



Review of Combination 'Go Live' arrangements

**Dorset Fire and Rescue Service
Wiltshire Fire and Rescue Service**

November 2015

Swindon Internal Audit Services: Combination 'Go Live' arrangements

Executive Summary

Background

The Dorset and Wiltshire Fire and Rescue Authority (Combination Scheme) Order 2015 was laid before Parliament on 4 March 2015. This paved the way for the current Wiltshire and Swindon Fire Authority and the Dorset Fire Authority to become a new combined fire authority from 1 April 2016.

Throughout the process, External and Internal Auditors of both Authorities have worked to provide independent assurance that the transition to the new Authority is properly managed. Previous reviews have appraised transition arrangements for the two Authorities, focussing on the robustness of the combination business case/transition planning.

KPMG (the External Auditors for both Dorset and Wiltshire Fire and Rescue Authorities) also completed a 'Stage 1 review of Transition arrangements'. This was an initial review that considered the overarching approach and progress achieved to date. This involved the understanding and assessment of project plans and assessments to support their value for money work. This will be reported to the Shadow Authority on 23 October.

Senior officers requested that a further (Stage 2) readiness to go live audit be carried out. Swindon Internal Audit Services was requested to provide assurance regarding arrangements for the following two areas:

- Finance
- IT and information management

The key lines of enquiry for the above areas were agreed with senior management and are set out in Appendix 1. This report sets out the findings and recommendations from that review.

Overall Conclusion

Finance

The Auditor found that required rules of procedure for the new Authority (Financial Regulations and Contract Standing Orders) have been drafted and reviewed by the Shadow Authority, with final amendments due for approval in February 2016. Roles and responsibilities for Members and Chief Officers and appropriate governance processes have been specified in both this document and a recently approved Financial Management policy document. This includes requirements for Treasury Management, Audit arrangements and Medium Term Financial Plans.

Work to define detailed processes for financial management is on-going, including reporting arrangements. The Chart of Accounts and a notional coding structure has been produced. However, until the organisational structure has been confirmed it is difficult to define the coding structure and detailed job specific procedures to support financial management processes.

A specific project, with a detailed mandate and plan is in place to merge the two Authorities finance systems into a single version of Agresso Business World. The project has robust governance and management arrangements in place, with regular reporting to senior managers and Members on its status. Testing of the system is planned in the new calendar year. Standing data in both Finance systems have been cleansed in anticipation of migration. However, there is currently no plan in place to test accuracy of data migrated between systems.

There will be short timescales available to update the system with the confirmed organisational structure and actual staff in roles as these will not be finalised until early 2016. These short timescales will need to be reflected in a pragmatic approach to the allocation of specific staff to roles in the Agresso system during the transition phase, e.g. for approval of orders.

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Work on the 2016/17 capital and revenue budgets and staffing plans for the next 24 months was at an early stage at the time of the audit, so could not be reviewed in detail. However, previous work undertaken by Internal Audit has confirmed the robustness of the process used to produce the combination business case, including functional reviews and savings that have been identified.

The most significant contracts have been identified and reviewed for both Authorities and a procurement plan for the next four years was produced in June 2015 as a result. This contract register is being fed into directorate planning for 2016/17 to ensure that renewal opportunities are not missed. Work is on-going to identify remaining contracts and procurement requirements.

Section 151 responsibilities have been allocated to the Director of Finance. Staff have confirmed that processes will be put in place to ensure that the Authority complies with the Code of Practice on Local Authority Accounting.

Recommendations

We have raised one medium and one low priority recommendation for the Authority and we do not consider these recommendations to be significant overall. These recommendations relate to carrying out accuracy checks on migrated standing data from existing financial systems and prioritisation of rolling out new ways of working to general staff in the new authority in line with available timescales and resource.

IT and Information Management

The Auditor found that there are clear plans in place for ICT and Information Management and that tasks required and timescales for completion were well understood by staff interviewed. Resilient designs for network integration and data-centre provision have been produced. Technical auditors from SWAP have been closely involved in the design and development of the planning.

Procurement is underway for supplies and services to support the consolidation and testing of all aspects are planned prior to go-live. Consolidation of the two organisations' Active Directories will be complex and there will be limited time to complete all aspects of this task as organisational structures and allocation of people to roles will not be complete until early 2016. However, this risk is mitigated by the proposed method of migration. This will allow required user access to continue beyond 1 April 2016, if all migration is not achieved by this date.

The new organisation will produce an Integrated Risk Management Plan/Corporate Plan. Both Authorities have identified joint strategic aims in their Community Safety and Corporate plans, in advance of this. Delivery plans for key strategies are being developed and to support this work the Head of ICT (Dorset) (who through a letter of agreement between the two Services is acting as the strategic ICT lead for both Services) has started work to develop an ICT Transitional Roadmap and a three year Software Development Plan with corresponding links to the Medium Term Financial Plan and corporate delivery plan.

A number of key information management policies have been drafted for the new organisation, including Data Protection Act and Freedom of Information. Some policies and supporting procedures will be consolidated after 1 April 2016.

Key suppliers have been contacted to agree the contracting and licensing approach for the new Authority, including for Microsoft and IBM products and services. Work is on-going to ensure that the Authority has identified all existing assets and agreements, prior to go live for licensing and planning purposes.

Recommendations

We have raised one medium priority recommendation for the Authority in this area however we do not consider these recommendations to be significant overall. The recommendation relates to roles in the new structure and ensuring that adequate capacity will be in place to deliver ICT related training. Other, lower priority recommendations have been communicated to staff, for example in relation to administration of the Information Asset Owner role.

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Detailed Findings

Finance

- Internal Audit has reviewed draft Financial Regulations and Contract Standing Orders and has found that they include appropriate rules of procedure for the new Authority. Governance arrangements for financial management are adequately specified within this document.
- The first draft of Financial Regulations and Contract Standing were approved by the Shadow Authority in July 2015. A revised draft with amendments and updated content is scheduled for review and approval by the Shadow Authority in February 2016 and therefore a final version will be in place prior to 1 April 2016.
- The scheme of delegation for the Authority was submitted and approved in July 2015.
- Financial management roles for Member and Chief Officers are specified clearly in Financial Regulations and Contract Standing Orders. This includes the Dorset and Wiltshire Fire and Rescue Authority, its Committees (e.g. Finance and Audit Committee), statutory officers, (e.g. the Chief Fire Officer, Monitoring Officer and Treasurer), the Clerk and other officers.
- A Financial Management policy document has been drafted that provides detail in relation to financial governance arrangements and how these will support the Authority in achieving its objectives. This includes requirements for Treasury Management, Audit arrangements and Medium Term Financial Plans.
- A proposed structure for the Finance department has been published and is currently in the consultation phase, to be confirmed in the new calendar year. The structure seen by the auditor appears appropriate.
- Work to define detailed processes for financial management is on-going. The Chart of Accounts has been produced and notional coding structure has been produced. However, until the organisational structure has been confirmed it is difficult to define the coding structure and detailed procedures to support financial management processes. Therefore, work to develop new processes will be progressed as much as possible over the coming months, but will not be finalised until the structure has been confirmed.
- Finance training relating to the new ways of working is planned to be delivered from February 2016 onwards, using a "train the trainer" approach. There will be limited time to deliver training to all new staff in post, so a training programme that identifies the staff most in need of training in new processes will be essential, so these can be trained first and then cascade the training to other staff as necessary.
- Workshops have been undertaken with relevant managers to capture financial reporting requirements and these are likely to remain similar to existing reporting processes in Authorities.
- A specific project, with a detailed mandate and plan is in place to consolidate the two Authorities finance systems into the new release of Agresso Business world. The project has robust governance and management arrangements in place, with regular reporting to senior managers and Members on its status. Workflows to support processes are present in the system, along with a notional coding structure. These areas will be developed further once the work on the organisation structure is complete and can be used to inform the detail coding and process design.
- System testing is planned prior to migration of the system into the live environment. This includes testing of the BACS/CHAPS system. There will be no parallel running of legacy and new finance systems, so thorough testing of the system will be essential to identify and manage risks and issues prior to system go-live.
- Standing data in both Finance systems have been cleansed in anticipation of migration. However, there is currently no plan in place to test accuracy of data migrated between systems.
- Full closedown of both Authorities' accounts is planned, with balances to be identified and verified by Finance staff and managers prior to transfer to the new Finance system.

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- Contracts have been identified and reviewed for both Authorities and a procurement plan for the next four years was produced as a result. This was also used to identify where services were provided to both Authorities by suppliers, so benefits from joining up the procurement approach with these suppliers could be identified. The Authorities most significant contracts were identified at this stage. There is an on-going exercise to identify other contracts and record these jointly in the Bluelight procurement system. The contracts are being appraised as they are identified to ensure that appropriate arrangements are made in relation to the new organisation.
- The Clerk to the Authority (Head of Legal and Democratic Services, Dorset County Council) has advised that provisions in the Combination Order transfer all rights and liabilities to the new Authority, removing the need to formally novate existing contracts with suppliers.
- The online procurement portal Bluelight is currently being updated with all known contracts and agreements for the two authorities and will be used as the central repository for contract information for the new Authority. There are contracts that have not yet been identified and included in Bluelight as at November 2015, but work is on-going to with service areas to ensure the contract register is complete, suppliers to the organisation are understood and that future required procurements can be planned for.
- Work is also on-going to determine how staff pension arrangements and schemes will be consolidated. Discussions during the audit with staff have confirmed that an options paper will be submitted to the Shadow Policy and Resources Group early in the new calendar year.
- Additional resource is being allocated to the Wiltshire Fire Authority procurement function to prepare for combination. Once this additional resource is in place, procurement policy and guidance will be produced to ensure that consistent procedures are in place and that there are clear instructions for how existing and future contracts with suppliers should be treated. This guidance will be produced by December 2015. The additional procurement resource will then be used to provide training to staff in the new policy.
- A joint asset register does not currently exist, although registers are held for individual authorities. Under the combination order it is understood the title for these assets will transfer automatically to the new Authority. There are plans post-April 2016 to review assets held, with a view to rationalisation and consolidation.
- Banking arrangements for the new Authority are still being discussed, so no assurance can be given on proposals and how balances/liabilities and investments will be dealt with at this time.
- Work on the 2016/17 capital and revenue budgets and staffing plans for the next 24 months was at an early stage at the time of the audit, so could not be reviewed in detail. However, previous work undertaken by Internal Audit has confirmed the robustness of the process used to produce the combination business case, including risk assessments, functional reviews and savings that have been identified. Financial monitoring shows that savings required to bring the organisation to a "steady-state" in 2015/16, ready for combination, have been achieved.
- Section 151 responsibilities have been allocated to the Director of Finance. Staff have confirmed that processes will be put in place to ensure that the Authority complies with the Code of Practice on Local Authority Accounting.

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Recommendations – Finance

#	Priority	Recommendation	Management response/Officer /Deadline
1	● Low	Finance System Standing Data Migration <i>Issue</i> No checks on the accuracy of migrated standing data are currently planned. <i>Risk</i> Errors are made in payments to suppliers. <i>Recommendation</i> Include in the project plan the testing of accuracy of migration of standing data to the new Agresso system.	Management Response: Officer: Deadline:
#	Priority	Recommendation	Management response/Officer /Deadline
2	● Medium Priority	New Ways of Working <i>Issue</i> There will be limited time to roll out new ways of working to staff once they have been confirmed in role, including allocating staff members to workflow roles in the Agresso system (for example to authorisation roles for requisitions and orders). <i>Risk</i> Insufficient staff with awareness of/responsibility for key financial management processes at the point of combination. <i>Recommendation</i> Produce prioritised training plans to ensure that key staff are aware of refreshed financial management processes for 1 April 2016 and are ready to cascade training to other staff.	Management Response: Officer: Deadline:

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IT and information management


- Plans are in place for ICT and Information Governance/Assurance work-streams. These identify actions required to meet the go-live date of 1 April 2016 and actions carrying into 2016/17. Risks in relation to the transition are being captured and reported regularly as part of on-going programme reporting.
- The proposed structure for the new ICT service has been published and is currently out to consultation. This includes one post for a Service Desk Technician, which has the potential to impact on response times and continuity of service. It is also understood from the Head of ICT (Dorset) that a resource for ICT related training has not yet been identified. Demand for both these services is likely to increase, particularly during the period of transition, due to the level of ICT related change being implemented.
- Resilient plans for combining and harmonising infrastructure and supporting services are in place and procurement is underway to meet required timescales for implementation, with some minor slippage that is not likely impact on readiness for go-live. Procurement and work to unify and update the Authorities' communications systems is underway, with testing planned for mid-to-late January.
- The design for Active Directory for the new organisation is complete and is in the process of being reviewed before implementation. Although the migration will be complex, the method that has been selected to underpin migration (creating trust relationships between existing Active Directories and the new Active Directory) will build in contingency to the process in the event that any migration has not been completed by 1 April 2016, so this risk is adequately mitigated.
- The Integrated Risk Management Plan and Corporate Plan for the new organisation will need to be produced to fully inform new ICT requirements for the organisation. However, the Head of ICT (Dorset) is working with business managers to identify ICT related requirements and build a three year Software Development Plan for the Authority, to support delivery plans for the new organisation that are currently being developed. ICT are working with Finance to incorporate identified requirements into future budgets and the medium term financial plan.
- A pragmatic approach to system consolidation is being taken prior to 1 April 2016, reflecting resources available to deliver projects required. As a result, two key systems (Agresso and Sycle) will be consolidated prior to 1 April 2016 and project plans are in place to manage these.
- As part of this longer term planning, the ICT Transitional Road Map is being refreshed currently by the Head of ICT (Dorset), alongside work to identify and refine future capital and revenue expenditure requirements for financial years 2016/17 and beyond.
- Work has already started to consolidate key ICT and information governance policies for the new Authority. Data Protection and Freedom of Information policies and supporting procedures have been drafted. An overarching Information Management policy has also been approved, setting out the high level approach in relation to how the new organisation will manage information. Policies and procedures have been externally validated by the Authority's CLAS (CESG Listed Advisors Scheme) consultants.
- A number of policies and procedures will not be consolidated until after the combination go-live date, including the Information Security Management System (ISMS) policies. As both organisations developed a number of these policies as part of the Secure Information Interchange group previously, policies are likely to already be broadly similar.
- E-Learning for "Protecting Information" is in place and ready to be delivered to staff.
- The Senior Information Risk Officer (SIRO) role has been allocated to the Director of Corporate Services.
- Although not yet formally allocated, it is understood that Information Asset Owner roles are likely to be allocated to Heads of Service, which reflects best practice guidance. Information Asset Owner training is planned for June to August 2016.

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- Work to identify ICT related contracts was undertaken earlier in the year. Key suppliers have been contacted to agree the contracting approach for the new Authority, including for Microsoft and IBM products and services. ICT contracts that have been identified to date are included in the four-year Procurement Plan for the authority.
- Work has also been undertaken to identify software and hardware assets, for procurement planning and licensing purposes. However, it is understood from the Head of ICT (Dorset) that this is on-going, with assets and agreements within Wiltshire still to identify. The planned completion date for this exercise is the end of 2015.
- A decision has been taken by Joint Leadership Team not to apply for PSN accreditation for the new Authority in the first year of Combination, instead using other services to communicate securely with relevant organisations (Egress secure mail). The Authority intends to re-join the PSN in 2016/17 and funds have been allocated to achieve this.
- Continued accreditation to consume Airwave services is required and plans are in place for completion of the Code of Connection and a supporting IT Health-check/penetration test.
- Responsibilities for ICT Security have been allocated between proposed Network and Security Manager and Information Manager roles which are currently pending consultation and comment.
- Resilience has been built into the design of the new network and data-centres and will be supported by appropriate back-up and failover services. As part of the "Resilient Data Centres Mandate", testing is planned prior to migration to ensure the data-centre and services function as expected, including back-up/failover arrangements.
- Work is being carried out currently to update disaster recovery and business continuity plans in conjunction with business process owners, with a planned completion date of February 2016.
- An action has been included in the Information Assurance action plan for Data Protection Act registration to the Information Commissioner in March 2016. It is understood that Information Asset Registers are in place for both Authorities, which will be consolidated following combination.

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Recommendations – IT and Information Management

#	Priority	Recommendation	Management response/Officer /Deadline
1	 Medium Priority	<p>New Ways of Working</p> <p><i>Issue</i></p> <p>Currently there is only resource for a single Service Desk Technician in the new structure and it is understood that no required resource for ICT training has been identified. The need and demand for both of these functions is likely to increase, especially at the point of transition, due to the high level of ICT related change that is currently being implemented.</p> <p><i>Risk</i></p> <p>Insufficient cover to ensure that ICT incidents are identified recorded and resolve on a timely basis. Training in new policies, procedures and systems cannot be delivered when required.</p> <p><i>Recommendation</i></p> <p>Monitor the impact of resourcing a single Service Desk Technician to ensure that service levels are met, especially during the period of transition where demand may increase due to the level of change in the ICT environment. Ensure that other staff are adequately trained and there is adequate capacity to undertake this role in the event of spare conditions for ICT incidents/calls or absence/holidays.</p> <p>Ensure that adequate capacity will be in place to deliver required ICT related training.</p>	<p>Management Response:</p> <p>Officer:</p> <p>Deadline:</p>

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Appendix 1 – Key lines of enquiry

Key Lines of Enquiry for each of the risk areas above have been agreed between the Joint Leadership Team, External Audit and Internal Audit providers.

Finance

(Lead: Simon Phillips – Swindon BC)

- Have financial management/governance structures been adequately defined, including at Committee level as well as individual Member and Officer Responsibilities?
- Have updated Financial Regulations, policies and Contract Standing Orders been drafted for the new Authority? Is training planned to communicate to staff and Members?
- Are Member and officer roles in relation to financial management clearly defined? Are officer roles in relation to finance confirmed in updated job descriptions?
- Have processes for on-going financial management been appropriately defined, e.g. coding structure, budget management, reporting arrangements?
- Is the plan to migrate finance systems and data robust and is it supported by robust project management arrangements?
- Are robust arrangements for closedown of the two authorities' accounts in place, including plans for the transfer and novation of assets and contracts sufficiently robust?
- Have arrangements for banking been defined and are there controls in place to ensure correct fund transfer into the new bank account?
- Has scenario planning and sensitivity analysis been used to inform financial planning and risk assessments
- Do proposed arrangements comply with statutory and regulatory requirements?

ICT

(Lead: Simon Phillips – Swindon BC)

- Have the future ICT needs of the new organisation been identified and planned for including the compatibility or suitability of existing systems?
- Have ICT risks in relation to the combination been identified and subject to appropriate mitigation where appropriate?
- How is information and ICT related policies and procedures from each organisation being aligned e.g. information security? Have Information Asset Owners been identified for the new Authority and are they aware of their responsibilities?
- Have ICT commitments and contracts been identified and considered in future plans?
- Are plans in place to ensure continuity of provision of GCSX/PSN services should this be required for the new Service?
- Are plans in place for how existing assets (hardware and software) and future assets of the two Services are going to be rationalised and managed? Where investment in ICT is required (including as part of the combination), have these costs been identified and factored into financial plans?
- Have incident management, disaster recovery and continuity plans been updated to support the new Service and ways of working?
- Are arrangements in place to register the new Authority with the Information Commissioners Office as a data controller?