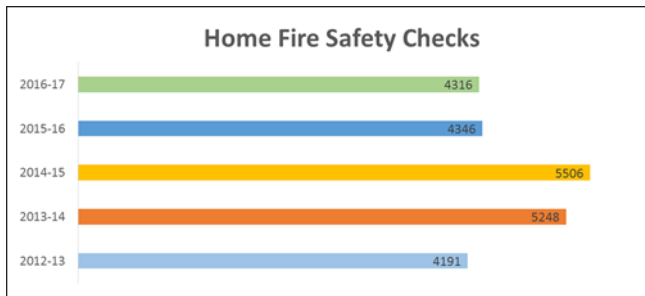


### 1.1.4 Total Home Fire Safety Checks

The Service uses a variety of preventative risk reduction activities in keeping the communities' safe, in particular the delivery of Home Fire Safety Checks (HFSCs). Home Fire Safety Checks are free, and are completed by members of the Service during a home visit. The HFSC includes advice on how to prevent fires occurring, what to do in the event of a fire, and how to devise an escape plan. During the visit and if appropriate a free smoke alarm and other safety equipment may also be installed.

BFRS uses a number of other interventions working with partner agencies in reducing risk in the community. Therefore a reduction in the number of HFSCs is the desired outcome targeting resources more effectively, keeping risk low and releasing capacity to deliver more prevention and risk reduction activities. This approach is evidenced in the increased number of hours spent on fire safety campaigns and initiatives in providing a diverse range of safety interventions and preventative actions. See 4.2.8.

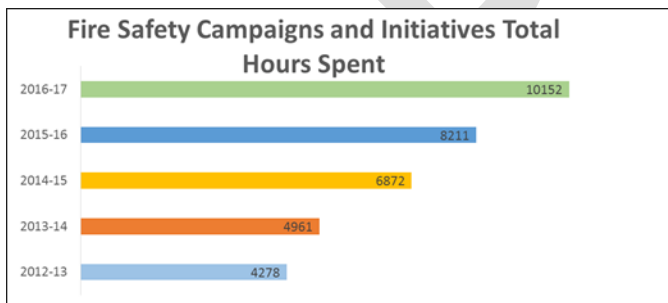
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### 1.1.5 Total Hours spent on Fire Safety Campaigns and Initiatives

The number of hours spent on Fire Safety Campaigns and Initiatives has shown an increasing commitment over the 5 year period. In 2016/17 the increase was detailed as 24% compared to 2015/16 and increased by 137% compared to 2012/13.

The Service delivers a broad range of risk reduction interventions and themed safety campaigns. These include school visits working with young people, Fire Cadets, road safety advice for all road users, and seasonal advice including electrical safety, chimney safety and cooking safely in the home plus many others.



## 1.2 Community Risk Management Plan

The [Community Risk Management Plan 2015 – 2019 Summary](#) (CRMP) is the Authority's

programme for securing continuous improvement in its services and outlines the Authority's vision, objectives and priorities for the future, sets performance targets and outlines the Authority's accountability to its stakeholders and the communities.

In summary the aim of the CRMP is to inform the communities of Bedfordshire how the resources of the Service contribute in a co-ordinated and meaningful way, towards keeping the communities safe.

Within Bedfordshire the assessment of all fire and rescue related risk to life and injury formulates the basis of the production of the CRMP. When identifying priorities for the CRMP the views of stakeholders and the communities are taken into account to ensure that they are aware of the aims, objectives, priorities and performance of BFRA.

Views on the 2015-2019 CRMP were obtained through the Service's *Consultation Portal*, a consultation resource shared with other public service authorities and sent to 121 Parish Councils, 41 Community Group Leaders, 300 Citizen Panelists and other agencies and local authorities. The consultations sought the views from all stakeholders on the recommendations for

improvement in driving the Service forward which covered:

- Making Every Contact Count: Ensuring we make every possible use of the contact we have with the vulnerable by way of education and advice where appropriate, making referrals to partner agencies;
- Service Delivery Effectiveness and Improvement; Providing excellent prevention, protection and response functions to our communities; and,
- Firefighter Safety; keeping our operational firefighters as safe as possible through the application of robust risk assessment processes, training, personal protective equipment, and operational equipment.

The Community Risk Management Plan (CRMP) aims to inform our communities of our plans and ensures that the Service contributes, in a co-ordinated and meaningful way towards keeping our communities safe. The CRMP is a long term plan that is refreshed annually to assist the Service in being more agile and responsive to locally identified needs and trends. This approach enables the effective targeting of resources to prevent incidents occurring in the first place whilst putting resources in the right location to best protect the communities.

In 2017 we will be carrying out further research to understand our communities to inform our approach to risk. A new CRMP will be developed for 2017-2021.

In January 2016 we carried out a consultation on our budget for 2016/17 using the Beds Fire Alert Community Messaging Service, social media, our website and the media to encourage engagement. Over 1,000 people gave their views. Consultation will commence again in in December 2016 and January 2017 to seek views on our proposals for our 2017/18 budget.

Each quarter we consult those people who have received a HFSCs and those business who have taken part in a Fire Safety Audit, as well as those involved in incidents, to ensure they have been satisfied with the services they receive from us. This ensures we constantly monitor our customer service and are able to respond to any issues that might arise when delivering services to our communities. See Customer Satisfaction result.

### **1.3 Mutual Aid and Reinforcement Schemes**

Sections 13 and 16 of the Fire and Rescue Services Act 2004 place a requirement on all FRAs to enter in to Mutual Aid agreements with neighboring FRSs. The purpose of these agreements is to enable the summoning of assistance to provide and utilise resources such as fire engines when required to attend a range of incidents. In addition to Mutual Aid, FRAs, as far as is practicable, should enter into Reinforcement Schemes, for securing mutual assistance between authorities and for the purpose of discharging their functions. BFRA has in place mutual agreements with neighboring FRAs. In addition the Service, through National Resilience, provides specialist appliances and crews for mass decontamination. See 4.6.

### **4.5 Business Continuity Arrangements**

The [Fire and Rescue Services Act 2004](#) and the [Civil Contingencies Act 2004](#) places a legal duty for all FRAs to write and maintain plans for the purpose of ensuring, so far as reasonably practicable, that if an emergency occurs the Authority is able to continue its functions.

In response to these duties BFRA has robust Business Continuity Management (BCM) plans in place which are integral in managing corporate risk and to provide, in the event of a

major disruption, a fire and rescue service to the community. The BCM Plans cover a broad range of interruptions for specific events such as Pandemics to individual functions of the Service providing resilience arrangements across the entire Service.

In summary our BCM plans provide clear and defined strategies to be adopted to aid achievement of the following objectives:

- Provide a response to events that threaten the delivery of services to the community of Bedfordshire;
- Protect the Service from business interruptions;
- In the event of business interruptions to provide a co-ordinated recovery; and,
- Facilitated a risk management culture embedded into the Service to enable risks to be identified and managed effectively.

### **1.4 National Resilience**

The UK Fire and Rescue Service forms an integral part of the Governments National Resilience capability as Category 1 Responders.

Category 1 Responders include Blue-light emergency services as well Local Authorities and NHS hospitals etc. where the capacity and capability of FRSs work together with Category 1, and Category 2 Responders (Utilities/Transport infrastructure providers

etc.) to deliver a sustained and effective response to major incidents, emergencies and disruptive challenges.

In addition to working with other FRAs, BFRA work closely with and are members of the [Bedfordshire Local Resilience Forum](#) (BLRF) which is a statutory body covering a police force area, designed to bring together Category 1 and Category 2 Responders for multi-agency co-operation and information sharing. For information, under the Civil Contingencies Act (2004) every area of the United Kingdom is required to establish a Local Resilience Forum.

BFRA is a major contributor to national and regional resilience with the capability to respond to major disasters and terrorist attacks where some types of incident that are larger in scale may require a Fire and Rescue Service response.

BFRA are actively involved in national resilience arrangements and hold a number of national assets including two Prime Movers and a Module for Mass Decontamination. The Service also has Water Rescue national assets which have been mobilised on several occasions following requests from the [National Asset Co-ordination Centre in Merseyside to assist other Fire and Rescue Services.](#)

BFRS, one of only several FRSs in the UK have a Fire Special Operations Team (FSOT) to support Police and Ambulance operations. This team is exercised on a regular basis with other Category 1 Responders ensuring that the team is ready for operational deployment. As part of the assurance process to the Service, the Fire Special Operations Team were audited in 2016 as part of the National Audit Programme and a number of areas were highlighted as notable practice.

## **2. Awards and Commendations**

The Long Service and Good Conduct medal is awarded to uniformed members of the Fire and Rescue Service who have completed 20 years meritorious service and are awarded under Royal Warrant. [In 2016/17 six members of the Bedfordshire Fire and Rescue Service was awarded the Long Service and Good Conduct Medal.](#)

Not resting on our achievements the Service strives for continuous improvement in the services delivered to the community and the use of Customer Satisfaction surveys plays a key role in obtaining feedback from the Communities and users of the services we deliver. [From 1<sup>st</sup> April 2016 – 31<sup>st</sup> March 2017, 99.6% of all those surveyed in the communities of Bedfordshire were satisfied with the service they received. This is consistent with previous years and the high standards BFRS sets.](#)

### 3. Improvements

The finance settlements for FRAs from Central Government since 2010 have significantly reduced, leading to the need for increased efficiencies from existing resources and developing new ways of working to meet the funding reductions. The Authority's CRMP process is the principal route for the development of a balanced approach to reducing risks within the community and to the delivery of future improvements.

During 2016/17 the Service had a number of strategic projects that are scheduled to deliver efficiencies and effective improvements over the life of the current CRMP:

- Closer Working Between the Emergency Services: Working collaboratively with other Blue Light Services to include:
- Estates: Exploring the potential of further sharing estates with Bedfordshire Police building upon our current estate sharing with the East of England Ambulance Service (EEAS) and the St. John's Ambulance Service.
- BFRS has worked closely with other Voluntary Community organisations Midlands Search and Rescue and The Road Victims Trust, and has enabled sharing of spare capacity within Barkers Lane Station Bedford to improve the cost efficiency in estate management
- Assisting the EEAS in gaining entry to property in the event of a Medical Emergency to help save lives.
- Co-Responding: A pilot scheme between BFRS and EEAS to provide emergency medical cover to preserve life until the arrival of either a Rapid Response Vehicle (RRV) or an ambulance has been operating successfully. The intention is to undertake an evaluation to provide learning and subject to national developments, aid the process of decision making on whether it becomes a routine operation and expanded to more stations.
- Vulnerable Missing Person Search: Working with Bedfordshire Police to assist in searching for vulnerable missing persons using our resources to support the communities we serve.
- There are now more than 70 front line Police response vehicles with Authority and access to Community Fire stations with the benefit of enabling officers to remain in local communities longer and use Fire stations as community havens to complete paperwork or take comfort breaks.
- Combined Crime Prevention / Community Protection Teams. Teams are co-located in Fire stations in Barkers Lane Bedford, Ampthill and Leighton Buzzard with benefits in addition to improved cost efficiency on estates, including a sharing of local community intelligence. Options appraisals being conducted to seek possible extension of this list.
- BFRS Control now has remote direct online access to the Police Incident

reporting system “STORM”. This provides more detailed information to inform operational response.

- BFRS as a member of the National Dementia Action Alliance is working closely with Bedfordshire Police and other agencies on “The Herbert Protocol”, a scheme which supports people affected by dementia and who go missing placing themselves at risk.
- Replacement Mobilising System: Replace the Service’s mobilising system to provide resilient, dynamic mobilisation of Fire Service assets.
- HR/Payroll System and Services: Implement a new HR/Payroll Business system and associated payroll services to support and optimise HR and Payroll activities across the Service.

Building upon the previous year’s three successful bids to the Government’s Transformation Fund the Service has made considerable progress in the following areas:

- Review of the On-call (Retained Duty System): Further improvements to the crewing and management of on call personnel have been achieved by the project.
- Improvements have been made to the recording and monitoring of contracted hours of all On-call personnel and provision of a smartphone App has

enabled Officers to plan and monitor availability of appliances and crewing levels.

- IT Collaboration Project: The joint project between Bedfordshire, Cambridgeshire and Devon and Somerset Fire and Rescue Services has made significant in-roads in the development of on-call recruitment processes that can be adopted by any organisation regardless of the technology they use. Progress to 31<sup>st</sup> March 2016 includes the formation of a shared team, the completion of a *cloud environment* and the associated technical Infrastructure which once developed and integrated further will assist in increasing success rates and throughput whilst reducing cost and administrative burden.

### **6.1 Future Improvements**

In addition to the efficiencies and improved effectiveness already delivered the Service have a number of projects that once completed, delivered and integrated will provide improvements to service delivery, safety of the community and partners.

- Unmanned Aircraft Vehicle (UAV): Arrangements confirmed to jointly procure a UAV between both Bedfordshire Police and the Service to assist in operational and search and rescue situations.
- Corporate Communications Teams: Explore closer working between



Bedfordshire Police and BFRS's Corporate Communications teams sharing expertise and resources as well as increasing the frequency of joint "good news" publication through printed and social media.

- ESMCP: A National Project to meet the future requirements for mobile voice and data communications for the emergency services, to replace and upgrade the current Airwave System.
- **Telephony System Replacement:** Replacement of existing business Telephony system, including main switchboard, to a network (VOIP) system.
- In 2017-2018 it is planned to roll out an electronic payroll system for all On-call personnel, optimising the efficiency and effectiveness for processing and recording of On-Call pay. This in turn will reduce the administration for Watch Officers and provide clear indications of expenditure against station budgets.
- An On-call Firefighter Standby scheme will provide an opportunity for the Service to redeploy existing On-call personnel to stations with identified crewing deficiencies, resulting in an increase in available appliances throughout the County.
- Fitting of PC screens at all On-call stations will support crews responding to incidents through provision of live crewing data,

confirming the expected number responding crew members and giving an early opportunity to plan for maintenance of remaining appliances.

- Improved On-call Annual leave arrangements will lead to improved crewing levels and greater flexibility for staff.

#### **4. Conclusion**

This Statement of Assurance provides an accurate account of Bedfordshire Fire and Rescue Authority's Financial, Governance and Operational Assurance arrangements secured from the 1<sup>st</sup> April 2015 to 31<sup>st</sup> March 2016. In addition I am satisfied that Bedfordshire Fire and Rescue Authority conducted its business practices within the appropriate legal framework and standards and that public money was properly accounted for and used economically, efficiently and effectively. This Statement of Assurance was approved by the Audit and Standards Committee on 6th December 2017.

Signed

Chief Fire Officer

Signed

Chair Audit and Standards Committee on  
behalf of the Bedfordshire Fire and Rescue  
Authority

Signed

Chair of the Bedfordshire Fire and Rescue  
Authority

## **GLOSSARY**

AGS - Annual Governance Statement

BFRA - Bedfordshire Fire and Rescue Authority

BLRF - Bedfordshire Local Resilience Forum

BCM - Business Continuity Management

CFRS - Cambridgeshire Fire and Rescue Service

CIPFA - Chartered Institute of Public Finance and Accountancy

CRMP - Community Risk Management Plan

C&AG - Comptroller and Auditor General

CMT - Corporate Management Team

EEAS - East of England Ambulance Service

FSOT – Fire Service Operations Team

FRA - Fire and Rescue Authority

FRIC - Fire and Rescue Service Indemnity Company

HFSCs - Home Fire Safety Checks

HR - Human Resources

IRU - Incident Response Unit

IFRS - International Financial Reporting Standards

NHS - National Health Service

PIs - Performance Indicators

RRV - Rapid Response Vehicle

UAV - Unmanned Aircraft Vehicle

VFM - Value for Money

VOIP - Voice over Internet Protocol

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**For Publication**

**Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
6 December 2017  
Item No. 9**

**REPORT AUTHOR: SECRETARY/MONITORING OFFICER**

**SUBJECT: REVIEW OF CODE OF CONDUCT**

For further information on this Report contact: Nicky Upton  
Democratic and Regulatory Services Supervisor  
Tel No: 01234 845149

Background Papers: None

Implications (tick ✓):

LEGAL	✓	FINANCIAL	
HUMAN RESOURCES		EQUALITY IMPACT	
ENVIRONMENTAL		POLICY	
CORPORATE RISK	Known	OTHER (please specify)	
	New	CORE BRIEF	

*Any implications affecting this report are noted at the end of the report.*

**PURPOSE:**

To review the Authority's Code of Conduct.

**RECOMMENDATION:**

That the Committee decides whether any amendments should be made to the FRA's Code of Conduct and, if so, recommends these to the Authority.

1 Introduction

1.1 At its meetings on 14 June and 28 September 2017 the Committee reviewed the FRA's Code of Conduct and referred amendments that were proposed to the Code to the FRA for determination. A copy of the Code of Conduct is attached as Appendix A.

1.2 On 16 October 2017 the FRA decided to remove paragraphs 4.14 and 4.15 (referenced below) from the Code and asked the Committee to undertake a wider review of the Code:-

- 4.14 *Members must act in a way that enhances public trust and confidence in the integrity of the FRA and its Members.*

- 4.15 *Members must show respect and courtesy to others.*

1.3 The existing Code of Conduct was adopted by the FRA in June 2012 in accordance with the provisions of the Localism Act 2011 and came into force on 1 July 2012. The Code has been reviewed annually since then but until now the basic structure and contents of the Code have remained unchanged.

## 2. The Statutory Requirements

2.1 The Localism Act 2011 provides that the FRA must promote and maintain high standards of conduct by members and co-opted members. It must adopt a code dealing with the conduct that is expected of members of the authority when they are acting in that capacity. The code adopted by the FRA when viewed as a whole must be consistent with the Seven Principles of Public Life (“the Nolan Principles”). A copy of these principles is attached as Appendix B. The code must also include provisions regarding the registration and disclosure of pecuniary and other interests.

## 3. Guidance

3.1 The thrust behind the provisions in the Localism Act 2011 was the Government’s view that the previous statutory arrangements were too prescriptive and that authorities should have discretion to adopt a code of conduct that suited them. The Government did not prescribe a model code. However, shortly after the Localism Act came into force the Government did publish a note containing illustrative text. A copy of this illustrative text is attached as Appendix C.

3.2 In effect, the provisions of the FRA’s existing Code and the Government’s illustrative text are very similar.

## 4. Conclusion

4.1 Members are invited to consider the provisions of the FRA’s existing Code of Conduct and decide whether there are any aspects that would benefit from amendment.

**JOHN ATKINSON  
SECRETARY/MONITORING OFFICER**

### **Appendices:**

**A Existing BFRA Code of Conduct**

**B 7 Principals of Public Life**

**B Illustrative Text for Code of Conduct**

**BEDFORDSHIRE FIRE AND RESCUE AUTHORITY (FRA)**

**CODE OF CONDUCT  
with effect from 1 July 2012**

**1.0 Introduction**

- 1.1 This Code of Conduct (“the Code”) has been adopted by the FRA as required by Section 27 of the Localism Act 2011 (“the Act”).
- 1.2 The FRA has a statutory duty under the Act to promote and maintain high standards of conduct by members and co-opted members of the FRA (“Members”) and the Code sets out the standards that the FRA expects Members to observe.
- 1.3 The Code is not intended to be an exhaustive list of all the obligations that are placed on Members. It is the responsibility of individual Members to comply with the provisions of the Code as well as such other legal obligations as may apply to them from time to time.
- 1.4 The Code is consistent with the following principles (the “Nolan” principles of standards in public life):

Selflessness  
Integrity  
Objectivity  
Accountability  
Openness  
Honesty  
Leadership

**2.0 Who does the Code apply to?**

- 2.1 The Code applies to all Members of the FRA and to all co-opted members of any committee, sub-committee or joint committee or sub-committee of the FRA.

**3.0 When does the Code apply?**

- 3.1 The Code applies whenever a person is acting in his/her official capacity as a Member of the FRA or co-opted member in the conduct of the FRA’s business or acting as a representative of the FRA.

**4.0 What standards of Conduct are Members expected to observe?**

**Selflessness:**

- 4.1 Members must always act in the public interest. (See also Clause 4.5).

- 4.2 Members must never use their position as a member of the FRA improperly to secure for themselves or any other person, an advantage or disadvantage.
- 4.3 Members must not use the FRA's resources improperly for personal or party political purposes.

### **Integrity**

- 4.4 Members must not do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, the FRA.
- 4.5 Members must not disclose information given to them in confidence unless required by law to do so or where there is a clear and over-riding public interest in doing so.

### **Objectivity**

- 4.6 When making decisions on behalf of the FRA, including awarding contracts or making appointments, Members must do so on merit.
- 4.7 Members must have regard to any relevant advice provided to them by the FRA's officers and, in particular, the Head of Paid Service, Chief Finance Officer and Monitoring Officer, where such advice is provided pursuant to their statutory duties.

### **Accountability**

- 4.8 Members must act in accordance with their legal obligations, including the following Acts of Parliament that confer special obligations on elected councillors:

- Local Government Act 1972
- Employment Rights Act 1996
- Data Protection Act 1998
- Freedom of Information Act 2000
- Fire and Rescue Services Act 2004
- Bribery Act 2010
- Equality Act 2010
- Localism Act 2011

- 4.9 Members must act in accordance with the FRA's policies and reasonable requirements, including any protocols and codes of practice that may apply. (E.g. in respect of Member/Officer relations, ITC, Member Allowances etc).

### **Openness**

- 4.10 Members must give reasons for any decisions taken on behalf of the FRA in accordance with any statutory or FRA requirements.
- 4.11 Members must not prevent another person from gaining access to information to which that person is entitled by law.



## **Honesty**

- 4.12 Members must declare any disclosable (pecuniary and non-pecuniary) interests or conflicts of interest that may arise in respect of their responsibilities as a Member of the FRA.
- 4.13 Members must at all times ensure that any claims for expenses, allowances, and their use of facilities and services provided by the FRA are strictly in accordance with the rules laid down on these matters.

## **Leadership**

- 4.14 In their dealings with the FRA's employees, Members must have regard to the FRA's protocol on Member/Officer Relations and on no account should they behave in a manner that might constitute harassment or bullying.

## **5.0 Register of Interests**

- 5.1 The Council's Monitoring officer maintains a register of interests of Members and co-opted members of the FRA.
- 5.2 The FRA has determined what interests Members are required to enter in the register of interests, including those disclosable pecuniary interests prescribed by regulations. These disclosable interests are listed in Schedule 1.
- 5.3 Members must notify the FRA's Monitoring Officer of any disclosable pecuniary and non-pecuniary interests that should be recorded in the FRA's register of interests.
- 5.4 Within 28 days of becoming a Member of the FRA, all Members must submit to the Monitoring Officer a list of their disclosable interests and must notify the Monitoring Officer of any changes as and when they arise.

## **6. Declaration at Meetings of Disclosable Pecuniary Interests**

- 6.1 A Member must make a verbal declaration of the existence and nature of any disclosable pecuniary interest at any meeting of the FRA, a Committee (or Sub - Committee) at which the Member is present, and withdraw from participating in the meeting where an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.

## **7. Other Interests**

- 7.1 In addition to the requirements of paragraph 6, if a Member attends a meeting at which an item of business is to be considered and the Member has an interest as defined in paragraph 7.2 below, a verbal declaration of the existence and nature

of the interest must be made by the Member at or before the consideration of the item of business or as soon as the interest becomes apparent.

- 7.2 Paragraph 7.1 applies where a Member has a 'non- statutory pecuniary interest' or a non - pecuniary interest in an item of business of the FRA as follows:-
- 7.2.1 a decision in relation to that business might reasonably be regarded as affecting the well being or financial standing of the Member or a member of his/her family or a person with whom the Member has a close association to a greater extent than it would affect the majority of the Council taxpayers, ratepayers or inhabitants of the ward or electoral area for which the Member has been elected or otherwise of the FRA's administrative area, or
- 7.2.2 it relates to or is likely to affect any of the interests listed in Schedule 1 to this Code, but in respect of a member of the Member's family (other than a spouse or partner as statutorily defined) or a person with whom the Member has a close association and that interest is not a disclosable pecuniary interest.

## **8. Gifts and Hospitality**

- 8.1 A Member must, within 28 days of receipt, notify the Monitoring Officer in writing of any gift, benefit or hospitality with a value in excess of £50 which has been accepted as a Member from any person or body other than the FRA.
- 8.2 The Monitoring Officer will place the notification on a public register of gifts and hospitality.
- 8.3 This duty to notify the Monitoring Officer does not apply where the gift benefit or hospitality comes within a description approved by the FRA for this purpose.

### ***Code of Conduct adopted by the Fire and Rescue Authority (FRA) on 28 June 2012***

Code of Conduct reviewed and amended at the FRA meeting on 16 October 2017 -  
(deletion of paragraphs 4.14 and 4.15)

## Schedule 1 - Disclosable Pecuniary Interests

A Member has a duty to register, disclose and not to participate in respect of any matter in which he/she has a Disclosable Pecuniary Interest as set out in the Localism Act 2011 (Chapter 7).

Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as follows:

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The Relevant Authorities  
(Disclosable Pecuniary Interests) Regulations 2012

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<i>Subject</i>	<i>Prescribed description</i>
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
Contracts	<p>Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority—</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	<p>Any tenancy where (to M's knowledge)—</p> <p>(a) the landlord is the relevant authority; and</p> <p>(b) the tenant is a body in which the relevant person has a beneficial interest.</p>

- Securities      Any beneficial interest in securities of a body where—
- (a)      that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and
  - (b)      either—
    - (i)      the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
    - (ii)     if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

## The 7 Principals of public life

### 1. Selflessness

Holders of public office should act solely in terms of the public interest.

### 2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

### 3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

### 4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

### 5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

### 6. Honesty

Holders of public office should be truthful.

### 7. Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

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**Illustrative text for code dealing with the conduct expected of members and co-opted members of the authority when acting in that capacity**

You are a member or co-opted member of the [name] council and hence you shall have regard to the following principles – selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Accordingly, when acting in your capacity as a member or co-opted member -

You must act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate.

You must not place yourself under a financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.

When carrying out your public duties you must make all choices, such as making public appointments, awarding contracts or recommending individuals for rewards or benefits, on merit.

You are accountable for your decisions to the public and you must co-operate fully with whatever scrutiny is appropriate to your office.

You must be as open as possible about your decisions and actions and the decisions and actions of your authority and should be prepared to give reasons for those decisions and actions.

You must declare any private interests, both pecuniary and non-pecuniary, including your membership of any Trade Union, that relate to your public duties and must take steps to resolve any conflicts arising in a way that protects the public interest, including registering and declaring interests in a manner conforming with the procedures set out in the box below.

You must, when using or authorising the use by others of the resources of your authority, ensure that such resources are not used improperly for political purposes (including party political purposes) and you must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.

You must promote and support high standards of conduct when serving in your public post, in particular as characterised by the above requirements, by leadership and example.

**Registering and declaring pecuniary and non-pecuniary interests**

You must, within 28 days of taking office as a member or co-opted member, notify your authority's monitoring officer of any disclosable pecuniary interest as defined by regulations made by the Secretary of State, where the pecuniary interest is yours, your spouse's or civil partner's, or is the pecuniary interest of somebody with whom you are living with as a husband or wife, or as if you were civil partners.

In addition, you must, within 28 days of taking office as a member or co-opted member, notify your authority's monitoring officer of any disclosable pecuniary or non-pecuniary interest which your authority has decided should be included in the register or which you consider should be included if you are to fulfil your duty to act in conformity with the Seven Principles of Public Life. These non-pecuniary interests will necessarily include your membership of any Trade Union.

If an interest has not been entered onto the authority's register, then the member must disclose the interest to any meeting of the authority at which they are present, where they have a disclosable interest in any matter being considered and where the matter is not a 'sensitive interest'.<sup>1</sup>

Following any disclosure of an interest not on the authority's register or the subject of pending notification, you must notify the monitoring officer of the interest within 28 days beginning with the date of disclosure.

Unless dispensation has been granted, you may not participate in any discussion of, vote on, or discharge any function related to any matter in which you have a pecuniary interest as defined by regulations made by the Secretary of State. Additionally, you must observe the restrictions your authority places on your involvement in matters where you have a pecuniary or non-pecuniary interest as defined by your authority.

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<sup>1</sup> A 'sensitive interest' is described in the Localism Act 2011 as a member or co-opted member of an authority having an interest, and the nature of the interest being such that the member or co-opted member, and the authority's monitoring officer, consider that disclosure of the details of the interest could lead to the member or co-opted member, or a person connected with the member or co-opted member, being subject to violence or intimidation.



**For Publication**

**Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
06 December 2017  
Item No. 10**

**REPORT AUTHOR: ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

**SUBJECT: REVIEW OF MONITORED POLICIES**

For further information on this Report contact: Nicky Upton  
Democratic and Regulatory Services Supervisor  
Tel No: 01234 845149

Background Papers:

National Documents referred to in the report.

Implications (tick ✓):

LEGAL		✓	FINANCIAL	✓
HUMAN RESOURCES		✓	EQUALITY IMPACT	✓
ENVIRONMENTAL			POLICY	✓
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New		CORE BRIEF	

*Any implications affecting this report are noted at the end of the report.*

**PURPOSE:**

To report on the review of the policies on Protected Reporting (Whistleblowing), Anti-Fraud, Bribery and Corruption incorporating the National Fraud Initiative (NFI), Use of Regulation of Investigatory Powers Act 2000 (RIPA) and the Authority's Complaints and Compliments process.

**RECOMMENDATION:**

That Members consider the arrangements in place for the Protected Reporting (Whistleblowing) policy, the Anti-Fraud, Bribery and Corruption policy incorporating the National Fraud Initiative (NFI), Use of Regulation of Investigatory Powers Act 2000 (RIPA) and the Authority's Complaints and Compliments process and note arrangements for their review.

## 1. Introduction

- 1.1 The agreed terms of reference for the Audit and Standards Committee include the monitoring of the policies on Whistleblowing, Anti-fraud, Bribery and Corruption incorporating the National Fraud Initiative (NFI), and Complaints and Compliments. The Audit and Standards Committee received papers in their meetings of 5 December 2012, 11 February 2014, 15 January 2015 and 10 December 2016 which provided them with information in respect to the arrangements for the review of the Protected Reporting (Whistleblowing) Policy, the Anti-fraud, Bribery and Corruption Policy and the Authority's Complaints and Compliments process.
- 1.2 The review of the Regulation of Investigatory Powers Act 2000 (RIPA) was undertaken for the first time in 2016, it will be reviewed again in 2020 subject to any changes in privacy legislation.
- 1.3 The Whistleblowing and Anti-Fraud, Bribery and Corruption policies are included in the Authority's Handbook which, together with the Complaints and Compliments process, are published on the Service's Website at <http://bedsfireresauth.moderngov.co.uk/documents/s1576/Anti-Fraud%20Bribery%20and%20Corruption%20Policy.pdf> and <http://www.bedsfire.com/CorporateGovernance/ComProc/Pages/default.aspx>.

## 2. Protected Reporting (Whistleblowing)

- 2.1 The Protected Reporting (Whistleblowing) Policy and procedure take account of the requirements of the Employment Rights Act 1996, the Public Interest Disclosure Act 1998 and the Enterprise and Regulatory Reform Act (2013).
- 2.2 The Protected Reporting (Whistleblowing) Policy was introduced in December 2004 and updated in March 2006, January 2009 and August 2015 and is currently under review. In their meeting of 11 February 2014 Members were advised of requirements of the Enterprise and Regulatory Reform Act 2013 Sections 17-20.
- 2.3 The following changes were incorporated into the planned review of the Protected Reporting (Whistleblowing) policy in August 2015 these included:
  - The narrowing of the definition of 'protected disclosure' to those made in the 'public interest'.
  - Removed the requirement that a worker or employee must make a protected disclosure in 'good faith'.
  - Reinforced the requirement to protect whistleblowers from bullying or harassment by co-workers.
  - Clarified the meaning of 'worker' for the purpose of defining who comes within the remit of the policy and associated procedure.
- 2.4 Within the last twelve months to November 2017, no complaints had been received under the Protected Reporting (Whistleblowing) policy.

### 3. Anti Fraud, Bribery and Corruption

3.1 Members of the Audit and Standards Committee received information in their meetings of 5 December 2012, 11 February 2014, 15 January 2015 and 10 December 2015 informing them of the Service's arrangements in relation to the Anti-Fraud, Bribery and Corruption Policy which incorporates the Service's participation in the National Fraud Initiative. The policy was reviewed and was re-issued 21 January 2015 and updated 24 November 2015. The policy was reviewed 11 November 2016 as it remains current it will be reviewed again April 2018. The Service Orders providing guidance on bribery – Anti bribery guidance for all employees (ref V10 27/01) and guidance for managers (V10 27/02), were reviewed in 15 December 2016 as they remain current they will be reviewed again in December 2019.

3.2 In 2017 there has been no cases of suspected fraud

### 4. The Regulation of Investigatory Powers Act 2000 (RIPA)

4.1 The Regulation of Investigatory Powers Act 2000 (RIPA) as amended by the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 specifies that Fire Authorities are entitled to authorise directed surveillance all be it under very strict and specified criteria.

4.2 In July 2015 the Service introduced a policy and related procedures enabling the use of Directed Surveillance for the purposes of investigation in respect of ensuring compliance with formal notices (eg Prohibition Notices) served under the Regulatory Reform (Fire Safety) Order 2005.

4.3 The policy was subsequently updated in April 2016 to broaden the range of officers that could authorise its use. To date no application has been made to use any form of Directed Surveillance.

4.4 The Service provides annual returns on the use of RIPA as required under the current legislation to the Information Commissioner and has provided nil returns since 2016.

### 5. Complaints and Compliments

5.1 The Service's Complaints and Compliments Policy outlines its commitment to deal with complaints in a quick and effective manner. The Policy was introduced in July 2001 and has been regularly reviewed since.

5.2 In their meeting of 8 December 2016 Members were advised that the policy was reviewed and updated 11 March 2015 and would be reviewed in 2016. Following a review the Policy was updated 10 November 2016 and June 2017 with only minor changes and will be reviewed again June 2019.

- 5.3 The Service Assurance Manager is responsible for maintaining the register of customer compliments and complaints, which is available for inspection on request.
- 5.4 Members are regularly advised of the variety of complaints and compliments received by the Service from the section reported in the Information Bulletin presented to each meeting of the Fire Authority.
- 5.5 These Bulletins also note the number of complaints received by the Service, over the period in question, which have progressed past Stage 1 of the Service's complaints handling procedures. The Stage 1 procedure involves resolution at Functional Head or Deputy Functional Head level within ten working days.
- 5.6 Members noted that no trends had been identified but that the Service reviewed complaints to ensure any appropriate action was taken to modify its practices or procedures.
- 5.7 Members are advised that in the last twelve months there have been no complaints received passed Stage 1.
- 5.8 For Members' information, a note of compliments and complaints recorded in 2016/17 and 2017/18 (to 31 October 2017) are noted as an Appendix A & B to this report.

## 6 National Fraud Initiative

- 6.1 Since 1996 the Government has run the National Fraud Initiative (NFI). The Service participates in this exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The NFI compares information held by different organisations to identify potentially fraudulent claims and overpayments. Examples of data used include payroll, pension and benefit payments. The NFI works within a strong legal framework, including the Data Protection Act 1998, which protects individuals' personal data.
- 6.2 The 16/17 process commenced in October 2016 when the Service's data was submitted. Matches were released in January 2017 and are being investigated.

**ZOE EVANS**  
**ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

**APPENDIX A**

**Compliments**

<b>2016/17</b>		<b>2017/18</b>	
<b>Month</b>	<b>Number</b>	<b>Month</b>	<b>Number</b>
April	3	April	3
May	5	May	5
June	9	June	3
July	5	July	2
August	1	August	0
September	2	September	11
October	6	October	1
November	8	November	
December	7	December	
January	6	January	
February	6	February	
March	3	March	
<b>Year Total</b>	<b>61</b>	<b>Year Total</b>	<b>25</b>

**Complaints**

<b>2016/17</b>		<b>2017/18</b>	
<b>Month</b>	<b>Number</b>	<b>Month</b>	<b>Number</b>
April	3	April	0
May	0	May	0
June	0	June	0
July	0	July	0
August	0	August	0
September	2	September	2
October	3	October	1
November	0	November	
December	0	December	
January	1	January	
February	2	February	
March	2	March	
<b>Year Total</b>	<b>13</b>	<b>Year Total</b>	<b>3</b>

APPENDIX B

2016/17					2017/18 to 31 October 2017				
Nature of Complaint	Complaints Received	Upheld	Not Upheld	Complainant(s) Satisfied?	Nature of Complaint	Complaints Received	Upheld	Not Upheld	Complainant(s) Satisfied?
<b>Summary:</b>	<b>13</b>	<b>5</b>	<b>8</b>	<b>13</b>	<b>Summary:</b>	<b>3</b>	<b>3</b>		<b>3</b>
Driving of Service vehicle (including parking).	4	1	3	Yes	Driving of Service vehicle (including parking).	1	1		Yes
Alleged false claims made by Fire Service staff	1	1		Yes	Inappropriate behaviour	1	1		Yes
Inappropriate behaviour	2	1	1	Yes	Noise from stations/incidents	1	1		Yes
Noise from stations/incidents	2	1	1	Yes					
Grit in water supply following hydrant tests	1		1	Yes					
State of repair of Fire Service house	1	1		Yes					
Water/foam being sprayed down drains outside house	1		1	Yes					
Fire Safety visit carried out without owners knowledge	1		1	Yes					

**For Publication**

**Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
06 December 2017  
Item No 11**

**REPORT AUTHOR: SECRETARY/MONITORING OFFICER**

**SUBJECT: ANNUAL REPORT ON REGISTRATION OF INTERESTS AND GIFTS/HOSPITALITY**

For further information on this Report contact: Nicky Upton  
Democratic and Regulatory Services Supervisor  
Tel No: 01234 845149

Background Papers: None

Implications (tick ✓):

LEGAL	✓	FINANCIAL	✓
HUMAN RESOURCES		EQUALITY IMPACT	
ENVIRONMENTAL		POLICY	
CORPORATE RISK	Known	OTHER (please specify)	
	New	CORE BRIEF	

*Ay implications affecting this report are noted at the end of the report*

**PURPOSE:**

To report on the registration of interests and gifts/hospitality by Members during the past year.

**RECOMMENDATION:**

That Members acknowledge the report.

1. Interests

1.1 The Localism Act 2011 replaced personal and prejudicial interests with pecuniary interests, and the Fire and Rescue Authority's (FRA) Code of Conduct included other non-statutory interests, as specified. A Member is required to declare at a meeting a Disclosable Pecuniary Interest (DPI) of which he/she is aware, and may not participate in discussion or vote on that matter. The FRA has also agreed that the Member should leave the room during its consideration and this must be recorded in the minutes. Non-statutory interests under the Code are also required to be declared at a meeting.

1.2 The FRA's Code of Conduct requires all Members to submit to the Monitoring Officer a list of their DPIs within 28 days of their appointment to the FRA. I can report that all Members have completed and submitted registration of interest forms which have been published on the Service Website and these have been reviewed and re-submitted since June 2017.

2. Gifts/Hospitality

2.1 Under the FRA's Code of Conduct a Member is required to give written notice to the Monitoring Officer of any gift, benefit or hospitality in excess of £50 in value (within 28 days of acceptance) received by them as a Member of the FRA from any other person/body. These notifications are then placed in the public register.

2.2 No entries have been made in the register during the past year.

**JOHN ATKINSON**  
**SECRETARY/MONITORING OFFICER**



**For Publication**

**Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
6 December 2017  
Item No. 12**

**REPORT AUTHOR: ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

**SUBJECT: REVIEW OF THE AUDIT AND STANDARDS COMMITTEES EFFECTIVENESS 2017/18**

For further information on this Report contact: Nicky Upton  
Democratic and Regulatory Services Supervisor  
Tel: 01234 845149

Background Papers: None

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	✓
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New			

*Any implications affecting this report are noted at the end of the report.*

**PURPOSE:**

To review the effectiveness of the Audit and Standards Committee during 2017.

**RECOMMENDATIONS:**

That:

1. Members consider the effectiveness of the Audit and Standards Committee; and comment on whether:
  - i. ASC consider that they have been effective and discharged their responsibility in regard to their terms of reference (ASC Terms of Reference are attached as an Appendix);
  - ii. There are any areas of their terms of reference which have have not been considered and should be addressed; and
  - iii. There are any areas of training and development that would assist them with the areas of work of the ASC Group.
2. The recorded Minutes of the meeting will be fed into the facilitated meeting to be held on 18 January 2018 to review the Fire Authority's Effectiveness in 2017/18.

1. Introduction
  - 1.1 The Fire Authority publishes an Annual Review of Effectiveness and Record of Member Attendance. This review and a resultant Action Plan are included in the Fire Authority's Annual Governance Statement, which forms part of the Statement of Accounts.
2. 2017/18 Review of the Fire Authority Effectiveness
  - 2.1 On 28 September 2017, the Audit and Standards Committee considered proposals for a review of the Fire Authority's effectiveness in 2017/18 and agreed that the Policy and Challenge Groups and Committees review their effectiveness by considering three overarching questions:
    - i. Does the Group/Committee consider that they have been effective and discharged their responsibility in regard to the Group's/Committee's terms of reference?
    - ii. Considering the Group's/Committee terms of reference are there any areas that have not been considered and should be addressed?
    - iii. Does the Committee/Group consider any training and development that would assist them with the areas of work of the Group/Committee?
  - 2.2 The minutes will be fed into the facilitated meeting to be held on 18 January 2018 following the Budget Workshop to review the Fire Authority's effectiveness in 2017/18. Consideration would also be given at the Budget Workshop to Members' statutory responsibilities and the terms of reference to the full Authority
3. Review of Audit and Standards Committee Effectiveness
  - 3.1 Audit and Standards is Committee established by the Fire Authority to focus on the following areas of Bedfordshire Fire and Rescue work:
    - Audit Activity
    - Regulatory Framework
    - Accounts
    - Standards
  - 3.2 The Group has delegated power to take certain decisions on behalf of the Fire and Rescue Authority as identified in the Terms of Reference. The Committee's minutes are submitted to the FRA under a covering report from the Group's Chair with any decisions and recommendations.
  - 3.3 Members are requested to review the terms of reference attached to confirm that they are content that the responsibilities for the Audit and Standards

Committee have been discharged effectively or whether there are any areas which have not been met.

3.4 In relation to the Terms of Reference and span of responsibility, Members are asked to consider if there are any training or information items they would like added to the work programme for next year, either to the ASC or to the wider Member Development days.

**3.5 Regularity of Meetings:**

3.5.1 The Audit & Standards Committee meets four times a year, meetings for the current year were:

- 16 March 2017;
- 14 June 2017;
- 28 September 2017; and
- 6 December 2017

3.5.2 The meeting dates are agreed when the Calendar of Meetings for the following year is presented to the FRA at their December meeting.

3.5.3 Attendance against the meetings will be reported to the Audit and Standards Committee on 21 March 2018.

**3.6 Support:**

3.6.1 The Committee is supported by the Principal Officer with responsibility for Human Resources and Organisational Development.

3.6.2 Officers with responsibility of the areas of work overseen by the Audit and Standards Committee attend to present reports and respond to Members.

Officers who attended regularly during 2017 were:

- ACO, Director of Human Resources and Organisational Development;
- Secretary/Monitoring Officer
- Head of Finance and Treasurer; and
- Head of Organisational Assurance;

3.6.3 Other personnel also attended to present reports and if the leads above were unavailable a Deputy has attended.

3.6.4 The meetings are also attended by the Service External Auditors Ernst & Young and the Service Internal Auditors RSM Tenon who present their reports and answer questions from Members of the Committee.

3.7 Review of Work Carried Out include:

The Audit and Standards Committee reviews their Work Programme each meeting and the following items have been discussed:

- Review of Terms of Reference (first meeting of the year)
- Audit and Governance Action Monitoring Reports (each meeting)
- Corporate Risk Register (each meeting)
- Review of Work Programme (each meeting)

- External Audit Plan 2016/17 (Ernst & Young)
- Annual Audit Fees 2017-18
- Internal Audit Progress Report (RSM)
- Internal Audit Strategy 2017/18 to 2019/20 (RSM)
- Update to the Authority's Financial Regs (Bi-annual review)
- Annual Audit Fees
- Audit Annual Report
- Review of Code of Conduct and Annual Report on Standards including Complaints
- Statement of Accounts and Letter of Representation
- Draft Annual Governance Statement and Action Plan
- Review of 'Monitored Policies'
- Report on Registration of Interests and Gifts/Hospitality
- Statement of Assurance
- Review of Standing Orders
- Review of the Fire Authority's Effectiveness
- Governance Presentation by RSM (see attached Appendix)

**ZOE EVANS**  
**ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

**BEDFORDSHIRE FIRE AND RESCUE AUTHORITY****AUDIT AND STANDARDS COMMITTEE****TERMS OF REFERENCE**

The Committee has been established to ensure that the following areas of the Fire and Rescue Service are functioning efficiently and effectively, challenging areas of under performance as required and approving any associated policy or activity as necessary:

- Audit Activity
- Regulatory Framework
- Accounts
- Standards

**Membership**

The Group is to consist of those Members appointed by the Fire and Rescue Authority for the ensuing year or as determined by the Fire and Rescue Authority. One Member, but not a member of the Executive, will be nominated as Chair of the Committee by the Fire and Rescue Authority (the Authority) at its annual meeting and another elected Member will be nominated as Vice Chair at the first Committee meeting held after the annual meeting.

**Quorum**

Business shall not be transacted at any meeting of the Committee unless at least one third of voting members are present and at least one member from two constituent authorities.

**Support**

The Group will be supported by the individual Principal Officer with responsibility for Corporate Services, the Authority's Treasurer, the Monitoring Officer, Head of Finance and Assistant Treasurer, and members of the Strategic Support Team.

**Regularity of Meetings**

The Committee is to meet a minimum of four times a year. Other meetings can be called when deemed necessary by any member of the Committee and following agreement with the Committee Chair.

**Reporting**

The Committee has delegated power to take certain decisions on behalf of the Fire and Rescue Authority as identified in the Terms of Reference. The Committee's minutes are submitted to the Fire and Rescue Authority under a covering report from the Committee's Chair with any decisions and recommendations.

## **Terms of Reference**

### **Audit Activity**

1. To consider reports and opinion from the Authority's Internal Auditors, and a summary of internal audit activity (actual and proposed) and the level of assurance they can give over the Authority's corporate governance arrangements.
2. To consider summaries of specific internal audit reports as requested.
3. To consider reports dealing with the management and performance of the providers of internal audit services.
4. To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
5. To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
6. To consider specific reports as agreed with the external auditor.
7. To comment on the scope and depth of external audit work and to ensure it gives value for money.
8. To commission work from internal and external audit.

### **Regulatory Framework**

1. To maintain an overview of the Authority's constitution in respect of contract procedure rules, financial regulations and, subject to the terms of reference on standards below, codes of conduct and behaviour.
2. To review any issue referred to it by the Chief Fire Officer.
3. To monitor the Authority's policies on Whistleblowing, the Anti-fraud and Corruption Strategy and the Authority's Complaints Process.
4. To oversee the production of, and approve, the Authority's Annual Governance Statement on Internal Control and to approve the Fire Authority's Statement of Accounts.
5. To oversee the production of, and approve the Authority's Annual Statement of Assurance fulfilling the requirements as set out in the Fire and Rescue National Framework for England.
6. To consider the Authority's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
7. To monitor the effective development and operation of corporate risk

management including the annual review of the Authority's Strategic Risk Register.

### **Accounts**

1. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

### **Standards**

1. To discharge the Authority's duty under the Localism Act 2011 of ensuring that its Members (and any co-opted Members) maintain high standards of conduct.
2. To advise the Authority on the operation of its Code of Conduct and on any changes to the Code (including its register of interests) that may be necessary or desirable.
3. To monitor the operation of the Authority's arrangements for dealing with standards allegations against Members under the Localism Act 2011 and to make any changes that may be necessary or desirable.
4. To receive regular reports on any standards allegations against Members.
5. The Monitoring Officer be authorised to take action on the advice of the Committee Chairman where it is necessary to appoint a Panel of Members to advise whether to investigate a complaint, or an Adjudication Committee to adjudicate upon a complaint following a finding of breach of the Code by a Member, or any other action in relation to the preparation for, or the hearing of, a matter by the Adjudication Committee.

*Revised Terms of Reference and quorum arrangements agreed by the then CFA on 7 September 2011*

*Committee named changed from Audit Committee to Audit and Standards Committee with revised Terms of Reference agreed by the then CFA on 28 June 2012*

*Updated for change of Authority name – December 2012*

*Revised to separate membership from that of Corporate Services Policy and Challenge Group by FRA on 4 June 2013*

*Amendment to the Terms of Reference to include Item 5 under the Regulatory Framework agreed by the FRA on 11 December 2013*

*Reporting Statement included – FRA Meeting 21 July 2016*

*Point 8 under Regulatory Framework (to consider the Authority's compliance with its own and other published standards and controls) be removed as its intention is covered elsewhere in the terms of reference – Recommended by Audit and Standards Committee 8 December 2016 and agreed by FRA 9 February 2017.*



# THE POWER OF BEING UNDERSTOOD

AUDIT | TAX | CONSULTING

# EFFECTIVE GOVERNANCE

November 2017

# Contents

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- 1 Corporate Governance
- 2 Assurance
- 3 The Effective Audit Committee

# CORPORATE GOVERNANCE

Corporate Governance...

...what is it and why is it important?

# What is Corporate Governance?

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*Ensuring you are doing the right things in the right way for the right people in a timely, inclusive, open, honest and accountable manner*

- Systems;
- Processes;
- Cultures; and
- Values.

# Why did it come to prominence?

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## Various Scandals

COMMON THEME: **ABUSE OF POWER**

# Other Public / Not for Profit Sector examples

Page 134



- T Dan Smith, Leader Newcastle & Poulson Builder: [Contract Awards](#)
- Dame Shirley Porter: [Westminster Homes for Votes](#)
- Jim Speechley, Lincolnshire: [Influencing road routes](#)
- Wessex Regional Health Authority: [£60m wasted on failed computer project](#)
- West Midlands Regional Health Authority: [Series of financial scandals](#)
- Political Parties: [Cash for honours](#)
- Lords Hanningfield and Taylor of Warwick: [Expenses](#)



The common theme:

# Procedures and / or Values

# Audit Committee role in Corporate Governance

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- ✓ From Authority set the tone of the organisation
- ✓ Look at the control mechanisms
- ✓ Provide independent view
- ✓ Commission independent governance reviews
- ✓ Be explicit in your expectations
- ✓ Be squeaky clean and be seen to be so

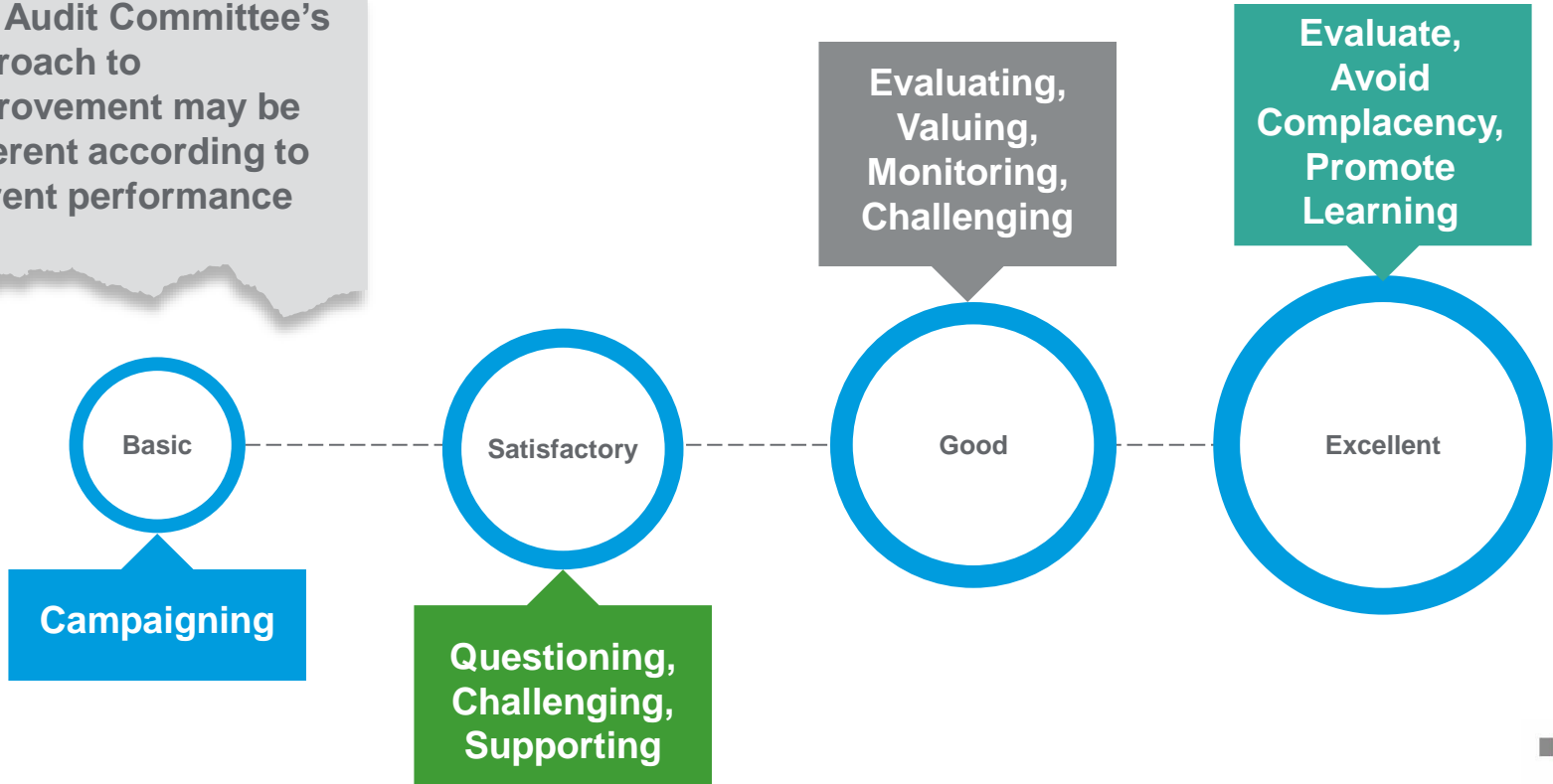
# Where should the Audit Committee have influence?



# Continued

The Audit Committee's approach to improvement may be different according to current performance

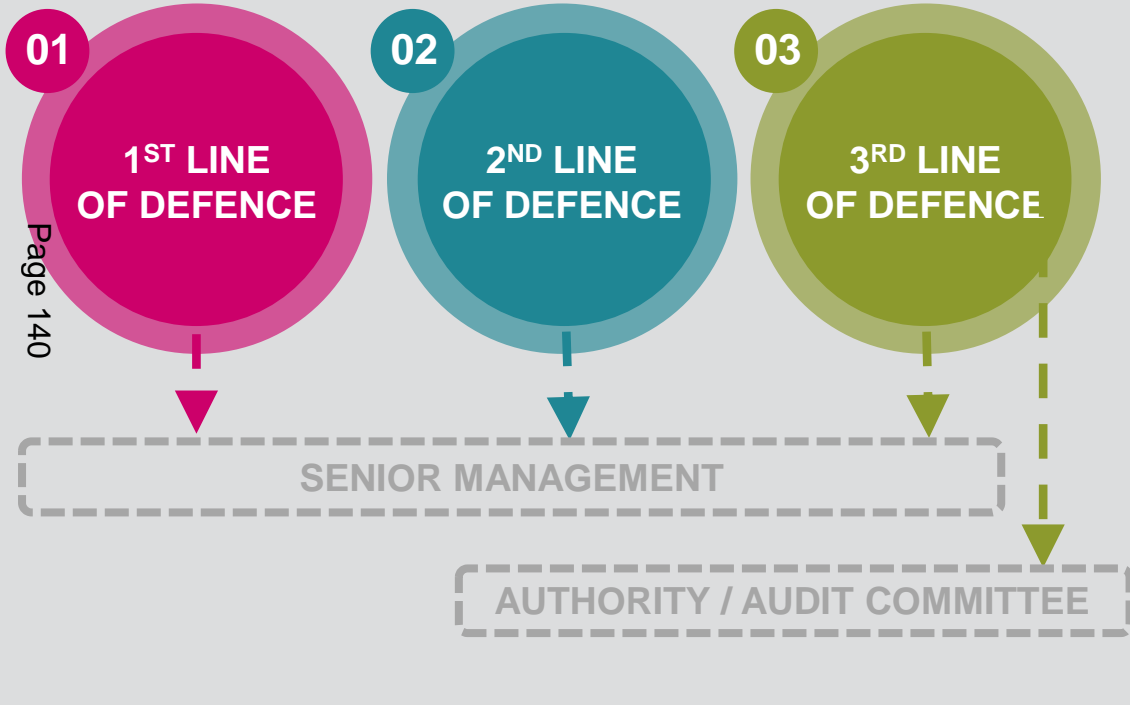
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# ASSURANCE

The Audit & Standards Committee Role

# Assurance - 3 Lines of Defence – Manage Risk



- 01 Management Controls  
Internal Control Measures
- 02 Financial Control  
Security  
Risk Management  
Quality  
Inspection  
Compliance
- 03 Internal Audit  
External Audit  
HMICFRS

# Why do we need assurance?

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- ✓ To avoid nasty surprises
- ✓ So we know policies and initiatives operate as planned
- ✓ To assess whether objectives are being achieved
- ✓ To find out if we are efficient
- ✓ To help decision making – to know where priorities for improvement should be
- ✓ To enable us to account to public & stakeholders
- ✓ Help fulfill our own objectives for accountability

# Evaluating assurance

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The value of the assurance will depend on:

- Independence of the assurance provider
- Whether assurance is evidence based
- The depth of coverage
- The timeliness of the assurance
- The frequency of the assurance

Assurance needs to balance the value of assurance with the cost of assurance

- According to risk
- And statutory requirements
- And accountability demands



# Tricky Areas for Audit Committees

- Partnerships: *Are assurance arrangements in place?*
- Complacency & dependence on negative assurance: *'We've no evidence to the contrary so we assume everything is ok'*
- Fraud?
- Unethical behaviours?
- Performance comparisons?
- New areas of responsibility
- Organisational culture e.g. *'no bad news' 'no-go areas'*
- Over reliance on one source of assurance

# Key questions to ask on assurance

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- Do we have all the assurances we need to meet our responsibilities as an audit committee
- Do we have all the assurances we need to ensure the organisation meets its statutory duties?
- Do we have assurance across all key areas?
- Are we over-relying on internal and external audit for assurance?
- Are there other sources of assurance we should be hearing from?
- How rigorous is the assurance?
- Are we taking steps to improve the efficiency and cost-effectiveness of assurance?

# Annual Governance Statement

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## Aim

To support better governance and drive more consistent, coherent and transparent reporting and brings together in one place all disclosures relating to governance, risk and control.

# Annual Governance Statement

## Essential features of the Governance Statement

Governance  
framework

Scope of  
responsibility

Purpose of the  
system of  
internal control

Capacity to  
handle risk

Significant  
internal control  
issues

The risk and  
control  
framework

Review of  
effectiveness

# Annual Governance Statement - Challenges

Who has been involved?

What evidence to support?

Assurance received on process for producing the Statement

Covers all areas of business

Clarity of control structure and stewardship

Clarity on risks, vulnerabilities and resilience to challenges

Dealt with governance matters raised previously

Responds to draft comments

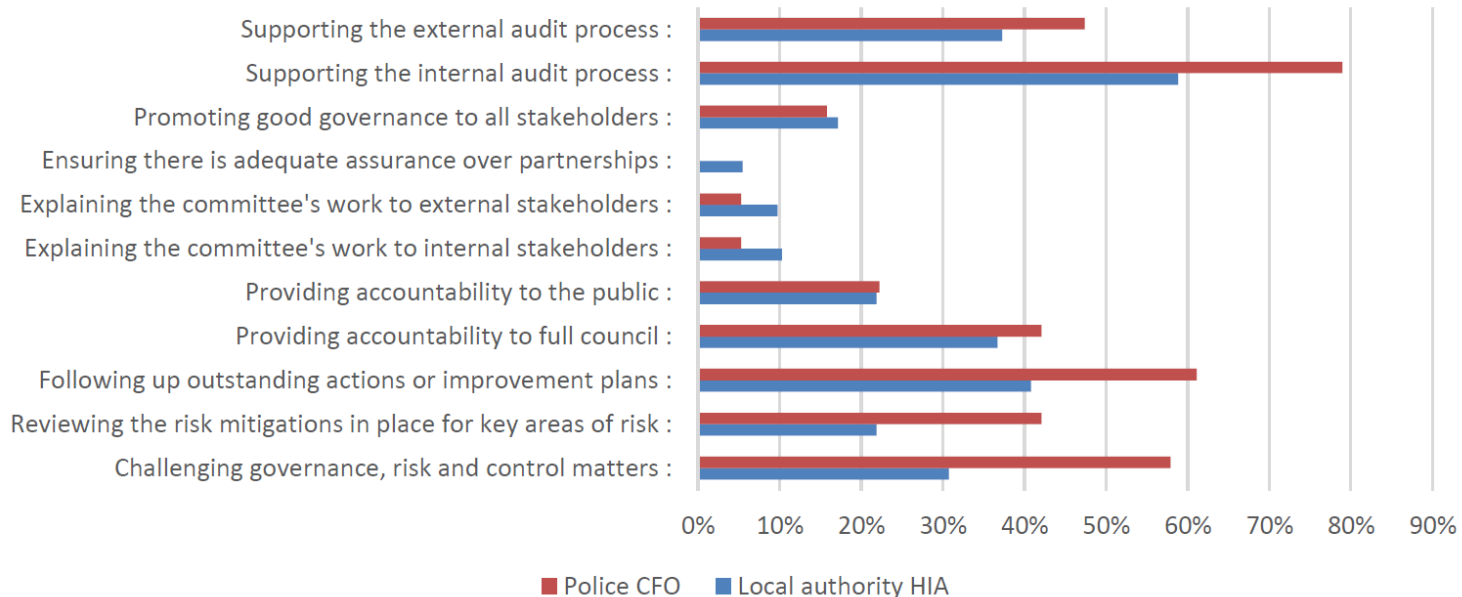
Including outcomes – what does it all mean?

Action Plan to move forward

# THE EFFECTIVE AUDIT COMMITTEE

# Audit Committee Effectiveness – CIPFA (2016)

Comparison of views of effectiveness of local authority and police audit committees (percentage of respondents answering 'very effective')



# Barriers to Improvement– CIPFA (2016)

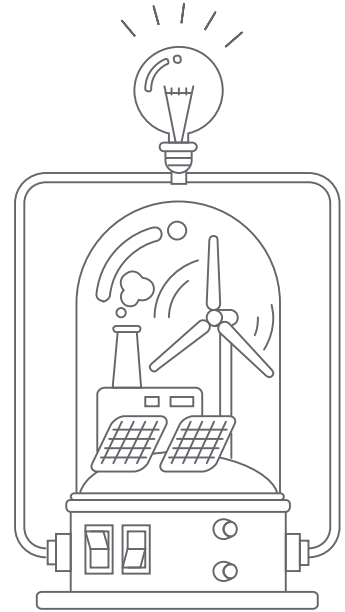
Comparison of responses to the question asking for the barriers to improvement of effectiveness of the audit committee





# Ideal skills and experiences

- Independent thinkers
- Ability to challenge constructively
- Wide knowledge of organisation's operations
- Awareness of financial matters



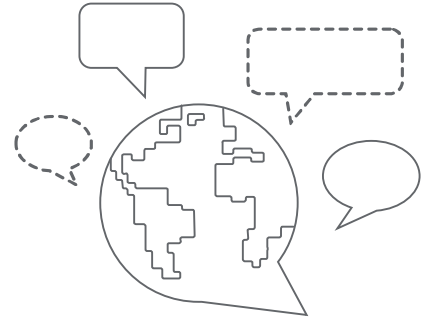
# Meeting protocol



- Open and honest discussion
- Disciplined time management
- Formal
- Prioritise important or urgent
- Resist the “merely interesting”
- Apolitical

# Challenge what you are told

- Constructively
- Persistence pays off
- Avoid being personal
- Anecdotes v. Facts and Evidence
- Challenge v. Trust
- Open and closed questions



# Think out of the box

Look for what  
you have not  
been told

Look for the  
unpalatable

Look for  
alternative  
explanations

## Traditional Approach

- Review what you are told
- Look for arguments to support conclusions
- Consider practicality and acceptability of conclusions

# Being effective – thoughts to keep in mind

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- Is there a comprehensive process for managing risk?
- Is there a comprehensive process for developing corporate governance?
- What about performance management?
- Does the system of internal control highlight things going wrong?
- Is appropriate action taken when things go wrong?
- Is internal audit adequate and effective?
- Are all audit plans appropriately focused?
- Are responses to audit recommendations satisfactory?

# Being a force for action

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- Delivering corporate governance
- Audit recommendation implementation
- Driving risk management forward
- Driving performance management forward
- Demand training and support
- Be independent, objective, apolitical
- Be noseey
- Support your auditors

# Responsibility

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All that responsibility, when....

The Audit Committee might **only meet a 4/5/6** times a year

Meetings last a **few hours** at a time

Members are **not necessarily professional auditors or risk managers**

Auditors can only take a **snap shot**

The Audit Committee **role is part time**

**The Audit Committee also want to sleep at night!**

# Don't Panic!



- **Audit committee is not expected to be expert**
- **Must be prepared to ask questions**
- **Exercise caution and judgement**
- **Maintain objectivity**
- **Get action**
- **Hold staff to account**



# QUESTIONS AND ANSWERS?

THANK YOU FOR  
YOUR TIME AND  
ATTENTION

**For Publication**

**Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
6 December 2017  
Item No. 13**

**REPORT AUTHOR: ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

**SUBJECT: CORPORATE RISK REGISTER AND REVIEW OF CORPORATE RISK MANAGEMENT**

For further information on this Report contact: Area Commander Darren Cook  
Head of Organisational Assurance  
Tel No: 01234 845061

Background Papers: None

Implications (tick ✓):

LEGAL			FINANCIAL	✓
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	CORE BRIEF	
	New		OTHER (please specify)	

*Any implications affecting this report are noted at the end of the report.*

**PURPOSE:**

To review the development of the Service's Corporate Risk Register.

**RECOMMENDATIONS:**

That Members acknowledge:

1. The continuing development of the Service's Corporate Risk Register; and,
2. That the appropriate Policy and Challenge Groups have considered and reviewed controls proposed to reduce the identified risks.

1. Introduction

- 1.1 Each of the Fire and Rescue Authority's (FRA) policy and challenge groups has a standing item on their agenda for the consideration of risks relating to the remit of each Group. In addition, this Committee receives regular reports on the full Corporate Risk Register.

- 1.2 The Corporate Risk Register will be available at the meeting with explanatory notes regarding the risk ratings applied is appended to this report.
- 1.3 Changes to individual risk ratings arising from the **Corporate Services** Risk Register: None. Individual risk ratings have been reviewed and are unchanged
- 1.4 Updates to individual risks arising from the **Corporate Services** Risk Register:
- **CRR00029: If we do not communicate well, both internal and external to the Service, then we will suffer from poor staff morale, miss the opportunity to promote ourselves and the excellent work that we do and potentially impact upon our ability to deliver a full range of services:** A Service focus group was held with Zengenti on the 8th November 2017. This will provide the basis of the design templates for Zengenti to build the initial platform for the website. Representatives from all areas of the Service have been included to ensure suitability and usability of the proposed platform.
  - **CRR00005: If we are unable to provide adequate asset management and tracking facilities then we may cause serious injuries to our staff due to a lack of safety testing. We may also incur unnecessary significant costs and be in breach of health and safety legislation:** The Services testing and tracking system continues to be robust and is audited internally by TSM. Further research on cloud based asset tracking systems has been agreed by CMT and will be completed summer 2018.
  - **CRR00004: If there are a large number of staff absent from the workplace then our ability to deliver services to our communities is severely compromised and our reputation will be adversely affected.** Seasonal influenza is an acute viral infection that spreads easily from person to person; the viruses circulate worldwide and can affect people in any age group. The World Health Organisation (WHO) monitors the effects of seasonal and avian viruses to prevent pandemics. WHO recommends the most effective way to prevent the disease is by vaccination. The Service has offered vaccinations to its staff.
- 1.5 Changes to individual risk ratings arising from the **Service Delivery** Risk Register: None. Individual risk ratings have been reviewed and are unchanged
- 1.6 Updates to individual risks arising from the **Service Delivery** Risk Register: None.
- All corporate risks have been update by the risk owner and there are no changes to progress made to the actions. Risk owners continue to review and monitor the progress made to all actions and this is continually reported to CMT on a monthly basis.

- 1.7 Changes to individual risk ratings from the **Human Resources** Risk Register: None. Individual risk ratings have been reviewed and are unchanged.
- 1.8 Updates to individual risks arising from the **Human Resources** Risk Register:
- **CRR00040: If there is a retirement of a large number of operational officers over a short period of time then we lose significant operational and managerial experience within the service which could ultimately affect our service delivery and wider corporate functionality in the shorter term.** A budget submission has been made for 2018/19 for a permanent recruitment advisor position. The Service continues to be successful at attracting experienced operational staff on transfer which complements our recruitment strategies. The requirement for future whole time fire fighter recruitment and training continues to be informed by CMT analysis of establishment profiling.

**ZOE EVANS**  
**ASSISTANT CHIEF OFFICER**  
**(HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

Explanatory tables in regard to the risk impact scores, the risk rating and the risk strategy.

#### Risk Rating

Risk Rating/Colour	Risk Rating Considerations/Action
<b>Very High</b>	<p>High risks which require urgent management attention and action. Where appropriate, practical and proportionate to do so, new risk controls must be implemented as soon as possible, to reduce the risk rating. New controls aim to:</p> <ul style="list-style-type: none"> <li>• reduce the likelihood of a disruption</li> <li>• shorten the period of a disruption if it occurs</li> <li>• limit the impact of a disruption if it occurs</li> </ul> <p>These risks are monitored by CMT risk owner on a regular basis and reviewed quarterly and annually by CMT.</p>
<b>High</b>	<p>These are high risks which require management attention and action. Where practical and proportionate to do so, new risk controls <i>should</i> be implemented to reduce the risk rating as the aim above. These risks are monitored by CMT risk owner on a regular basis and reviewed quarterly and annually by CMT.</p>
<b>Moderate</b>	<p>These are moderate risks. New risk controls should be considered and scoped. Where practical and proportionate, selected controls should be prioritised for implementation. These risks are monitored and reviewed by CMT.</p>
<b>Low</b>	<p>These risks are unlikely to occur and are not significant in their impact. They are managed within CMT management framework and reviewed by CMT.</p>

#### Risk Strategy

Risk Strategy	Description
Treat	<p>Implement and monitor the effectiveness of new controls to reduce the risk rating. This may involve significant resource to achieve (IT infrastructure for data replication/storage, cross-training of specialist staff, providing standby-premises etc) or may comprise a number of low cost, or cost neutral, mitigating measures which cumulatively reduce the risk rating (a validated Business Continuity plan, documented and regularly rehearsed building evacuation procedures etc).</p>
Tolerate	<p>A risk may be acceptable without any further action being taken depending on the risk appetite of the organisation. Also, while there may clearly be additional new controls which could be implemented to 'treat' a risk, if the cost of treating the risk is greater than the anticipated impact and loss should the risk occur, then it may be decided to tolerate the risk maintaining existing risk controls only.</p>
Transfer	<p>It may be possible to transfer the risk to a third party (conventional insurance or service provision (outsourcing)), however it is not possible to transfer the responsibility for the risk which remains with BLFRS.</p>
Terminate	<p>In some circumstances it may be appropriate or possible to terminate or remove the risk altogether by changing policy, process, procedure or function.</p>

**For Publication**

**Bedfordshire Fire and Rescue Authority  
Audit and Standards Committee  
6 December 2017  
Item No 14**

**REPORT AUTHOR: ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

**SUBJECT: WORK PROGRAMME 2017/18**

For further information on this report contact: Nicky Upton  
Democratic and Regulatory Services Supervisor  
Tel No: 01234 845149

Background Papers: None

Implications (tick ✓):

LEGAL			FINANCIAL	
HUMAN RESOURCES			EQUALITY IMPACT	
ENVIRONMENTAL			POLICY	
CORPORATE RISK	Known	✓	OTHER (please specify)	
	New		CORE BRIEF	

*Any implications affecting this report are noted at the end of the report.*

**PURPOSE:**

To review and report on the work programme for 2017/18 and to provide Members with an opportunity to request additional reports for the Audit and Standards Committee meetings.

**RECOMMENDATION:**

That Members consider the work programme for 2017/18 and note the 'cyclical' Agenda Items for each meeting.

**ZOE EVANS  
ASSISTANT CHIEF OFFICER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)**

## AUDIT AND STANDARDS COMMITTEE - PROGRAMME OF WORK 2017/18

Meeting Date	‘Cyclical’ Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
6 December 2017	<ul style="list-style-type: none"> <li>• Internal Audit Progress Report</li> <li>• External Audit Progress Report (Annual Audit Letter – Ernst &amp; Young)</li> <li>• Audit and Governance Action Plan Monitoring</li> <li>• Review of ‘Monitored Policies’</li> <li>• Report on Registration of Interests and Gifts/Hospitality</li> <li>• Review of the Audit and Standards Committee Effectiveness</li> <li>• Corporate Risk Register</li> <li>• Statement of Assurance</li> <li>• Work Programme 2017/18</li> </ul>		Review of Code of Conduct	Added at FRA meeting on 16 October 2017



Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
28 March 2018	<ul style="list-style-type: none"> <li>• External Audit Plan 2017/18 (Ernst &amp; Young)</li> <li>• Internal Audit Progress Report (RSM)</li> <li>• Internal Audit Strategy 2018/19 to 2020/21 (RSM)</li> <li>• Audit and Governance Action Plan Monitoring</li> <li>• Update to the Authority's Financial Regs (Biennial review)</li> <li>• Annual Review of the Fire Authority's Effectiveness</li> <li>• Corporate Risk Register and Review of Corporate Risk Management</li> <li>• Review of Work Programme 2017/18</li> </ul>		<p>Review of the entire Risk Register</p> <p>Presentation / Paper on Direction of Service Performance Reports</p>	<p>Added CSPCG 29/11/17</p> <p>FRA Meeting 27.04.17</p>

## AUDIT AND STANDARDS COMMITTEE - PROGRAMME OF WORK 2018/19

Meeting Date	‘Cyclical’ Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
TBC July 2018	<ul style="list-style-type: none"> <li>• Election of Vice Chair</li> <li>• Review of Terms of Reference</li> <li>• Annual Audit Fees 2017/18</li> <li>• Internal Audit Annual Report 2017/18 (RSM)</li> <li>• Internal Audit Progress Report 2017/18 (RSM)</li> <li>• Audit Results Report (E&amp;Y) (Results of 2017/18 audit including any matters outstanding)</li> <li>• Draft 2017/18 Annual Governance Statement, Statement of Accounts and Letter of Representation</li> <li>• Audit and Governance Action Plan Monitoring</li> <li>• Review of Code of Conduct and Annual Report on Standards</li> <li>• Corporate Risk Register</li> <li>• Work Programme 2018/19</li> </ul>			

Meeting Date	'Cyclical' Agenda Items		Additional/Commissioned Agenda Items	
	Item	Notes	Item	Notes
TBC Sept 2018	<ul style="list-style-type: none"> <li>• Audit Results Report (results of 2017-18 audit including any matters outstanding) (Ernst &amp; Young)</li> <li>• Audit Annual Report 2017/18 (&amp; Opinion)</li> <li>• 2017/18 Statement of Accounts and Letter of Representation</li> <li>• Draft Annual Governance Statement and Action Plan (2016/17)</li> <li>• Internal Audit Progress Report</li> <li>• Audit and Governance Action Plan Monitoring</li> <li>• Review of the Fire Authority's Effectiveness</li> <li>• Corporate Risk Register</li> <li>• Work Programme 2018/19</li> </ul>			

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