

## Towards a Dorset & Wiltshire Fire & Rescue Authority

MEETING	Shadow Policy and Resources Committee
DATE OF MEETING	22 <sup>nd</sup> July 2015
SUBJECT OF THE REPORT	Internal Audit Review of Transition to a Combined Authority
STATUS OF REPORT	For open publication
PURPOSE OF REPORT	For information
EXECUTIVE SUMMARY	During any organisational change, there is an element of uncertainty and risk. Providing independent and objective assurance that risks are adequately identified, assessed and managed during a period of change is an important role for internal audit. This report provides stakeholders with assurance over the plans and arrangements for the transition.
RISK ASSESSMENT	Failure to provide robust assurance may lead to exposure of key risks.
COMMUNITY IMPACT ASSESSMENT	None for the purposes of this report
BUDGET IMPLICATIONS	None for the purposes of this report
RECOMMENDATIONS	It is recommended that Members note and comment upon the contents of this report.
BACKGROUND PAPERS	Joint Committee Minutes Policy and Procedure Prioritisation Plan Stakeholder Engagement Strategy and Action Plan Performance Reports
APPENDICES	None.
REPORT ORIGINATOR AND CONTACT	David Hill Executive Director South West Audit Partnership

## 1. Introduction

- 1.1 As Members are aware, 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 Dorset Fire Authority and Wiltshire and Swindon Fire Authority to become a new combined fire and rescue authority from 1 April 2016.
- 1.2 During any organisational change, there is an element of uncertainty and risk. Providing independent and objective assurance that risks are adequately identified, assessed and managed during a period of change is an important role for internal audit. This report provides stakeholders with assurance over the plans and arrangements for the transition.

## 2. Internal and External Audit

- 2.1 The Joint Leadership Team have been clear from the outset of a potential combination that Internal Auditors need to be involved from day one and during the whole life cycle of the programme. Therefore it is important to note that we have been involved on assurance, advice and guidance during the business base development phase; the formulation of the combination programme; programme governance and now in the delivery aspects in particular the ICT and HR aspects. We have a very positive and open relationship with officers driving the combination programme.
- 2.2 External Audit also have a responsibility under the Code of Audit Practice to issue a conclusion on both Fire Authorities' arrangements to achieve value for money. To do this they will carry out their own programme of work but this is a co-ordinated approach placing reliance on the work undertaken by Internal Auditor from the South West Audit Programme and Swindon Borough Council who provide Wiltshire's internal audit service.

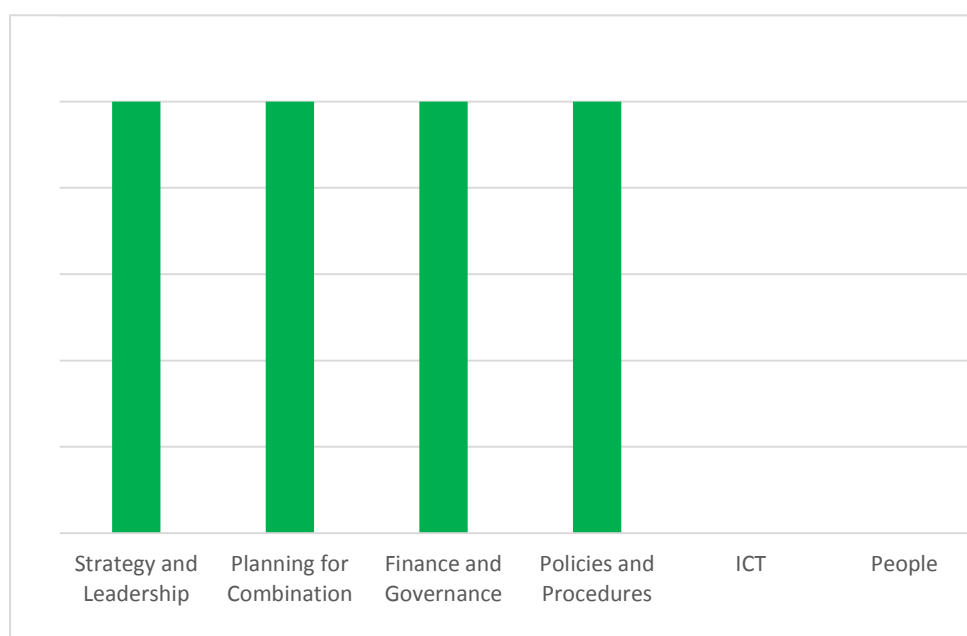
## 3. Programme Assurance

- 3.1 Against a number of key lines of enquiry associated with major change, the areas that we are reviewing fall under 6 headings:
  - Strategy and Leadership
  - Planning for Combination
  - Finance and Governance
  - Policies and Procedures
  - ICT and Information Management
  - People
- 3.2 For this report we are providing Members with assurance over the first four areas and the whole picture will be reported to the Shadow Policy and Resources Committee on the 17<sup>th</sup> September.
- 3.3 The work has involved a number of meeting with key officers; a review of key documents and procedures and some testing of the evidence.

## 4. Overall Delivery Confidence Assessment

To help keep the reporting simple and clear, we have provided a traffic light status and the following ratings apply:

- Green: Successful delivery of the programme appears highly likely and there are no major issues at this stage that appear to threaten delivery.
- Amber: Successful delivery appears feasible but significant issues already exist requiring management attention. These appear resolvable at this stage and if addressed properly should not present a delay in successful delivery.
- Red: Successful delivery of the programme appears to be unachievable. There are major issues on programme definition, schedule, budget required quality or benefits delivery which at this stage do not appear manageable or resolvable. The programme may need re-baselining and/or overall viability re-assessed.



## 5. Findings

### 5.1 Strategy and Leadership

One of the critical success factors for the programme was '*strong political leadership and direction of the transition to a new Combined Fire Authority and Service centred on the development and delivery of a modern and compelling vision*'. We have reviewed a number of key documents and had meetings with a range of officers to confirm this. We confirmed that there is strong evidence of sound leadership of the programme, with an effective joint leadership team who share a common vision and shared values for the new Service and how it will operate. Member's governance arrangements appear to be well structured and disciplined. The programme has a clear strategy behind it with all supporting arrangements aligned to the core delivery objectives.

## 5.2 Planning for Combination

Planning for the combination has been meticulous with sound programme management and clear strategic, tactical and administrative co-ordination and oversight. We have reviewed the programme management arrangements outlined in the '*Strategic Overview of the Strategic Combination Programme and Governance Arrangements for 2015/16*' adopted by the former Shadow Joint Committee at its March meeting. We have also been involved during the lifecycle of this programme to provide advice and guidance on a timely basis and to raise potential issues at appropriate milestones. We consider that these arrangements are sound and have clearly identified critical success factors, programme dependencies and milestones and key risks. The programme has clear and well defined objectives underpinned by robust delivery arrangements overseen by both senior officers and Members. The progress reports are comprehensive, well-structured and provided a sound example of good programme management arrangements.

## 5.3 Finance and Governance

As part of its continuous assurance, in June 2014, Internal Auditors from both Dorset and Wiltshire undertook a review of the Financial Appraisals supporting the Business Case for the new Combined Fire Authority for Dorset and Wiltshire. At that point we concluded that the processes involved and the internal challenge on the figures, from both Project Sponsors and Management Team, represented a thoroughly structured methodology. Further to this, we also undertook an audit of the figures which involved reviewing source documentation and a number of supporting calculations. Our conclusion was that we could provide assurance that the predicted financial savings were sound.

The original business case outlines savings of £5.5 million by 2017/18. The financial progress report was reported to the Joint Committee on the 4th June 2015 confirming the profile to achieve the savings by 2017/18 of £5.5 million. Each work stream has identified cashable savings and these are monitored on a monthly basis but suffice to say this is very early in the combination and therefore cashable savings identified are minimal.

We confirmed through our work that there are strong financial and governance arrangements in place with sound reporting processes to ensure that the financial savings targets and budgeted programme cost are met.

## 5.4 Policies and Procedures

In January 2015 a report was taken to the Joint Leadership Team dealing with the legal; compliance and prioritisation of policy statements and procedures within the combination programme deliverable by April 2016. The paper built upon experience elsewhere and proposed a comprehensive methodology for determining which policy statements and procedures would need to be aligned to ensure that the new Authority was able to demonstrate legal compliance.

We reviewed the '*Policy and Procedure Prioritisation Delivery Plan*' and looked in detail at one of the six work streams. This work clearly identified procedures and policies that need to

be in place by April 2016 for either legal compliance or high risk reputational damage. In addition we reviewed the procedures and policies that did not meet the above criteria and this also appeared reasonable.

We have therefore concluded at this point in time that the sound and correct processes are in place to ensure that the deliverable date of the 1<sup>st</sup> April 2016 is met. Officers are also taking the opportunity of reform to reduce the number of supporting procedures and simplify the current approach. This will undoubtedly improve the efficiency of the new Authority.

## 6. Overall conclusions

- 6.1 We have been impressed by the attention to detail and robustness of the work so far undertaken and have therefore given a positive risk rating against all of the dimensions that we have reviewed. Our conclusion is that the *“Successful delivery of the programme appears highly likely and there are no major issues at this stage that appear to threaten delivery”*.

## 7. Next steps

- 7.1 We will continue to engage over the forthcoming months, provide advice and guidance as appropriate, attend relevant committees and undertake additional assurance work at appropriate stages in the programme. Officers are maintaining a close engagement with us which is very encouraging and will support the continued success of the combination. Our wider findings of the two additional components will also support the audit opinions to each Authority by KPMG and be presented to the Shadow Policy and Resources committee on the 17th September 2015.