



BEDFORDSHIRE FIRE AND RESCUE AUTHORITY

Governance

FINAL

Internal Audit Report: 4.15/16

19 February 2016



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1 EXECUTIVE SUMMARY

1.1 Background

An audit of Governance was undertaken as part of the approved internal audit periodic plan for 2015/16. The audit considered the structure of Bedfordshire Fire and Rescue Authority (Authority) and Bedfordshire Fire and Rescue Service (Service) and whether strategic plans had been set and approved. The review also considered the assurances being given to the achievement of the strategic objectives and how these assurances were reported.

The structure of the Authority consists of the following:

- An Audit and Standards Committee which has delegated powers and reports direct to the Authority; and
- Three Policy and Challenge Groups covering Corporate Services, Service Delivery and Human Resources. These are advisory groups and the minutes from their meetings are escalated to the Fire Authority. Members of the Authority sit on these committees through an exercise whereby they specify preferred interests and skills.

In addition, all meeting minutes, reports, agendas, and register of interest have made available for public scrutiny via the website.

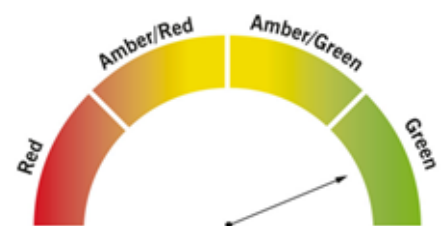
The Authority performs an Annual Review of Effectiveness through the use of a questionnaire to all members and officers who attend the Authority's meetings. The results of the questionnaire feed in to an action plan which is approved by the Authority. The Authority makes available the Annual Review of Effectiveness and an Annual Governance Statement through the Service's website.

1.2 Conclusion

The findings from the review have indicated that Governance within the Authority and the Service is well structured and organised and that members can place reliance upon the assurances given in respect of strategy, strategic objectives and the effectiveness of the organisation.

Internal Audit Opinion:

Taking account of the issues identified, the Authority can take substantial assurance that the controls upon which the organisation relies to manage this area are suitably designed, consistently applied and operating effectively.



1.3 Key findings

The key findings from this review are as follows:

- The Authority has a clearly defined governance structure consisting of the Audit and Standards Committee who have delegated authorities and report directly to the Authority and three Policy and Challenge Groups who also report directly to the Authority. Each of these Committees / Groups had Terms of Reference which are reviewed on an annual basis and amended where appropriate. However, the ToRs do not detail the reporting lines for each. This has resulted in a **Low** category management action.
- The Service Assurance Manager has a clear structure chart showing membership of the Authority and the various committees, however this is not available to staff. We have **suggested** that the structure should be posted onto the Authority website as an aid to understanding the workings of the Authority and their member responsibilities.

- Dependent upon what the strategic objective relates to, respective responsibility for delivery and monitoring of the strategic objectives has been placed within the remit of the three Policy and Challenge Groups. (Corporate Services, Service Delivery or HR). Their remit is to monitor the progress of their individual projects as identified in the Community Risk Management Plan. They meet on a quarterly basis and the minutes of the meetings show where members are challenging items coming before the group. These groups are supported by Principal Officers who attend the meetings.
- In order for the Policy and Challenge Groups to be effective, members undertake an exercise to indicate their preferences to which group they wish to be a member of and the skills that they bring to the group. Group membership is however decided at the Annual General Meeting (AGM) meeting of the Authority.
- There is an up to date Community Risk Management Plan (CRMP) which sets out the strategic objectives for the Service. This is supported by the Service Business Plan and various operational strategies, including the individual station plans, Land and Buildings Asset Management Plan, Youth Engagement Strategy, Water Safety Strategy, Communications Strategy, Community Safety Strategy, ICT Asset Plan, People Strategy, Transport Asset Plan.
- Performance is regularly monitored with the Policy and Challenge Groups reviewing their respective indicators and the Chief Fire Officer reporting on the overarching performance of the Service on an annual basis. However, whilst this is within the meeting minutes on the website, this is not transparent and a **Low** category management action has been raised to show this as a headline statement on the web page.
- All meeting minutes and supporting documentation of the Policy and Challenge Groups and the Audit and Standard Committee are reported to the Fire Authority at each of their meetings which are held on a quarterly basis.
- The Fire Authority performs an annual review of its effectiveness. A report is presented to the Audit and Standards Committee and then to the Authority for approval. An action plan is created as a result of the effectiveness review but this is not monitored centrally and a **Low** category management action has been raised to ensure that there is clear and concise monitoring of the plan.
- The Annual Governance Statement includes a suitable statement against each element of the Code of Governance Framework. The Annual Governance Statement is signed off by both the Chair of the Authority and the Chief Fire Officer.
- The Audit and Standards Committee and the three Policy and Challenge Groups also conduct a review of their own effectiveness which identifies their achievement and also any training requirements. Regular training is conducted and also two Members days have been held this year (2015/16).
- A Members Handbook is issued to all members and is also accessible on the website. However not all documents reflect the correct name of the Authority and a **Low** category management action has been raised in order to update the documents.

1.4 Additional information to support our conclusion

Area	Control design*	Compliance with controls*	Agreed actions		
			Low	Medium	High
Governance	0 (11)	7 (11)	4	0	0
Total	0 (11)	7 (11)	4	0	0

* Shows the number of controls not adequately designed or not complied with. The number in brackets represents the total number of controls reviewed in this area.

1.5 Progress made with previous audit findings

Date of previous audit: 13 January 2016

	High	Medium	Low
Number of actions agreed during previous audit	0	1	1
Number of actions implemented/ superseded	0	1	1
Actions not yet fully implemented:	0	0	0

As part of this review the Authority has demonstrated good progress in implementing actions agreed to address internal audit recommendations made within the Governance Review of March 2014. Of the one "medium" and one "low" priority recommendations followed up, we confirmed that both have been implemented in full.

2 ACTION PLAN

Categorisation of internal audit findings

Priority	Definition
Low	There is scope for enhancing control or improving efficiency and quality.
Medium	Timely management attention is necessary. This is an internal control risk management issue that could lead to: Financial losses which could affect the effective function of a department, loss of controls or process being audited or possible reputational damage, negative publicity in local or regional media.
High	Immediate management attention is necessary. This is a serious internal control or risk management issue that may, with a high degree of certainty, lead to: Substantial losses, violation of corporate strategies, policies or values, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

The table below sets out the actions agreed by management to address the findings:

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
Area: Governance					
1.1	Whilst the Authority has a simple structure, it is not clearly defined within the attached Terms of References whom they report to.	Low	The TOR's should be updated to include the reporting lines of each Committee / Group.	31/07/2016	Service Assurance Manager
1.2	The annual overarching performance report for the period 2014/15 stated that subject to any amendments the report will be published on the Services website. The report is on the website as part of the BFRS meeting minutes but there is no separate entry and therefore it is not very visible.	Low	That the annual overarching performance report be clearly visible on the service website.	28/02/2016	Service Assurance Manager
1.3	We obtained the report of the annual review of the Fire Authority's Effectiveness for 2014/15 and confirmed that it included 16 actions as a result of the completed review. However, there is no formal SMART action plan, although the issues have been addressed throughout the meetings.	Low	The Authority to ensure that the agreed action plan is revised to contain SMART attributes to enable successful monitoring and where appropriate, specifies lead members / employees for each	31/04/2016	ACO

Ref	Findings summary	Priority	Actions for management	Implementation date	Responsible owner
	We also noted that actions had not been assigned to individual members / employees or the Authority as a collective.		action.		
1.4	Some of the documents within the Members Handbook and accompanying pack contained the old authority name.	Low	The Members Handbook to be reviewed and documents updated to reflect the correct name of the Authority.	28/02/2016	Service Assurance Manager

3 DETAILED FINDINGS

This report has been prepared by exception. Therefore, we have included in this section, only those areas of weakness in control or examples of lapses in control identified from our testing and not the outcome of all internal audit testing undertaken.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
Area: Governance						
1.1	<p>The Authority has a dedicated webpage on the Service website where the organisation defines the structure of the Authority.</p> <p>The webpage reflects the Audit and Standards Committee and three Policy and Challenge Groups, which have delegated responsibilities from the Audit and Standards Committee, and report in to the Authority.</p> <p>Each committee and group of the Authority has established their own Terms of Reference which has been subject to a regular review and approval by the Authority.</p>	Yes	Yes	<p>By review of the Service website we confirmed that there is a dedicated page for the Authority. We confirmed that the page included a description of the structure and purpose, member details and Terms of Reference for each group/committee and the Authority.</p> <p>However, although the Authority has a simple structure, it is not clearly defined within the attached Terms of References whom they report to.</p> <p>The risk of not documenting reporting lines is that key documents may not be reported to the correct Committees / Boards, therefore leading to the decision process being delayed or no decisions made at all.</p> <p>We were presented with a structure chart for the Authority which had been produced by the Service assurance Manager. This clearly shows membership of the various groups and committees and clearly reflects their reporting lines. It would therefore be good practice to include this on the Authority website.</p> <p>We also observed that the Service had created an organisational structure chart for its personnel made available from its Internet site. We confirmed that it clearly defined the reporting lines and mechanisms for its employees.</p>	<p>Suggestion</p> <p>Low</p>	<p>Include a detailed member structure chart reflecting committee membership and reporting lines on the website.</p> <p>The TOR's should be updated to include the reporting lines of each Committee / Group.</p>

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
1.2	<p>The service has an Organisational Performance Policy which sets out what is expected of both the Service and individual employees in respect of performance and what is expected of them in the achievement of the service Vision and Objectives.</p> <p>The policy also covers responsibilities and reporting requirements.</p> <p>On an annual basis an overarching performance report is presented by the Chief Fire Officer to the BFRS. This is aligned to the Services strategic objectives and strategies.</p>	Yes	No	<p>We obtained a copy of the Organisational Performance Reporting Policy and noted that it was dated January 2015 and was available on the Service Intranet.</p> <p>The document reflects the policy and processes being used to establish and support a range of performance Indicators across the service which are overseen by the three Policy and Challenge Groups, dependent upon the PI. The responsibility for these PI's rests with the respective Principal Officer.</p> <p>We reviewed the Annual Overarching Performance Report for the period 2014 /15 which was presented to the Authority meeting of 15 July 2015.</p> <p>The report noted the various Policy and Challenge Groups were responsible for reviewing the performance indicators which fall within their remit. The minutes showed clear evidence of performance challenge. We confirmed from observation that the report is on the website as part of the BFRS meeting minutes, there is no separate entry and therefore not very visible.</p>	Low	That the Annual overarching performance Report be clearly visible on the Service Website.
1.3	<p>Following the completion of the Annual Review of the Fire Authority's Effectiveness an Action Plan is established to improve elements of the Fire Authority and to continue to deliver effectiveness.</p>	Yes	No	<p>We obtained the report of the annual review of the Fire Authority's Effectiveness for 2014/15 and confirmed that it included the actions as a result of the completed review.</p> <p>We noted that it included 16 actions but that there is no formal action plan in place.</p> <p>However, the Annual Governance Statement for 2014/15 produced by the Authority Head of Finance / Treasurer for the Audit and Standards Committee in June 2015 states that the Issues and Improvement Actions identified by 2014/15 Annual Governance Statement</p>	Low	The Authority to ensure that the agreed action plan is revised to contain SMART attributes to enable successful monitoring and where appropriate, specifies lead members / /employees for each action.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
				<p>include:</p> <ul style="list-style-type: none"> • Review of Authority Effectiveness: • Improvement Action Planned: • All actions from the 2014/15 Review of Authority Effectiveness Action Plan to be completed during 2015/16 and formally reviewed by Members as part of the following year's process. <p>From our review of Audit and Standards Committee minutes and Policy and Challenge Group minutes it is evident that the majority of actions listed have been addressed but an actual action plan with SMART objectives, responsibilities, timescales and progress made would be easier to monitor.</p> <p>Without defined actions conducted in a SMART manner the Authority could potentially fail to clearly conclude whether actions have been successfully implemented.</p> <p>On review of the minutes of the Authority in 2015 it is not evident that the organisation has reviewed its performance against the action plan in-year. We do accept that during the annual review process the achievement of the existing action plan is considered and this was verified by the Administration Manager. We accept that it is sufficient for the Audit and Standards Committee to monitor this during its examination of the Annual Review of the Fire Authority's Effectiveness.</p>		
1.4	The Authority has a Members Pack/ Handbook which is provided to all new members on their induction. The documentation is also accessible to members the Internet.	Yes	No	<p>We obtained the Members Handbook and accompanying pack of documentation direct from the Authority's website. On review of the documentation we confirmed that the guidance was suitable and up to date.</p> <p>However, some of the documents contained</p>	Low	The Members Handbook to be reviewed and documents updated to reflect the correct name of the Authority.

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Actions for management
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the old Authority name. We also noted that members were given clear instructions on their conduct and allowances.

APPENDIX A: SCOPE

Scope of the review

The internal audit assignment has been scoped to provide assurance on how Bedfordshire Fire and Rescue Authority manage the following area. The scope was planned to provide assurance on the controls and mitigations in place relating to the following Areas: Governance

Objective of the area under review

The Statement of Assurance is in place that sets and manages the medium and long terms objectives, plans and strategies.

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

The following areas will be considered as part of the review:

- The Financial regulations and scheme of delegation are consistent with the terms of reference for committee and Policy and Challenge Groups,
- Strategic plans and objectives have been set and approved by the Authority and responsibilities for monitoring and reporting delegated to subcommittees and Policy and Challenge Groups, reflected within their terms of reference and minutes.
- Responsibility for delivery and monitoring of the objectives has been effectively assigned to appropriate individuals and oversight sits with an appropriate committee.
- The development of metrics to enable monitoring of performance against delivery.
- The method for receiving assurances on the achievement of objectives.
- The process for the receipt and recording of assurances and the reporting of assurances to relevant committees including the process for escalating to the Authority.
- The Terms of Reference are reasonable covering membership, frequency and quoracy of meetings and enable the identified groups to effectively discharge their statutory duties and delivery of objectives.
- The process for monitoring the effectiveness of members in discharging their duties and identifying subsequent training needs.
- There is evidence in papers and minutes that adequate information within reports is supplied to enable decision making at Committee level including challenge and agreement of action which is followed up.
- Assurance on performance against strategies, plans and objectives are reported up to the Authority including what action is being taken against poor performance where there is challenge.
- We will also perform a comparison of the strategic plan development and setting process together with the strategic plans between Essex, Bedfordshire and Cambridgeshire Fire Authorities. Findings on this aspect will be provided separately.

Limitations to the scope of the audit assignment:

The following limitations apply to the scope of our work:

- This review will cover the period from 1st April 2015. The review has not covered all aspects of governance. The aim was to provide assurance that the key governance processes are in operation as included within the areas for review. As such this review should not be considered to provide assurance over the whole governance process.
- We have not included in our review the objective setting process or ensure accuracy of reporting against these.
- Our work does not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss of fraud does not exist. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

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