

The Annual Governance Statement

Scope of Responsibility

The Buckinghamshire & Milton Keynes Fire Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Buckinghamshire & Milton Keynes Fire Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Buckinghamshire & Milton Keynes Fire Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Buckinghamshire & Milton Keynes Fire Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA / SOLACE Framework 'Delivering Good Governance in Local Government'. This statement explains how The Buckinghamshire & Milton Keynes Fire Authority has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2011 in relation to the review of its systems of internal control and the publication of an annual statement on its governance.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Buckinghamshire & Milton Keynes Fire Authority's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Buckinghamshire & Milton Keynes Fire Authority for the year ended 31 March 2011 and up to the date of approval of the Statement of Accounts.

The governance framework derives from six core principles of good governance set out in the CIPFA / SOLACE guidance which was updated in 2007.

The six core principles which underpin good governance are:

1. focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area;

2. members and officers working together to achieve a common purpose with clearly defined functions and roles;
3. promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
4. taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
5. developing the capacity and capability of members and officers to be effective; and
6. engaging with local people and other stakeholders to ensure robust public accountability.

Buckinghamshire & Milton Keynes Fire Authority addresses these principles in the following ways. These are set out in our Corporate Governance Framework which is available as a publication on our website, in our Policies and Procedures section: <http://www.bucksfire.gov.uk/BucksFire/Our+policies+and+procedures/Policies/>

The governance framework

- a) Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area

Our vision, mission and objectives are reviewed on a regular basis as part of our annual integrated risk management planning process. The vision 'Making You Safer: Preventing, Protecting, Responding' underpins all our objectives. It also informs the development of our community safety strategy, our arrangements with our strategic partners and our involvement in local area agreements, strategic partnerships and the delivery of sustainable community strategies. This is achieved locally through operational neighbourhood plans (ONPs) which are produced by our wholtime fire stations. ONPs reflect the needs of the local community and are based on an assessed profile, including demographics, incident data and partner priorities.

The majority of the Local Strategic Partnerships (LSPs) have recently undertaken structural changes to comply with new guidance. This has offered us an opportunity in places to join LSP executives, which are effective forums for promoting target status for National Indicator 49 (Number of primary fires and related fatalities and non-fatal casualties, excluding precautionary checks) in Buckinghamshire and Milton Keynes, is a positive outcome for the service and its vision.

Buckinghamshire Fire & Rescue Service (BFRS) together with Buckinghamshire County Council and other partners invited the Institute of Community Cohesion (ICOCO) to conduct a county wide review of community cohesion which will impact upon our future plans (Integrated Risk Management Plan [IRMP], ARMO and LRMP).

We conduct an annual review of partnership working to ensure that we are working effectively to achieve common aims with partners.

Since 2008, when the Authority commissioned an internal audit of our partnership governance arrangements, we have improved the following aspects of local working:

- defining what a significant partnership is;
- the need to develop systems for managing performance of partnerships;
- better accounting of funds received through partnership activity; and
- a record keeping system that includes all memorandums of understanding.

An action plan was developed for 2010/11 to reconcile outstanding points from audit recommendations and significant progress has been made. There is still outstanding work to improve the process that will be picked up by our new service delivery policy teams.

An annual report is published each year which is our report to the community and our stakeholders on our activities and achievements during the past year. We also use feedback from the public and from surveys conducted by ourselves or our agents to check the satisfaction level of our services with the public. This has shown favourable results in a number of areas. The report on the results of our 2009 -2010 "After the Incident" survey, shows that of the 30 fire and rescue services which commission market research firm Opinion Research Services (ORS) to collate the survey responses, BFRS has come out number one for Satisfaction with Overall Service.

There is an established complaints procedure for internal and external complaints and these are dealt with in accordance with the policy and reported annually to the Standards Committee. This has been extended to include compliments, concerns and suggestions so that we can capture all issues raised by the public and use this information to improve services to the public.

We have revised our publication scheme, in line with the model publication scheme from the Office of the Information Commissioner, so that we now produce an information guide explaining what information we publish and how the public can access it, and we have modelled our website to include the categories from the guide to make it easier for people to navigate our site and identify the information they are looking for.

We are also signatories to the Information Commissioner's 'Personal Information Promise' which demonstrates our organisation's senior level commitment to data protection.

The Overview & Audit Committee reviews performance and risk management reports on a quarterly basis. It also receives all internal and external audit reports and scrutinise the Authority's governance and risk management arrangements. It meets quarterly and feeds back concerns and areas for further investigation and ongoing monitoring to the Executive Committee.

We actively engage in benchmarking and review our costs against other comparable authorities. The Audit Commission's value for money profile indicates that Buckinghamshire & Milton Keynes Fire Authority is still well below the average of all fire authorities for the level of council tax that it sets. Although the increase in council tax for 2010/11 was 2.5 per cent the Authority still enjoys the fourth lowest council tax rate for all combined fire authorities.

Monitoring of financial information and revenue and capital budgets is reported monthly to the management team and quarterly to the Executive Committee. The Authority is no longer required to submit an Annual Efficiency Statement to the Department of Communities and Local Government but still plans to make significant cashable savings. In the light of the government's Comprehensive Spending Review (CSR) in 2007 the Authority has targeted £1.2million savings over 2008/09, 2009/10 and 2010/11. The Authority delivered in excess of its target for 2008/09 and 2009/10 and delivered a planned underspend of £1.4m. Further savings have been considered and are planned for 2011/12 onwards to offset the anticipated funding cuts.

The Authority is considering how the savings needed to achieve a balanced budget will be achieved in future years but the moving forward agenda has already started the process to determine the shape and size of the organisation to make it fit for purpose and fit for the resources available. The Integrated Risk Management Plan 2012-17 will set out the detailed future of the services provided by the Authority to the community within the constraints that it faces whilst managing risk.

http://www.bucksfire.gov.uk/NR/ronlyres/EAB33CE2-BFDD-4B7F-AB97-8B8FE18E09A9/0/200411_ITEM02_MINUTES090211.pdf

The Authority will perform a strategic review of its Integrated Risk Management Plan and believes that early planning should minimise the impact on frontline services and hopes to minimise the impact of any cuts on the communities that we serve.

b) Members and officers working together to achieve a common purpose with clearly defined functions

The respective roles and responsibilities for members and officers are set out in the Combination Order (the statutory instrument that formed the Fire Authority in 1997). There are currently five committees: the Combined Fire Authority, the Executive Committee, the Overview & Audit Committee, the Standards Committee and the Human Resources Sub-Committee. There are terms of reference for each committee and the role of the lead members has been developed over the last two years. The new Chief Fire Officer has worked closely with lead members to further develop the role between members and the service.

Members of the Fire Authority are also members of either Buckinghamshire County Council or Milton Keynes Council. Where issues could create a conflict of interest, members are required to declare such interest prior to discussions at committee. Some members would also be members of district councils with which we may be working, or voluntary agencies. Members are reminded of their responsibility to declare an interest in such cases at each meeting. There is a scheme of delegation between members and officers and also the Chief Fire Officer's scheme of delegation to officers. Job descriptions for all staff make clear their responsibilities. The Chief Fire Officer is also the Chief Executive of the Authority.

In Buckinghamshire & Milton Keynes Fire Authority the Chief Finance Officer is a key member of the Senior Management Team, helping to develop and implement strategy and to resource and deliver the organisation's strategic objectives. All material business decisions are taken by the Senior Management Team or by members. Papers submitted for decision-making purposes must be referred to the Chief Finance Officer and the Monitoring Officer for financial and legal scrutiny prior to any decision being taken. The Chief Finance Officer, supported by the Chief Fire Officer leads the promotion and delivery of good financial management so that public money is safeguarded and used appropriately, economically, efficiently and effectively. This is achieved by a finance team that is suitably resourced, professionally qualified and suitably experienced.

The Monitoring Officer, secured under a Service Level Agreement (SLA) with Buckinghamshire County Council, attends the Senior Management Team meetings and works at the Fire Authority headquarters at least two days a week, thus ensuring good access to legal advice. The Monitoring Officer has responsibility of the Standards Committee which addresses standards and procedures applicable to the conduct of members and officers. In 2007/08 additional members were appointed to the Authority and they took up their appointments during 2008/09, taking the total number of members to 21.

At the Combined Fire Authority meeting in April 2010, members took a decision to reduce membership numbers to 17 in the interests of economy and efficiency.

The terms and conditions for remuneration of staff are managed through the human resource function. The operational staff conditions are mandated by the terms and conditions of the 'Grey Book' which are national pay rates. Non-operational staff broadly follow the 'Green Book' terms and conditions. New post pay rates are determined through the Hay evaluation process and allocated to the appropriate pay scale. Senior officer pay is determined by the Human Resources Sub-Committee.

The public expectation that all local authorities will work together efficiently and effectively to achieve the best outcomes for the public is reflected in the strategic partnership arrangements that we embrace and have been referred to above.

- c) Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The members and officers both have codes of conduct which are regularly reviewed in the light of any legislative changes. There is also a complaints procedure, an anti-fraud and corruption policy and a whistle-blowing policy. These apply for internal use as well as for the public wishing to make complaints or highlight issues. They are available on the website as well as our internal common documents. During 2009/10 there have been no complaints. This has been fed back in the quarterly returns to the Standards Board for England.

In 2010/11 the Monitoring Officer and the Chief Executive carried out a strategic review of the governance structure and arrangements including:

- committee structures;
- terms of reference; and
- scheme of delegation from members to officers.

Standing orders and financial regulations and instructions are in place and all were reviewed and updated in 2010/11.

Audit reports are presented to the Overview & Audit Committee which has the powers to make recommendations to the Executive Committee and officers. The Internal Audit function is retained through an SLA with Buckinghamshire County Council and is available for advice and investigation of any irregularities. The Internal Audit Team also provides an assurance function to the Authority and to the Treasurer as to the adequacy of the Authority's financial and operational systems. The SLA was renewed in June 2009 for a further three-year contract to June 2012. The internal audit arrangements are slightly different in that Buckinghamshire County Council's Chief Internal Auditor is now a shared resource with Oxfordshire County Council. The Internal Audit Team is compliant with the CIPFA Code of Practice for Internal Audit.

The Standards Committee forms an integral part in upholding the values of good governance and high standards of conduct and behaviour. It meets on a quarterly basis to address all such issues. The members of the Standards Committee receive ongoing training on standards matters including discussing publications and guidance issued by Standards for England including its last ever Case Review published December 2010

The Standards Committee has scrutinised and commented upon the draft Protocol on Member and Officer Relations before recommending its acceptance by the Authority

The Standards Committee has received regular reports on the proposed changes to the ethical standards regime under the Localism Bill and options as to how assist the Authority to comply with the changes. It has submitted a formal submission to the *House of Commons Public Bill Committee on the Localism Bill* setting out its views.

<http://www.publications.parliament.uk/pa/cm201011/cmpublic/localism/memo/loc180.htm>

Training on standards issues for members supplements any training provided by their appointing councils and any received by district council members.

Progress is being made on addressing the equality framework for the fire and rescue service, including demonstrating compliance with legislation and requirements under the 10-year national strategy. The service is about to undertake a Peer Challenge at the achieving level of the Equality Framework having had its self-assessment well received. If it is successful the service will be consolidating its equality and diversity position and then will strive towards 'excellent' over the next three years. A People Impact Assessment (PIA) process has been developed and PIAs are being undertaken in all areas of the business. A positive action programme has been developed and being rolled out. This has included securing approximately £70,000 capital grant from the DCLG over the past two years.

There has been increased equality and diversity training and awareness amongst staff with 10 per cent trained in the NCFE Level 2 (with external scrutiny) and 70 per cent of staff trained internally. It is expected that 100 per cent of staff will have undertaken this training by the end of 2013. Across the organisation 188 PIAs have been completed with the equality and diversity team being involved in all of them to maintain scrutiny and meaningfulness.

There is now a more strategic focus on the role of the Corporate Diversity Working Group (DWG) to provide peer challenge, with lead officers for specific areas of equality chaired by the DCFO. Authority Members have demonstrated their commitment and leadership for the equality and diversity programme through signing the Equalities Charter.

The service has also implemented the principles of community cohesion and community engagement so as to improve the consultation with all sections of the community including the minority groups so that our activities and plans reflect the requirements of the community we serve.

d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

There are weekly meetings of the Senior Management Team with formal minuted meetings taking place monthly. Items for decision must be supported by papers which have been commented on by the Chief Finance Officer and the Monitoring Officer.

All committee papers and decisions are available on the website and are retained for inspection for at least six years.

The Authority maintains and updates a corporate risk register which is regularly reviewed and reported on to the Overview & Audit Committee. During 2010/11 a revised risk register was developed which has been reported to the Overview & Audit Committee. It has been loaded on to the Performance Plus software which is available to all senior managers online. Responsible officers review and update the risk register on a monthly basis. It is reviewed quarterly at the Overview & Audit Committee.

The Authority is currently redeveloping the Performance Plus software which will enable

the Authority to demonstrate the allocation of resources to its priorities and the achievement of planned outcomes for the communities it serves. This is termed as the 'golden thread' where all individuals, stations, departments and directorates have measurable objectives and targets clearly linked to the Authority's aims and objectives. Furthermore, the system will enable the Authority to track its performance, analyse, predict and communicate data with much shorter time lags than previously possible, devolving accountability for performance management to service level. Additionally, the improved recording of data will enable both the Senior Management Team and Members to have greater and more frequent access to a range of management information to support decision making.

Where applicable, legal and professional advice is sought to safeguard the Authority. As to be expected, there is a significant emphasis on health and safety at work procedures and training is given to staff at all levels. All incidents, especially where operational staff are involved in an accident or a 'near-miss' are recorded and reported to the internal Safety Panel where a review of practice and procedures can be acted upon. BFRS also underwent a RoSPA (Royal Society for the Prevention of Accidents) Audit in 2009. This highlighted some areas where further development is required but also demonstrated a clear improvement over the previous audit carried out in 2005. BFRS has since committed to a new Health & Safety Management System which will further improve health and safety management by ensuring that data is available to senior managers to ensure that decisions are based upon robust and reliable information. All insurance claims are dealt with on a similar basis. As a result of our good claims history we received an insurance premium rebate of approximately £7.7k in 2009/10. Monitoring of accidents and injuries to our staff as well as to the public is one of our key performance indicators. A report to the Safety Committee in 2010 showed that BFRS is one of the highest, and in some cases the highest performer in its peer group in relation to health and safety and the continued developments being made will continue to support that position. In 2009 the service was awarded the Safety Award by the British Safety Council, which was regained in 2010; only BFRS and Cheshire Fire and Rescue Service achieved this standard amongst British fire and rescue services.

The lawful activity of the Authority is monitored by the Monitoring Officer and the financial activity by the Chief Finance Officer (section 112 Officer). Officers and members are mindful of the wider 'place shaping' role of the fire and rescue service and we participate in a number of community activities to promote community cohesion and a safer environment. As part of our wider engagement work we have developed a community cohesion and engagement strategy. The work is lead by the BFRS Equality and Diversity Officer. The extended remit for the Equality and Diversity Team has required the internal transfer of resources from Operations, Human Resources and Statutory Fire Safety. Work in hand includes the aforementioned community cohesion mapping, and successful engagement with communities previously out of reach. An effective Internal Audit function also facilitates compliance with lawful activity.

The implementation of electronic ordering in March 2010 has reduced a significant governance risk identified by both internal and external audit as well as management. The new system has changed the emphasis on the control process to be at the requisition and purchase stage as well as the continuation of key controls at the payment stage. This has been enhanced by changing from a paper-based system to an electronic system to ensure that work is automatically sent to managers for approval.

The development of the SAP HR system will reduce the control weaknesses identified in previous audits and will ensure that the management and administration of employee benefits and payments will be linked to establishment control through an integrated system with the approved budgets and the financial ledger.

We have been rewarded, along with other authorities, for achieving targets in the Local Public Service Agreement II. The reward has, at the discretion of elected Members, been re-invested into further risk reduction strategies. This re-investment is to support the members' vision and statement 'making you safer'.

The Head of Internal Audit publishes an annual report on the Fire Authority's internal control environment. The conclusions for 2010/11 are set out in the review of effectiveness section below.

New legislative requirements, responses to consultations from central government and changing financial reporting requirements are managed through the relevant responsible officers. Continual professional development is an established practice for the service as a whole.

e) Developing the capacity and capability of members and officers to be effective

The new structure will allow for more effective management with more transparent and coherent reporting lines throughout the organisation. A number of policies have been developed to support and underpin the 'fit for purpose' structure. The policies already written relate to attendance management, harassment and bullying and substance abuse and will be supplemented by more to create an overall suite of policies relating to staff development and performance monitoring. A single individual performance management (appraisal) system is being developed for all staff to ensure strategic aims are translated into individual objectives creating a 'Golden Thread' throughout the service.

A new role is that of Retained Duty System (RDS) Training & Policy Officer whose aim will be to develop the process around recruitment of staff and ensure this improves efficiency and effectiveness of operational service delivery.

The re-shape of HR incorporating Learning and Development along with Operational Training supports culture change with teams working alongside each other on related issues; this will support workforce planning in terms of staff development and succession planning across the Service.

To deliver the Members vision for equalities and diversity, structural changes to support departments have been made. This includes the formation of an Equality and Diversity function within the Community Safety Department which has been further strengthened through the temporary inclusion of an operational staff member who is well placed to encourage involvement at station level.

All members were given an updated members' handbook detailing information on BFRS (e.g. fire stations, duty systems, contacts and photos of key members of staff, about the authority, about BFRS). This information is additional to the constitution information they receive (i.e. standing orders, financial regulations etc).

Preparation is ongoing for 2010 including induction days, briefings for members, possible electronic version of handbook/member area on website to make updating the information easier and manageable.

f) Engaging with local people and other stakeholders to ensure robust public Accountability

During 2008/09 we prepared a new Integrated Risk Management Plan (IRMP) covering the period 2009/10 to 2011/12, our fundamental planning document. The IRMP was subjected to formal public and stakeholder consultation using an independent research agency as

part of our ongoing efforts to improve the ways in which to engage with local people and other stakeholders. Effective engagement and the formation of Local Strategic Partnerships (LSPs) was a requirement for the Local Area Agreements. Our partners regard us as a “good partner”. During the summer of 2011 the Authority will begin to consult on the IRMP for 2012-17 taking in a new evidence base currently being established.

The Community Safety strategy targets the hard to reach and vulnerable communities and resource is concentrated on effective engagement with these groups through partnership working and special innovative programmes. As part of the LSP we engage with all groups through the Neighbourhood Action Groups (NAGs). The service has developed a vulnerable localities index (VLI) which is being used to illustrate which areas have the highest concentration of deprivation, risk and inequalities. This provides a “ready reckoner” of community well being, which can be monitored and used as a measure of partnership success, the financial viability of community projects can be attributed to a specific area, and a cost benefit analysis given to the investment. The VLI has been revised and modified to include four separate domains which allow segmentation of vulnerable groups. This allows the Operational neighbourhood Plans (ONPs) to be applied in a targeted way and risk reduction measured numerically.

We send out ‘After the Fire Questionnaires’ to all members of the public who are unfortunate enough to have a fire and require the services of the Authority. We will be improving our quality assurance work through additional sampling in both prevention and protection.

We receive a number of Freedom of Information requests and respond according to the legislative guidance.

The establishment of a discrete Audit Committee in 2009 was designed to improve the scrutiny function of the Authority and is based on the Audit Commission’s guidelines. Improvement plan etc, and monitoring from the Annual Governance Statement 09/10 Action Plan.

Our committee meetings are accessible to the public and the dates are published on the website as are the agendas and committee papers, minutes and decisions.

The financial data for the Authority, the budgets and finance reports are available on a discrete link and all budget monitoring reports are available as reported to the Executive Committee on a regular basis throughout the year. Reports are available in a variety of languages, Braille, large print and audio tape on request.

There is a policy for staff consultation and negotiation to enable staff to be involved with decision making which is currently under review. The changes to the station-based staff rostering systems have been implemented with the engagement of and in consultation with the Fire Brigade’s Union

g) Review of effectiveness

The Buckinghamshire & Milton Keynes Fire Authority has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment. The service has used an internal checklist process this year to quantify the degree of understanding and compliance with the

governance arrangements in each section of the service. The results of the checklist have fed into the action plan for 2010/11 set out in Appendix A.

A review of HR has developed a comprehensive action plan incorporating strategic objectives aligned to the corporate plan.

In addition, the Chief Internal Auditor's annual report, and comments made by the external auditors (the Audit Commission) the Operational Assessment and other review agencies and inspectorates (referred to earlier), the Audit Committee, and the Standards Committee are all sources providing scrutiny and recommendations upon which the management have drawn to compile the action plan.

Internal Audit Commentary

a) Summary of internal audit outcomes for 2009/10

Table 1: Audits undertaken and assurance opinion

Audit assignments	Level of assurance that risks material to the achievement of the system's objectives are adequately managed and controlled.				
	Days Planned	Days Actual	Adequacy of Controls	Adequacy of Compliance	Overall Assurance
Contracts & Contract Management	15	15	Limited	Limited	Limited
Budget Management	10	10	Reasonable	Reasonable	Reasonable
ICT Health Check Follow-up	7	7	Limited	Reasonable	Limited
Budget Setting	15	15	Reasonable	Reasonable	Reasonable
Core Financial Controls	15	15	Limited	Limited	Limited
Corporate Governance (Partnerships)	3	3	N/A	N/A	Limited
Performance Management	15	15	Limited	Reasonable	Limited
Procure to Pay Process	This audit has been deferred until 2011/12				
Corporate Governance*	10	10	Reasonable	Reasonable	Reasonable
Stocks & stock management **	10	10			
Human Resources	15	15	A management letter was issued – no audit opinion.		
ICT Dept. Governance follow-up	5	5	N/A	N/A	Limited
Total	120	120			

- * *The Corporate Governance report was a draft report at the date that this report was prepared.*
- ** *The Stocks and Stock Management audit report has not been issued at the date that this report was prepared.*

In addition to the above we have provided management supervision, adhoc advice and also detailed reports to Members on the implementation of recommendations from previous audit reports. The time spent by management has included attendance at meetings, responding to queries and requests for advice and the drafting of annual plans and reports for Committee.

In my opinion the Bucks & Milton Keynes Fire Authority's system of internal control and risk management facilitates the effective exercise of the Authority's functions. This provides **reasonable** assurance regarding the effective, efficient and economic exercise of the Authority's functions.

It is clear that although there is a considerable amount of work to be done in respect of consolidating controls within systems, each of the audits undertaken during 2010/11 demonstrates that significant progress has been made towards the goal of a strong governance framework. The Authority clearly already has strong budget setting and budget management controls in place as evidenced by those audit reports. Significantly, the audit opinion for the audit of the overall corporate governance of the Authority is reasonable.

The Core Financial Controls audit demonstrated the weakness which has been reported previously in relation to the accounts payable system. This weakness should be remedied by the introduction of the new electronic ordering (SRM) system which was rolled out at the beginning of the 2011/12 financial year.

There is considerable evidence that the Chief Fire Officer and the senior management team are addressing the task of improving governance and that reinforcing the internal control framework is being treated as a high priority. In addition, the internal audit reports are being used to help inform changes being made. The commitment to improving governance has been exemplified by the determination, resources and effort applied to the introduction and rolling out the new SRM system from the beginning of April 2011.

There has been some delay in progress in respect of the implementation of some of the recommendations arising from previous reports. This particularly relates to those arising from the Contracts and Contract Management audit and the IT Health Check audit. All the control issues are subject to action plans that mitigate risk and we report to management any areas where we consider that risks are not receiving adequate management attention.

The planned management actions to address significant governance issues raised in the internal audit reports listed above are included in the action plan attached at Appendix A.

Audit Commission Commentary

The Annual Audit Letter 2009/10 covered the Audit of the Statement of Accounts, the Whole Government Accounts return, the Use of Resources assessment, and the value for money conclusion. The Audit Commission issued an unqualified audit opinion on the financial statements and the whole of government accounts. The use of resources assessment was that at level two the Authority continued to perform adequately against expected standards. There was some evidence of beneficial outcomes for the community, partnership working and innovative practices. Good professional practice is being applied

across all areas of business with generally effective and embedded processes. Based on work completed for the use of resources assessment the Audit Commission issued an unqualified value for money conclusion for the arrangements for securing economy, efficiency and effectiveness.

Conclusion

As a result of the extensive work undertaken by the management team in reviewing internal structures and reviewing roles and responsibilities as well as the introduction of new systems and processes, working together with the Chief Internal Auditor, the External Auditors and our own Audit Committee, a plan (see Appendix B) is in place to address the weaknesses identified and ensure continuous improvement of the governance system is in place. Appendix A sets out progress against the delivery of 09/10 Annual Governance Statement action plan.

We propose over the coming year to take steps set out in Appendix B to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

David Rowlands

Chairman of the Buckinghamshire & Milton Keynes Fire Authority

Date:

Signed:

Mark Jones

Chief Executive and Chief Fire Officer of the Buckinghamshire & Milton Keynes Fire Authority

Date:

Significant Governance Issues to be addressed in 2010/11

Appendix A

	Issue	Action plan 2010/11	Lead Officer	Progress: Red, amber green	Issues Outstanding	Target Date to be Actioned:
1	Corporate Governance (Partnerships)	<ul style="list-style-type: none"> Ensure all partnerships are reviewed, and governance arrangements are underpinned by agreements which are signed and dated. All partnerships should have systems in place for monitoring and managing activity and spend to ensure compliance with performance targets. 	Deputy Chief Fire Officer		<ul style="list-style-type: none"> Completed Outstanding 	<p>March 11</p> <p>June 11</p>
2	Procurement processes and financial controls	<ul style="list-style-type: none"> Implement electronic ordering system in SAP to enforce controls for who can place orders, who can authorise orders, provide clarity for financial commitments, ensure only approved suppliers are used by staff, improve accuracy and speed of budget monitoring processes. Implement control procedures to ensure budget holders are adequately trained and financially skilled, understand their role and are aware of financial regulations and instructions and contract standing orders. 	Treasurer		<ul style="list-style-type: none"> Completed Completed 	<p>April 11</p> <p>May 11</p>
3	Control and management of corporate assets	<ul style="list-style-type: none"> Address issues associated with the current implementation of the asset management system: decision required whether to proceed with current application or purchase replacement. Resource appropriately. 	Director Support Services and Treasurer		<ul style="list-style-type: none"> Outstanding 	March 12

	Issue	Action plan 2010/11	Lead Officer	Progress: Red, amber green	Issues Outstanding	Target Date to be Actioned:
4	ICT governance	<ul style="list-style-type: none"> Following the ICT audit which raised a number of significant governance issues, the ACO Support Services will lead a strategic review of ICT management and service delivery and will report back to the Audit Committee his proposals and progress. 	ACO Support Services		<ul style="list-style-type: none"> Completed 	March 11
5	Corporate Governance Code and policies	<ul style="list-style-type: none"> Review and update the Corporate Governance Code and associated policy documents. Identify key governance documents and implement communications plan to all staff to raise awareness. 	Chief Fire Officer		<ul style="list-style-type: none"> Completed 	June 11
6	HR governance issues	<ul style="list-style-type: none"> The Interim Director has reported on his assessment to the Senior Management Team and has begun the urgent development of a Business Plan, which will address both the HR Team governance issues and those pertaining to the overall management of HR issues within the organisation. SMT will prioritise the plan and the Interim Director drive its implementation during his work with the Authority and then this will be handed over to the incoming permanent post holder to continue implementation. 	Director of HR		<ul style="list-style-type: none"> Completed 	March 11
7	Corporate Risk Register	<ul style="list-style-type: none"> Review the Corporate risk register – ensure risks are correctly identified and addressed. 	Deputy Chief Fire Officer		<ul style="list-style-type: none"> Completed 	Sept 10
8	Budget setting, including the Medium	<ul style="list-style-type: none"> Corporate plan to be agreed, including capital and 	Deputy		<ul style="list-style-type: none"> Completed 	Feb 11

	Issue	Action plan 2010/11	Lead Officer	Progress: Red, amber green	Issues Outstanding	Target Date to be Actioned:
	Term financial Plan which links to the Corporate Plan.	projects, such that departmental budgets are allocated according to need and in line with corporate priorities. Budget setting for 2011/12 to be supported by departmental service plans.	Chief Fire Officer and Treasurer			
9	Corporate Governance Strategy	<ul style="list-style-type: none"> Strategy to be developed and presented to the Executive Committee outlining how the Chief Fire Officer will accelerate the delivery of improved outcomes for the governance issues raised in the Chief Internal Auditor's report. 	Chief Fire Officer		<ul style="list-style-type: none"> Completed 	May 11
10	Monitoring progress and improvement of governance action plan	<ul style="list-style-type: none"> Establish progress monitoring procedures (officers). Report progress to each Audit Committee 	Chief Fire Officer		<ul style="list-style-type: none"> Completed 	May 11

Significant Governance Issues to be addressed in 2011/12

	Issue	Action Plan	Lead Officer	Target Date
1	Corporate Governance (Partnerships) Corporate Governance (Structure)	<ul style="list-style-type: none"> • All partnerships should have systems in place for monitoring and managing activity and spend to ensure compliance with performance targets. • Embed new governance structure: <ul style="list-style-type: none"> - New meeting structure - Creation of assurance boards - Performance management - Risk management 	DCFO	Quarterly Review 2011/12
2	Control and management of corporate assets	Address issues associated with the current implementation of the asset management system: decision required whether to proceed with current application or purchase replacement. Resource appropriately.	Director Service Support & Director of Finance	March 13
3	Corporate Governance Code and policies	<ul style="list-style-type: none"> • Review and update the Corporate Governance Code and associated policy documents. • Identify key governance documents and implement communications plan to all staff to raise awareness. 	CFO	June 11
4	ICT Management	<ul style="list-style-type: none"> • Review all policies • Timetable for ICT policy development and implementation 	Director Service Support	Sept 11

	Issue	Action Plan	Lead Officer	Target Date
5	HR Management	<ul style="list-style-type: none"> • Strategy review • Workforce planning • SAP HR system implementation • Equal pay audit 	Director HR	March 2012
6	Finance	Full integration of corporate planning and MTFP	Director of Finance	Sept 11 – Feb 12