BEDFORDSHIRE FIRE & RESCUE AUTHORITY

Governance

REVISED DRAFT

Internal audit report 1.18/19

8 October 2018

RSM

CONTENTS

1 EXECUTIVE SUMMARY

1.1 Background

We have undertaken a review of Governance at Bedfordshire Fire and Rescue Authority (hereafter referred to as the Authority) as part of our annual internal audit plan for 2018/19. The purpose of this review was to provide assurance over the governance arrangements in place within the Authority.

The Authority has 12 members and a support structure of Committees and Groups which consist 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 Groups/Committees determined through an exercise whereby they specify preferred interests and skills.

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

As part of this review we have also benchmarked the governance arrangements in line with other Fire and Rescue Authorities, which have been summarised within Appendix C of this report.

1.2 Conclusion

Our review of the governance arrangements at Bedfordshire Fire and Rescue Authority confirmed that the Authority had a governance framework in place to support its structure and decision-making abilities. However, we were able to identify and agree management actions for the Authority to consider its achievement of value for money. As a result of our review and benchmarking, the FRA structure, meetings, membership, remuneration and knowledge and skills of Members will be considered against the achievement of value for money and whether the current structure is best suited to delivering the objectives of the Authority. Review of the meeting minutes and papers confirmed that the conduct of meetings was in line with the expectations as per the Terms of References.

Benchmarking of the Authority against 14 other Fire Authorities, confirmed that the Authority were broadly in line with the majority of organisations however, the Authority may wish to consider the information noted in Appendix C, should they wish to make any changes to its governance structure.

Internal audit opinion:

Taking account of the issues identified, the Authority can take reasonable assurance that the controls in place to manage this area are suitably designed and consistently applied. However, we have identified issues that need to be addressed in order to ensure that the control framework is effective in managing the identified areas.
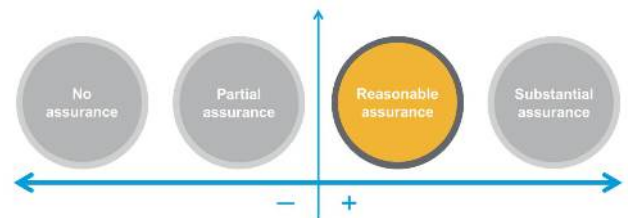
1.3 Key findings

The key findings from this review are as follows:

conduct a thorough, innovative, effective, value for money review of the FRA structure, meetings, make up and number of attendees, frequency of meetings, remuneration packages, knowledge and skills of Members.

Standing Orders and Terms of References

The Authority has in place Standing Orders which were last revised in October 2017 and outline the requirements for the operation of the Authority. The Standing Orders included, but were not limited to; meeting requirements, participation, amendments to motions, public participation and proceedings of its committees.

In addition to the Standing Orders, the committees/groups which supported the Authority had individual Terms of References (ToR) which were subject to an annual review. We confirmed the ToRs clearly outlined the purpose of the group, membership, quorum requirements, frequency of meetings and reporting requirements.

The Conduct of Meetings

The Fire and Rescue Authority (FRA) receive all of the minutes and papers submitted to and discussed by the three Policy and Challenge Groups and by the Audit and Standards Committee.

Our testing of a sample of three meeting minutes (detailed within Appendix B) for all of the groups noted above and confirmed the following:

- The conduct within meetings was in line with the requirements outlined within the Terms of Reference;
- Minutes are taken at each of committees/groups meeting and where decisions are required to be or have been made, this is clearly highlighted within the meeting agenda, papers, and minutes;
- All decisions required and taken by groups are clearly recorded within both the papers, and the meeting minutes;
- Papers for meetings were consistent in their format, detailed and provided sufficient information and indication to where a decision was required;
- Attendance at each meeting is clearly captured within the meeting minutes and apologies are also clearly documented, in one instance of the 15 meetings sampled the quoracy requirement was not met and as a result, no decisions were made within the meeting;
- Every time the FRA or any of its committees meet, the agenda, minutes and papers are uploaded to the Authority's website for transparency purposes; and
- In each of the Authority or any of its committees minutes, the scribe notes down whether the group is at quorum as per the terms of reference. In the instance where the Authority is not at quorum, it must either not go ahead or no decisions can be made on behalf of the group.

The average Councillor attendance at the meetings reviewed above in the last 12 months has been summarised in the graphic below.
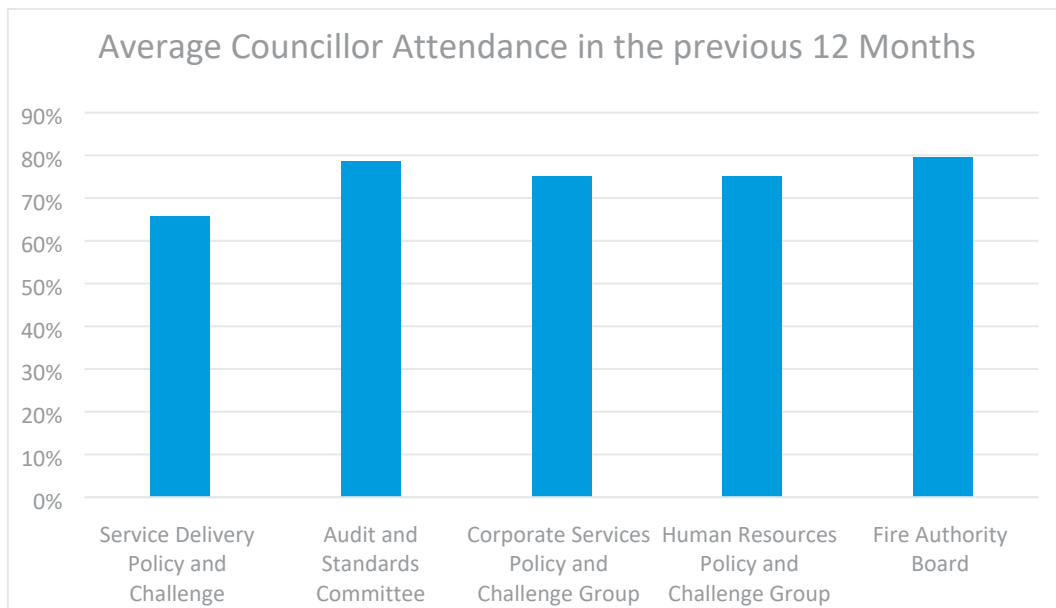
Furthermore, during our review, we also identified the following weaknesses that resulted in the agreement of **two medium** priority management actions detailed below.

Alignment of Members to Policy and Challenge Groups

We were unable to evidence the expertise of members and whether they best aligned with the membership of the Policy and Challenge Groups. We identified that the representation of the Policy and Challenge Groups was agreed in an Authority meeting in June 2015.

We reviewed the meeting minutes of the meeting held on 4 June 2015 and confirmed that the membership for the Policy and Challenge Groups had been decided however, we were unable to evidence the alignment of skills and interests of these members to the groups that they had been allocated to.

There is a risk that the members elected to each group are not maximising their skills or developing further their interests. Bedfordshire Fire and Rescue Authority may not therefore be making use of the expertise of its members should skills and interests not be considered on a regular basis in line with the evolving remit of the Groups. **(Medium)**

Formal Requirement for Pre-meeting Briefing Meetings

Through review of the 2018/19 meeting schedule for the FRA, we were able to confirm that there had been over 22 formal meetings arranged for the year across five groups. We were informed by the Services Assurance Manager that the briefing meetings (private meetings before each formal meeting) were held between the Chairs and Principal Officers and that these meetings also required meeting notes to be documented.

Through review of examples of the briefing meeting notes for two meetings (Audit and Standards Committee – 23 March 2018 and Human Resources Policy and Challenge Group – 29 March 2018), we noted that these were notes in relation to matters to be discussed at the main meeting.

We noted that there was no formal requirement to undertake briefing meetings in person as the key purpose is for the Chair to familiarise themselves with the contents of the agenda pack. The Authority should consider the requirement of holding these meetings in person and requiring documented meeting notes from a value for money perspective.

During discussions with the Chair and Chief Officer, we agreed that the amount of resource required to facilitate each pre-meeting needs to be considered given that there are over 22 briefing meetings currently scheduled within the 2018/19 meeting scheduled and each meeting requires a significant amount of administration including the preparation of papers, meeting facilities and also documenting of meeting notes. We have therefore agreed that the formality of these meetings is considered from a value for money perspective. **(Medium)**

In addition, we have also agreed **four low** priority management actions, which are detailed in section two of this report.

1.4 Additional information to support our conclusion

The following table highlights the number and categories of management actions made. The detailed findings section lists the specific actions agreed with management to implement.

Area	Control design not effective*		Non-Compliance with controls*		Agreed actions**		
					Low	Medium	High
Governance	1	(6)	3	(6)	4	2	0
Total					**4**	**2**	**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.

** Three management actions have been agreed under one control which has not been complied with.

1.5 Additional feedback

In addition to the findings noted below, we have completed benchmarking using data available in the public domain for 14 Fire Authorities which have identified the following:

- Number of members within the Fire Authority;
- Number of meetings scheduled per year for each Fire Authority;
- Number of committees/groups of the Fire Authority;
- Number of members for the committees/groups of the Fire Authority;
- Number of meetings for the committees/groups of the Fire Authority; and
- Fire Authority members remuneration.

The FRA may wish to consider the findings of the benchmarking activity to support any changes which the FRA intend to make. The findings are available in Appendix C of this report.

2   DETAILED FINDINGS

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 regulatory scrutiny/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 lead to: Substantial losses, violation of corporate strategies, policies or values, regulatory scrutiny, reputational damage, negative publicity in national or international media or adverse regulatory impact, such as loss of operating licences or material fines.

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	Action for management	Implementation date	Responsible owner
1.1	A number of governance groups are in place including the Bedfordshire Fire and Rescue Authority (The Authority), Audit and Standards Committee and three Policy and Challenge Groups which have delegated responsibilities from the Audit & Standards Committee and report into the Authority. Each subcommittee of the Authority has its own Terms of Reference document which defines the following:	Yes	No	**Governance Structure** A pilot methodology had been defined by the HMICFRS which allows them to assess each Fire and Rescue Service. We noted that the three main questions asked by the HMICFRS were: 1. How effective is the fire and rescue service at keeping people safe and secure from fire and other risks? 2. How efficient is the fire and rescue service at keeping people safe and secure from fire and other risks? 3. How well does the fire and rescue service look after its people? Through review of the Terms of Reference and last three meeting minutes for the three Policy and Challenge Groups currently in place at	Low	The Authority will review the current governance structure taking into consideration the inspection criteria used by HMICFRS. As part of this the Authority will consider implementing a portfolio based approach.	TBC	TBC

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	• The membership of the forum; • The quorum for the forum; • The support for the forum; • The frequency of meetings for the forum; and • The duties of the forum. Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) independently assesses the effectiveness and efficiency of Police Forces and Fire and Rescue Services in the public interest. A pilot methodology has been defined by the HMICFRS which allows them to assess each Fire and Rescue Service, giving graded judgments for the three main areas in the inspection methodology of efficiency, effectiveness and people.			Bedfordshire Fire and Rescue Service, we were able to identify that the questions noted above broadly fell under the three groups however, the more detailed questions under each main question was identified to have some overlap between the three groups. There were some questions which were not fully aligned to the groups and therefore, we noted that the Authority could consider more explicit alignment to the questions, the Authority will benefit from this as this is the inspection criteria used by HMICFRS. The core aim of the inspection is to assess the effectiveness and efficiency with which Fire and Rescue Services prevent, protect the public from and respond to fires and other emergencies and also assess how well FRSs look after the people who work for services. This could lead to improved efficiencies for the Fire and Rescue Service and ensures that all key areas are assessed, managed and monitored by the Policy and Challenge Group structure.				
1.2	The Authority has a number of groups in place	Yes	No	**Meeting Schedule 2018/19** We obtained the meetings schedule for the	Medium	The Authority will conduct a thorough self-	TBC	TBC

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	which meet throughout the year including the Fire Authority, Audit and Standards Committee and three Policy and Challenge Groups which have delegated responsibilities from the Audit & Standards Committee and report in to the Fire Authority. The Authority have in place a meeting schedule which identifies the meetings and paper deadlines for the groups noted above. Each meeting requires the following: • Call for Papers; • Paper Deadline Date; • Publishing Date; • Briefing Date (a meeting before the meeting); and Meeting Date.			Bedfordshire Fire and Rescue Service and identified that there were 22 meetings noted on the schedule between 24 May 2018 and 28 March 2019. In addition to these meetings there are executive meetings which can be arranged on an ad-hoc basis to discuss matters where an Authority meeting is not to take place in reasonable timescales. Each Policy and Challenge Group are required to meet a minimum of four times per year. **Briefing Meetings** We noted that this was a large number of meetings with each of the 22 meetings having a briefing meeting which acted as a pre-meet. This meant that there were over 44 meetings being undertaken across the five groups/committees. In most instances the briefing meetings were held between three and nine days in advance of the meetings. We were informed by the Services Assurance Manager that the briefing meetings (private meetings before the formal meetings) were held between the Chairs and Principal Officers and that these meeting also required meeting notes to be documented but were not published. Through review of examples of the meeting notes for two briefing meetings (Audit and Standards Committee – 23 March 2018 and Human Resources Policy and Challenge Group – 29 March 2018), we noted that these were simple notes made to prompt discussions and these would add no value to an audit trail	Low Low	effectiveness review which will consider innovation, effectiveness, and value for money of the FRA structure. This will include make up and number of attendees, frequency of meetings, remuneration packages, and the knowledge and skills of Members. The Authority, in line with best practice, will review the requirement for formal briefing meetings to take place given the resourcing required for preparation of papers and the number of attendees. Where briefing meetings are conducted, there will be no formal requirement to document notes. In line with other organisations, the Authority will consider the circumstances under which a briefing is required which may involve a pre meeting call with the relevant Chair. The Authority will review the schedule of Authority meetings to consider if the meetings can be moved to different		

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				however, required an additional member of staff to attend the briefing meeting to document notes.		locations across the estate over a two year cycle ensuring visibility of Principal Officer's, Senior Managers and Authority Members.		
				Furthermore, we noted that these meetings were taking place in person at the Headquarters.				
				Given that these meetings are briefing meetings, there is no formal requirement to undertake these in person as the purpose is for the Chair to familiarise themselves with the contents of the agenda pack.				
				There is an increased risk that if these meetings are not kept informal and matters are not discussed by exception, particularly for the Policy and Challenge Groups, the Service risk the repetition and duplication of discussions.				
				During discussions with the Chair and Chief Officer, we agreed that the amount of resource required to facilitate each briefing needs to be considered given that there are over 22 briefing meetings currently scheduled within the 2018/19 meeting scheduled and each meeting requires a significant amount of administration including the preparation of papers, meeting facilities and also documenting of meeting notes.				
				We have therefore suggested that the formality and requirement for these meetings to be held is considered from a value for money perspective.				
				Location of Meetings				
				Through review of meeting minutes of the Authority, we identified that all meetings were				

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
				being held at the Headquarters, except for the Fire Authority meetings which are held a Dunstable Fire Station. Discussions with the Chair of the FRA and Monitoring Officer identified that the Members of the Authority are also required to be visible across the stations.

In order to maximise the visibility of the Authority Members, the organisation has agreed to consider holding meetings at various locations. This could be seen to increase the efficiency and effectiveness of the Authority's Members as they are already required to visit stations which would in turn improve the visibility across the team at Bedfordshire Fire and Rescue Service.

There is a risk that the local staff, public and other attendees are not gaining access to the Members of the FRA as meetings are not being held across all of the different locations. | | | | |
| 1.3 | The Authority has a Standing Orders document which outlines and provides guidance for the operation of the Authority Governance.

The Standing Orders include, but are not limited to:

• The Authority's meeting requirements (i.e. frequency and Quorum);
• The Authority's | No | N/A | **Authority Members Skills and Expertise**

We were unable to evidence the expertise of members and whether they best aligned with the membership of the Policy and Challenge Groups.

Through discussions with the Chief Fire Officer, we were able to identify that a register of Personal Interests and Skills had been developed in 2015 however, were unable to trace when this had been last considered.

The Authority should look at how the Local Authorities consider their selection processes for nomination to the Fire Authority and if | Medium | The Authority will conduct a review of the knowledge and skills held by its members.

This will support the Authority with the re-alignment of the governance structure where it will consider the option of a portfolio-based approach to ensure appropriate skills and expertise can be developed. | TBC | TBC |

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	meeting participation (with reference to both members and public); • Motions and amendments to motions; and • Meetings and proceedings of the Authority's committees. The Standing Orders do not identify how members of the Policy and Challenge Groups are selected and any requirements or minimum skill sets or interests for these members.			knowledge/skills are taken into consideration. If Members personal interests and skills are not considered on a regular basis, the effectiveness of the Authority and its committees/groups may be limited due to the absence of interest or skills consideration. We were informed by the Service Assurance Manager that there was a meeting held in June 2015 where the representation of the Policy and Challenge Groups was agreed. We reviewed the meeting minutes of the meeting held on 4 June 2015 and confirmed that the membership for the Policy and Challenge Groups had been decided. We were however, unable to align the skills and interests of these members to the groups that they had been allocated to. There is a risk that the members elected to each group are not maximising their skills or developing further their interests and Authority may not be making use of the expertise of its members should skills and interests not be considered on a regular basis in line with the evolving remit of the Groups.				
1.4	At the start of each meeting of the Authority or any of its committees/groups, attendees will be given the opportunity to declare any conflicts of interest they may have. If conflicts of interest are	Yes	No	**Meeting Attendance and Conflicts of Interest** Through review of the previous three meeting minutes for the Authority, Audit and Standards Committee and each of three Policy and Challenge Groups, we found that at the start of each meeting there was a standing item giving all attendees the opportunity to declare any	Low	When conflicts of interests are declared, the meeting will discuss whether any subsequent actions need to be taken. The outcome of this discussion will be documented within the minutes even if no actions	TBC	TBC

Ref	Control	Adequate control design (yes/no)	Controls complied with (yes/no)	Audit findings and implications	Priority	Action for management	Implementation date	Responsible owner
	declared, the group will discuss whether any action is needed to be taken to manage the conflicting interests before moving on to the following agenda items. All of the groups have a standing agenda item on the Declarations of Disclosable Pecuniary and Other Interests.			conflicts of interest. Of the 15 sets of meeting minutes reviewed, we found two instances of where conflicts of interest were declared for the same item; Audit & Standards Committee on 6 December 2017 and subsequently the Authority on 8 February 2018. We noted in this instance a Councillor had disclosed a local interest in the Statement of Assurance (Minute 17-18/AS/036 refers) as a trustee of Hazard Alley, a safety centre located in Milton Keynes. Through review of the meeting minutes for 6 December 2018, we were able to confirm that discussion was held around the matter noted above (Hazard Alley). However, we noted that it was not clear as to whether the discussions regarding the conflict and how this was going to be managed had taken place and that the Authority/Audit & Standards Committee had come to an agreement with the procedure to follow for this instance. Through review of the declaration of interest documented within the minutes, we were unable to evidence that the committee had considered what actions should be taken, if any, to mitigate risks that may occur due to the conflicts of interest. If adequate steps are not discussed and taken to manage any conflicts of interest, there is a risk that decisions may be inappropriately influenced and thus not be in the best interest of the authority.		are taken.		

APPENDIX A: SCOPE

The scope below is a copy of the original document issued.

Scope of the review

The scope was planned to provide assurance on the controls and mitigations in place relating to the following areas:

Objectives of the area under review
To provide assurance over the governance arrangements in place within the Authority.

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

Areas for consideration:

This audit will seek to provide assurance that a robust governance framework has been established and embedded throughout the organisation which is in line with best practice.

The main purpose will be to review the committee structure for the FRA and Audit & Standards Committee to consider:

- Number of meetings and timing of meetings. This will also consider the appropriateness and benefits of the briefing meetings.
- Quality and quantity of the information provided.
- Whether the terms of reference are in line with others

As well as:

- Type of meeting – committee or group
- Number and size of attendees to all meetings

As part of this review we will also benchmark the arrangements in line with other Fire and Rescue Authorities and best practice.

In addition, for the FRA, Audit & Standards Committee and the three Policy and Challenge Groups we will also review whether:

- There is a clear governance structure in place which documents reporting lines and is clearly understood
- There are terms of reference in place for each committee which clearly sets out the remit of the committee including under which circumstances decisions can be made and where decisions must be escalated up the Authority's documented governance structure.
- This includes a quoracy requirement which clearly sets out which/how many members must be present.
- Papers and their cover sheets clearly indicate where a decision is to be made.
- At the beginning of each meeting, there is an opportunity for the members to raise conflicts of interest. Following this, the quoracy requirement is confirmed and appropriate actions are taken if it has been breached.
- The meeting minutes clearly document the decisions made and any further actions that need to be taken.

Limitations to the scope of the audit assignment:

- We will not confirm that the delegations to make decisions are appropriate.
- We will not confirm that the correct decisions have been made

- It remains the responsibility of the Authority and senior management to agree and manage information needs and to determine what works most effectively for the organisation;

- All testing will be compliance-based sample testing only; and

- Our work will not provide any guarantee against material errors, loss or fraud or provide an absolute assurance that material error, loss or fraud does not exist.

APPENDIX B: FURTHER INFORMATION

Committee or Group	Meeting Minutes Reviewed
Fire and Rescue Authority	14 December 2017 8 February 2018 26 April 2018
Audit and Standards Committee	28 September 2017 6 December 2017 28 March 2018
Corporate Services Policy and Challenge Group	13 September 2017 29 November 2017 12 March 2018
Service Delivery Policy and Challenge Group	14 September 2017 30 November 2017 15 March 2018
Human Resources Policy and Challenge Group	14 December 2017 8 February 2018 26 April 2018

Persons interviewed during the audit:

Paul Fuller, Chief Fire Officer

Cllr Paul Downing, FRA Chair

John Atkinson, Secretary/Monitoring Officer

Karen Daniels, Service Assurance Manager

Nicky Upton, Democratic and Regulatory Services Supervisor

APPENDIX C: BENCHMARKING

In addition to the findings noted above, we have completed benchmarking using data available in the public domain for 14 Fire Authorities which have identified the following:

- Number of members and meetings of the Fire Authority;
- Number of Committees of the Fire Authority;
- Number of members and meetings for the Committees of the Fire Authority; and
- Fire Authority members remuneration.

Bedfordshire Fire and Rescue Authority (BFRA) may wish to consider the findings of the benchmarking activity to support any changes which the FRA intend to make. The findings have been summarised below.

Benchmarking of Fire Authority Governance Arrangements and Structure
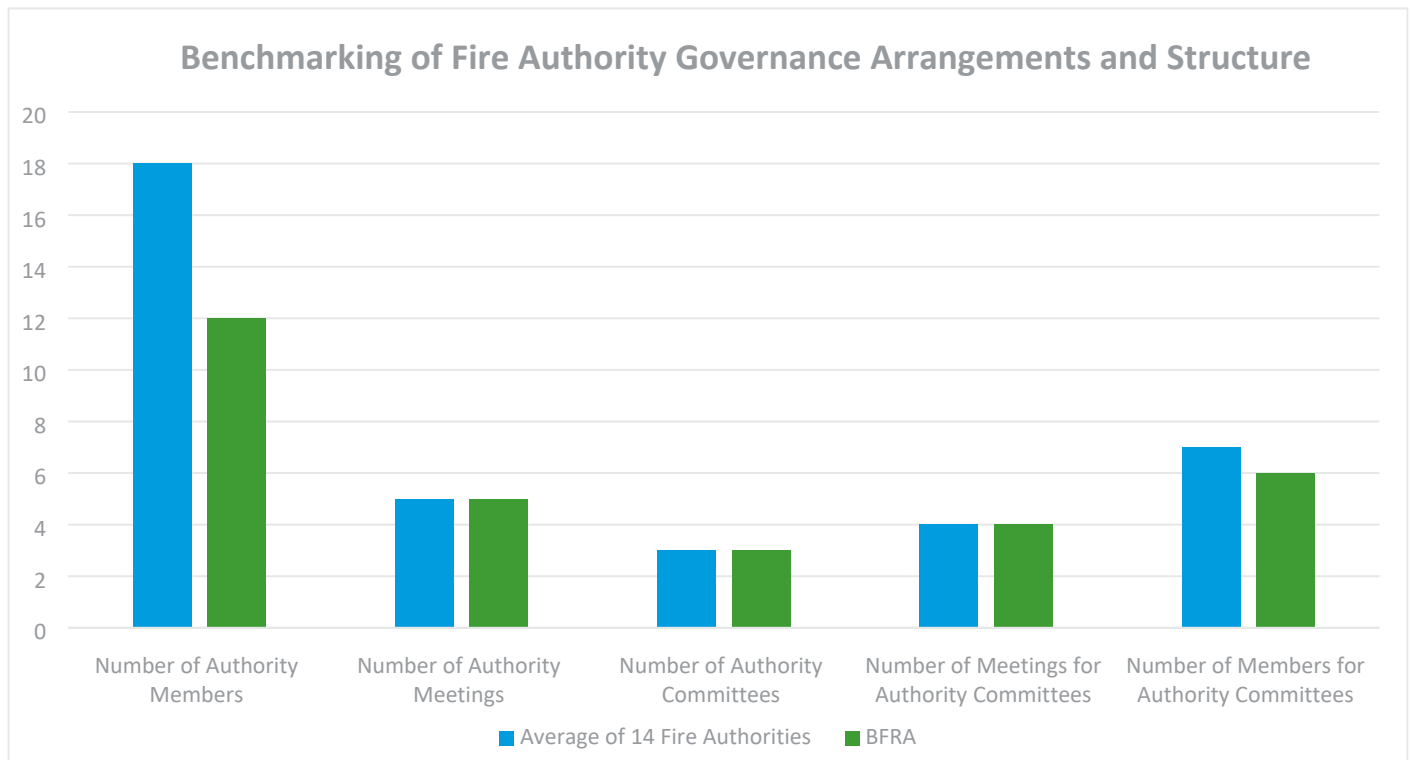
Number of Authority Members
- BFRA have a slightly smaller number of Authority Members against the average however, the benchmarked Authorities included the smallest Authority with a total of 10 members and the largest a total of 25 members.

Number of Authority Meetings
- The Average number of Authority meetings for BFRA was in line with the benchmarked Authorities which included the lowest number of meetings as four and the largest as eight.

**Number of Authority Committees**
- The average number of supporting committees was 2.47 however, this has been rounded up to three. We do however note the following:
  - We have only used information published online.
  - Where we were unable to obtain meeting schedules or minutes, we have used the number of meetings noted within the Terms of References.
  - Where a committee have not met (newly established), we have excluded this from our benchmarking.
  - This data does not include Audit Committees or Pensions Boards.

Number of Meetings for Authority Committees

- The average number of meetings across the Authority's Committees was found to be in line with the 14 other Authorities benchmarked against however, we noted this included 1 Authority where there were no direct committees of the Authority and a further instance which was excluded as meetings were only arranged as and when required.

Number of Members for Authority Committees

- This is the average number of members within committees of the Authority.

Benchmarking of Allowances and Special Allowances for Authority Members
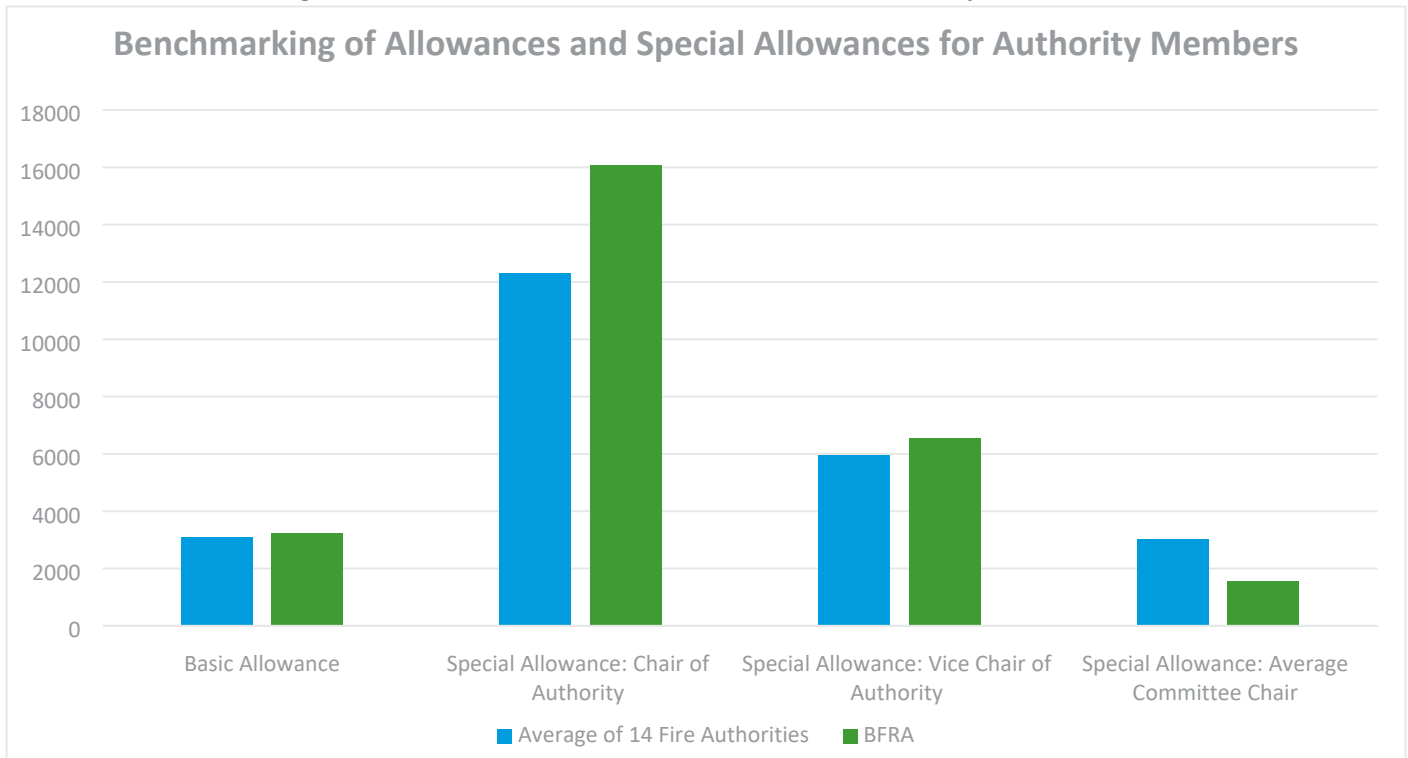
The above graphic summarises the differences of the Authority Members special allowances and basic allowance.

Basic Allowances

- This activity outlined that the Authority was broadly in line with the 14 other Authorities for the basic allowance.

Special Allowance: Chair of Authority

- We noted that the Chair of the Authority was remunerated above the average however, we noted that there were two Authority Chairs whose special allowance exceeded £18,900.

Special Allowances: Vice Chair and Average Authority Committee Chairs

- The Vice Chair and Average Authority Committee Chairs were paid above the average.

- The Chairs of Authority Committees were paid an average of £3000 across the 14 Authorities however, we noted that some of these were decision making groups and the responsibilities of the Chairs within these may have significantly differed.

The roles, responsibilities and size of Authorities, coverage and location vary significantly, which could impact the remuneration received by the Chairs, Vice Chairs and Authority Committee Chairs.

FOR FURTHER INFORMATION CONTACT

Daniel Harris, Head of Internal Audit

Daniel.Harris@rsmuk.com

Tel: +44 (0)1908 687800

Louise Davies, Manager

Louise.Davies@rsmuk.com

Tel: +44 (0)7720 508146