

Annual Governance Statement 2010/11 and Improvement Plan 2011/12

Report of the Chief Fire Officer

For further information about this report please contact Paul Raymond, Chief Fire Officer, on 01743 260203 or Martin Timmis, Head of Operations and Risk, on 01743 260285.

1 Purpose of Report

This report asks the Fire Authority formally to approve the Annual Governance Statement (AGS) 2010/11, which must be included as part of the Statement of Accounts 2010/11. It also asks Members formally to approve the AGS Improvement Plan 2011/12.

2 Recommendations

The Fire Authority is recommended to:

- a) Accept and sign-off the Annual Governance Statement 2010/11 (attached at Appendix A); and
- b) Approve the Annual Governance Statement Improvement Plan 2011/12 (attached at Appendix B).

3 Background

Corporate governance and Accounting Regulations require the Fire Authority to publish, on a timely basis, within its annual report, an objective, balanced and understandable statement and assessment of the Fire Authority's governance arrangements, including its risk management and internal control mechanisms, and their effectiveness in practice. This is known as an Annual Governance Statement or AGS. The Fire Authority has delegated responsibility for the development of the AGS to the Risk Management Group.

4 AGS 2010/11 and AGS Improvement Plan 2011/12

During April 2011, and in accordance with the Accounts and Audit Regulations 4 (2), officers have reviewed the effectiveness of the Authority's internal control systems, that constitute the Authority's Governance Framework, with the aim of identifying further improvements, where required.

This process involves the responsible officers signing 'Assurance Statements' for each of the areas for which they are responsible. Officer's statements were then reviewed by the Lead Executive Officer to ensure the areas identified for improvement were appropriate and achievable.

A requirement of Regulation 6 (3) of the Accounts and Audit Regulations 2011 is to review annually the effectiveness of Internal Audit. Shropshire Council provides this service and a report was accepted at their June Audit Committee that provides assurance on this, against CIPFA's Code of Internal Audit Practice for Local Government 2006. These 'Statements' have then been reviewed in light of the various audit reports received from Internal Audit over the last year, and together have formed the basis of the Annual Governance Statement 2010/11 and its associated Improvement Plan 2011/12.

The two documents, attached as appendices A and B respectively, were approved by the Fire Authority's Audit and Performance Management Committee at its meeting on 8 September 2011 and are now forwarded for signing by the Chair of the Fire Authority, the Chief Fire Officer and the Treasurer.

5 Financial Implications

There are no financial implications resulting directly from this report.

6 Legal Comment

The AGS is a legal requirement of the Accounts and Audit Regulations 2011 and must accompany the Fire Authority's Statement of Accounts. The Improvement Plan will assist the Authority in achieving compliance in this area.

7 Equality Impact Assessment

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Human Resources 5 Part 2) and have decided that there are no discriminatory practices or differential impacts upon specific groups arising specifically from this report. An Initial Equality Impact Assessment has not, therefore, been completed.

8 Appendices

Appendix A

Draft Annual Governance Statement 2010/11

Appendix B

Draft Annual Governance Statement Improvement Plan 2011/12

9 Background Papers

There are no background papers associated with this report.

Draft Annual Governance Statement 2010/11

To accompany the Statement of Accounts 2010/11

Scope of Responsibility

Shropshire and Wrekin 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, used economically, efficiently and effectively.

The 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 Fire Authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The 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'.

A copy of the Code is on our website at:

<https://www.shropshirefire.gov.uk/sites/alpha.shropshirefire.gov.uk/files/fra/members%20handbook/04%20-%20code%20of%20corporate%20governance%202010-11.pdf>

A paper copy can be obtained from the Corporate, Performance and Operations Department within the Service.

This Statement explains how the Fire Authority has complied with the Code and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011 in relation to the publication of an Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the Fire Authority is directed and controlled, and the activities through which it accounts to, engages with, and leads the, community. It enables the Fire 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 Shropshire and Wrekin 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 Shropshire and Wrekin Fire Authority for the period of the 2010/11 accounts.

The Governance Framework

The Fire Authority's governance framework comprises many systems, policies, procedures and operations in place to:

- identify and communicate the Authority's vision of its purpose and intended outcomes for citizens and service users;
- review the Authority's vision and its implications for the Authority's governance arrangements;
- measure the quality of services for users, ensuring they are delivered in accordance with the Authority's objectives and that they represent the best use of resources;
- define and document the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- develop, communicate and embed codes of conduct, which define the standards of behaviour for members and staff;
- review and update standing orders, standing financial instructions, the scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- undertake the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities;
- ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;
- enable whistle-blowing and the receiving and investigating of complaints from the public;
- identify the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training;
- establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- ensure good governance arrangements in respect of partnerships and other group working.

Review of Effectiveness

The 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 overall responsibility for the development and maintenance of the governance environment, as well as:

- the Fire Authority's Monitoring Officer;
- Legal advisors to the Fire Authority;
- Internal Auditors; and
- Managers within the Fire Authority, who have day to day responsibility for ensuring the governance framework is functioning correctly.

Comments made by the External Auditors and other review agencies and inspectorates in their Annual Audit Letters and other reports also contribute to this review.

Throughout 2010/11, the Fire Authority has maintained, reviewed and improved its system of internal control in a number of ways. In particular:

- a) The Authority continues to monitor expenditure for all capital schemes;
- b) On-going review of our employment policies is undertaken and, where necessary, policies are modified or created to ensure compliance with all applicable legislation;
- c) Officers have improved financial management by carrying out a full review of Retained Duty System station activities resulting in more accurate budgets, including for pay, retaining fees and variable payments, and contributing to the public value process used to examine the scope for budget savings. This will allow officers to compare like stations budgetary controls over time.
- d) During the year the Authority has improved its strategic management arrangements by introducing the Public Value Model into planning processes. Through extensive consultation this has provided the basis on which the Authority will make considerable savings, whilst delivering an effective frontline service with minimal disruption.
- e) The Service has developed an assurance statement for information and communications technology functions.
- f) The Fire Authority has received and/or adopted:
 - Statement of Accounts 2009/10;
 - Performance Plan 2010/11;
 - Public Value outcomes;
 - Annual Audit Letter 2009/10;
 - Budget Monitoring reports;
 - External and peer inspections;
 - Periodic performance reports;
 - The Medium Term Financial Plan, strategy and budget.

- g) The Fire Authority's Chief Officers Group and Service Performance Group of officers carry out a continuous assessment of the implementation of policies and procedures throughout the organisation, including following up on progress made towards last year's Improvement Plan.
- h) Internal audits have been undertaken with a number of planned reviews of systems and internal control procedures across a range of functions in the Fire Authority. Each review contains an opinion on the internal controls in place and any weaknesses result in recommendations for improvement, which are implemented by management. Progress against these recommendations is monitored by the Risk Management Group, with regular reports to Service Performance Group and to the Audit and Performance Management Committee.

Audits completed by Internal Audit during 2010/11 related to:

- Payroll
- Risk management
- Creditors
- Fleet and asset management
- Review of previous recommendations (made prior to April 2009)
- Review of previous recommendations (made in 2009/10)
- Corporate governance
- Partnerships
- Purchasing and procurement

Internal Audit will be conducting audits into the following areas during 2011/12:

- Payroll and personnel, travel and subsistence
- Corporate governance
- Budget preparation and control
- Capital accounting and budgeting
- Risk management
- Computer systems
- Fraud and corruption

Significant Internal Control Issues

No significant issues were raised in the Annual Audit Letter 2009/10. The relatively minor points arising from these reviews are being used to enhance the existing system of controls, particularly with regard to information and information and communications technology security.

The Fire Authority undertook a review of its systems of internal control, which underpin its governance framework, during April / May 2011. An Annual Governance Statement (AGS) Improvement Plan 2011/12 has been produced, based on the findings from this process. Progress made against the Plan will be monitored by the Risk Management Group, with quarterly progress reports to the Fire Authority's Audit and Performance Management Committee and the Service's Chief Officers Group.

A summary of the areas for further development, contained in the AGS Improvement Plan 2011/12, is given below:

1. Finance Management

As a result of anticipated retirement the Service needs to review tasks and structures associated with financial matters and to ensure that the duties of the Treasurer are continued effectively.

2. Resource Management

The Service needs to complete the implementation of the Asset Management System.

3. Risk Management and Business Continuity Planning

Internal audit has identified that members of the Risk Management Group require some measure of training and/or qualification to ensure that all risk related issues are dealt with in line with best practice.

4. Operations

Fire Control will be relocated to the new Shrewsbury Headquarters. The successful completion of this project is vital to our continued high standard of service delivery.

5. Health and Safety Management

Review to identify any improvements, and if necessary develop an action plan, to assess and implement the findings of the Health and Safety Executive consolidation report, based on the eight inspections completed in 2009/10

6. Area Command

Following a Departmental review considerable structural change is required to provide appropriate support to front line staff, particularly Retained Duty Service firefighters. This change has commenced and will be fully implemented during 2011/12.

7. ICT and Communications

Following a complete failure of the ICT local area network and temporary loss of data the whole Local Area Network requires redesigning to ensure that any future failures are minimised and loss of data prevented. This must include security of access and change control systems.

Signed:

Stuart West
Chair of Shropshire and
Wrekin Fire Authority

Paul Raymond
Chief Fire Officer

Rachel Musson
Treasurer

Annual Governance Statement Improvement Plan 2011/12

Area of review	IRN	Improvement required	Improvement Owner	Progress to date	Completion date
Financial Management	1	As a result of anticipated retirement the Service needs to review tasks and structures associated with financial matters and to ensure that the duties of the Treasurer are continued effectively.	Joanne Coadey	Shropshire and Wrekin Fire Authority has entered into a Service Level Agreement with Shropshire Council to provide both Treasurer Services and Section 151 Officer.	Completed
Resource Management	2	The Asset Management System (AMS) has not yet been implemented. The Service is not able to demonstrate compliance with standards. Complete implementation in accordance with reviewed project timescales.	Andrew Kelcey	The suppliers of the AMS have now been contracted to populate the asset information onto the system. Completion date not yet agreed with supplier.	Not yet determined
Risk Management and Business Continuity Planning	3	Internal audit has identified that members of the Risk Management Group require some measure of training and/or qualification to ensure that all risk related issues are dealt with in line with best practice.	Martin Timmis	The Service is currently identifying suitable opportunities. It is likely that the risk reference will be vested in a different officer in the near future. This officer will be qualified to Management of Risk standards.	December 2011
Operations	4	Fire Control will be relocated to Shrewsbury (new) HQ.	Martin Timmis	The relocation project is being managed through the Shrewsbury HQ Programme. Building is complete and work to migrate Control functions is on schedule.	December 2011

Health & Safety	5	Review to identify any improvements, and if necessary develop an action plan, to assess and implement the findings of the Health and Safety Executive consolidation report, based on the eight inspections completed in 2009/10.	Andy Perry	Recommendations have been reviewed and an action plan is in place. Whilst not all actions have yet concluded and/or will continue into the future, this improvement is complete.	Completed
Area Command	6	The reduction in Group Managers in the Department, as a consequence of the budget cuts, meant that the structure of the Department would not continue to be able to deliver the Service's stated Aims and Objectives in the most effective way.	Andy Johnson	Structural change within Area Command is complete and is now embedded within the Service. The Department has been restructured into 2 Groups, rather than 3 Districts.	Completed
Area Command	7	As Phase 2 of the District Support Team Project will not proceed, because of the budget cuts, there will be a shortfall in the resources originally planned to support Retained Duty System (RDS) management and development, which will impact on our ability to continue to professionalise the RDS service.	Andy Johnson	Resources within the Department as a whole have been redistributed to take account of this change. We have moved one of the Station Managers from the Shrewsbury, Telford and Wrekin Group across to the Shropshire Rural Group.	Completed
ICT and Communications	8	Following a complete failure of the ICT local area network and temporary loss of data the whole LAN requires redesigning to ensure that any future failures are minimised and loss of data prevented. This must include security of access and change control systems.		The CFO has instigated an Internal Audit investigation. Intrinsic has been employed to completely rebuild the LAN in the new HQ with robust mirrored server data recovery at the Telford Central site. Until this is completed a robust data back up system is in place. Further actions will arise from the recommendations of Internal Audit.	November 2011