

## Annual Governance Statement 2008/09

### Report of the Chief Fire Officer

For further information about this report please contact Alan Taylor, Chief Fire Officer, on 01743 260225, Paul Raymond, Chief Fire Officer Designate, on 01743 260203 or Andy Perry, Integrated Risk management Planning Manager, on 01743 260182.

### 1 Purpose of Report

This report asks the Fire Authority formally to approve the Annual Governance Statement (AGS) 2008/09, which must be included as part of the Statement of Accounts 2008/09. It also asks Members formally to approve the AGS Improvement Plan 2009/10.

### 2 Recommendations

The Fire Authority is recommended to:

- a) Accept and sign-off the Annual Governance Statement 2008/09; and
- b) Approve the Annual Governance Statement Improvement Plan 2009/10.

### 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, which is made up of the Fire Authority's Risk Management and Audit Champion and officers.

## **4 AGS 2008/09 and AGS Improvement Plan 2009/10**

Following due process, at their meeting on 17 June 2009 the Service's Policy Group formally agreed a draft Annual Governance Statement 2008/09 and draft AGS Improvement Plan 2009/10, requesting it proceed to the Fire Authority for ratification and signing by the Chair of the Fire Authority, the Chief Fire Officer and the Treasurer. The AGS will then be amalgamated into the Statement of Final Accounts 2008/09. These documents are attached as Appendix A and B respectively to this report.

The monitoring of progress against the AGS Improvement Plan over the next twelve months will be undertaken by the Audit and Performance Management Committee, as detailed in that Committee's Terms of Reference.

## **5 Financial Implications**

Any significant budgetary implications, brought about by the improvements proposed in the Plan, have already been considered, either as part of the Fire Authority's Budgetary Planning Process or within each Department's Business Planning process.

## **6 Legal Comment**

The AGS is a legal requirement under the Code of Practice on Local Authority Accounting in the United Kingdom and must be included in the Fire Authority's Statement of Accounts 2008/09. The AGS Improvement Plan will assist the Authority in seeking continuous improvement in this area.

## **7 Equality Impact Assessment**

This report is purely a statement about the effectiveness of current internal controls within the Authority and so the recommendations within the report have no impact on people.

## **8 Appendices**

### **Appendix A**

Annual Governance Statement 2008/09

### **Appendix B**

AGS Improvement Plan 2009/10

## **9 Background Papers**

### **Audit and Performance Management Committee**

12 March 2009, Report 19 - Timetable for the Annual Governance Statement

Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	*
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	*
Financial	*	Staff	
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*



Directorate	Performance Improvement Department	Department/Section	Performance and Risk
Name of officers completing (minimum of 2)	Andy Johnson Andy Perry	Job title	Head of Risk Integrated Risk Manager
Name of Policy/Service/Activity to be assessed	Report to Shropshire and Wrekin Fire Authority introducing the AGS 2008/09 and Improvement Plan 2009/10	Date of assessment	2 June 2009
New or existing policy	N/A		

**1)** Briefly describe the aims, objectives and purpose of the policy/service/activity (referred to as policy in document) and also consider the following:

- What are the key performance indicators?
- Who is intended to benefit or be affected by it? (is this positive or negative)
- What outcomes do you want to achieve from this policy?

This report brings a draft Annual Governance Statement (AGS) and associated Improvement Plan to Policy Group for their consideration and approval prior to signing. The AGS is a legal requirement which requires the Authority to review its internal control processes to ensure they help the Authority to achieve its stated aims and objectives. This report therefore relates to how our processes work, rather than the changes to service delivery brought about by those processes.

There are no direct benefits to our employees or customers from this report. However, there should be indirect benefit through ensuring our governance processes are capable of identifying priorities and driving service improvement in all required areas.

Improved corporate governance processes in the Authority.

**1 a)** Who implements this policy? All Officers are involved in implementing the improvements

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**2)** How does your current policy meet the needs around age, disability, race, religion/belief, gender, sexual orientation and caring responsibilities?

No impact on people

Are there any obvious barriers to accessing the service? E.g. physical or other.

**2a)** Where do you think improvements could be made?

N/A

<b>2b)</b> Have issues of equality been identified in this area of service delivery by SFRS?	N/A		
<b>3)</b> Have we had any specific feedback or complaints on this area?  Is there evidence that this has come from any of these specific groups: race, gender, disability, religion/belief, age, sexual orientation, caring responsibilities?	No		
<b>3a)</b> Do we have any feedback from managers or frontline staff on this policy?	The procedure is a Legal requirement rather than a policy.		
<b>3b)</b> Is there any feedback from voluntary/community organisations?	N/A		
<b>3c)</b> Is there any research / models of practice that may inform SFRS view?	This procedure follows best practice guidance "Code of practice on Local Authority accounting in the UK".		
<b>4)</b> Detail the Actions / Improvement areas you have identified, or the need for further research. (These must be put onto the Action and Improvements Form <b>FB 367</b> for consideration by Steering Group)  If you have found considerable actions or research this will require you to proceed to a full assessment.	N/A		
<b>5)</b> Should the policy now proceed to a full impact assessment?		N	Please detail

**I am satisfied that this policy has been successfully impact assessed. I understand the Impact Assessment of this policy is a statutory obligation and that, as owners of this policy, we take responsibility for the completion and quality of this process.**

Line Manager		Date	
Please note that this impact assessment will be scrutinised by the Equality and Diversity Officer.			

**Appendix D**

**Equality Impact Assessment Actions and Improvements Form**

When you have completed the Equality Impact Assessment a number of actions or improvement areas will have been identified, it is important that these are captured and put into normal work activities. In some cases there maybe a few small actions required in other cases you will need to process to a full impact assessment, you will need to complete this form for both of these situations when you identify actions that need completing, or have identified that future investigation will require specific resources that need to be put into the business planning process.

This form is to allow you to record the outcome from your impact assessments so that the actions or improvements can be carried out by your Department and monitored and in some cases approved by the Equality and Diversity Steering Group. Please ensure that this form is given to your line manager for discussion at your team or one to one meetings for incorporation into individual work plans.

<b>Directorate:</b>	<b>Department:</b>
<b>Brigade Order/activity that has identified need, issue/objective:</b>	<b>EQIA No:</b>

Action	Comments inc. Details of Consultations required/carried out	Resources / Finances allocated to this objective/target	How will this be monitored to ensure it is effective	Responsible for this action	Due Date	Progress

<b>Head of Department</b>		<b>Date completed</b>	
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This form must be sent to Management Support when completed for monitoring and/or consideration by the Equality & Diversity Steering Group

## Annual Governance Statement

For inclusion in the Statement of Accounts 2008/09

### 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, and 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:

<http://www.shropshirefire.gov.uk/engine/managing-the-service/cfa/members-handbook/section-1.htm>

or can be obtained in paper form from the Corporate Services Department within the Service.

This statement explains how the Fire Authority has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

### The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Fire Authority is directed and controlled and its 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 the Shropshire and Wrekin Fire Authority for the year ended 31 March 2009 and up to the date of approval of the annual report and statement of 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 in 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 2008/09, the Fire Authority has maintained, reviewed and improved its system of internal control in a number of ways. In particular:

- a) The Authority's financial monitoring, reviewing and reporting systems have been improved for all capital schemes.
- b) A review of our current employment policies has been undertaken and where necessary modified or created to ensure compliance with all applicable legislation.
- c) A Water Supply Strategy has been introduced to ensure a sustained water supply anywhere in the County within 60 minutes.
- d) The Authority's operational resilience has been improved to ensure the delivery of front line services frontline during incidents that may in themselves cause severe disruption to our Service.
- e) An Improvement Plan has been introduced to meet the requirements of the recently developed Operational Resilience Contingency Plan (ORCP).
- f) The Authority has developed a strategy that will ensure a sufficient number of staff, with appropriate levels of skills, knowledge and experience, is maintained in Fire Control up to cut-over to the Regional Fire Control Centre. An Initial Staffing Pool' staff are now working in Fire Control and gaining skills and experience. Cut-over date for Shropshire has been put back to February 2011.
- g) The Fire Authority has received and/or adopted:
  - Statement of Accounts 2007/08;
  - Performance Plan 2008/09;
  - Integrated Risk Management Plan and Action Plan;

- Annual Audit Letter 2007/08;
  - Budget Monitoring reports;
  - External inspections;
  - Periodic performance reports;
  - The Medium term financial plan, strategy and budget.
- h) The Fire Authority's Policy Group of officers carries 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.
- i) 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 Policy Group and to the Audit and Performance Management Committee.

Audits completed by Internal Audit during 2008/09 related to:

- Payroll
- Fraud and Corruption
- Corporate Governance
- Firefighters pensions
- Capital Accounting and Budgeting
- Computer Services
- Health and Safety
- Data Quality

Internal Audit will be conducting audits into the following areas during 2009/10:

- Payroll
- Capital Budgeting and Accounting
- Risk Management and Business Continuity
- Corporate Governance
- Review of Annual Governance Statement
- Fraud and Corruption
- Vehicle Fleet
- Income Collection and Sundry Debtors
- Asset Management
- Purchasing/Procurement

The Fire Authority underwent various audits in relation to the 2008/09 Comprehensive Performance Assessment (CPA), by the Audit Commission. The assessments covered the following themes:

- What progress the Authority is making in achieving its improvement priorities;
- How the Authority manages its finances and provides value for money; and
- How well the Authority is actually delivering the service to the communities of Shropshire.

Combined with the 'Good' rating obtained from the CPA 2005 process, the results from this process have resulted in the Authority being rated as 'Improving Strongly'. The Authority is looking to maintain these excellent results in this year's new Comprehensive Area Assessment (CAA) process which has replaced CPA.

### **Significant Internal Control Issues**

No significant issues were raised in the Annual Audit Letter 2008/09. The minor points arising from these reviews were used to enhance the existing system of controls.

The Fire Authority undertook a review of its systems of internal control, which underpin its governance framework, during April and May 2009. An Annual Governance Statement (AGS) Improvement Plan 2009/10 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 Policy Group.

A summary about the various areas for further development, contained in the AGS Improvement Plan 2009/10, is given below:

#### **1. Finance Management**

- 1.1. An electronic recording system for retained duty system personnel documentation is being looked into, as the current system is a manual one, with funding set aside in the capital programme;

#### **2. Strategic Planning Process**

- 2.1. A Communications and Consultation Strategy will be developed to ensure the Authority has an integrated approach to providing information to, and getting feedback from, everyone that has a vested interest in the Service;

#### **3. Fire Safety**

- 3.1. Our risk profiling process is to be enhanced to improve the information provision by other agencies, who are in contact with vulnerable people, to enable us to focus on and coordinate our resources and activities to those most at risk from fire;

#### **4. Resource Management**

- 4.1. The new Asset Management System (AMS) will be implemented, thereby ensuring the Authority is able to fully demonstrate how its assets comply with all relevant legislation and standards;

#### **5. Human Resource Management and Training**

- 5.1. it has been identified that new brigade policies and orders are required to enable a more formal procedure for the management of capability/performance of personnel in the brigade;

#### **6. Risk Management and Business Continuity Planning**

- 6.1. Departmental contingency plans currently rely on paper based backup systems. The resilience of the services IT system backup facilities will be improved to overcome this limitation. Assurance of the systems, through appropriate testing, will be completed;

#### **7. Fire Control convergence**

- 7.1. To provide a contingency plan for all eventualities, it is necessary to develop a contingency plan for the continuation of the Fire Control function in Shropshire in the event that the national FiReControl project fails to deliver its objectives on time.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the services Policy Group, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Signed:

Chair of Shropshire and  
Wrekin Fire Authority

Paul Raymond  
Chief Fire Officer

Keith Dixon  
Treasurer

## Draft Annual Governance Statement Improvement Plan 2009/10

Area of review	IRN	Improvement required	Improvement Owner	Completion date
Financial Management	1	Retained duty system personnel payment documentation (FB76) can only be checked manually.  All retained duty system personnel payment documentation (FB76) is checked manually. An electronic recording system is being looked at with funding in the capital programme.	Joanne Coadey	09/2010
Strategic Planning Process	2	With no formal communication strategy in place, the Authority cannot be sure it is providing information to, and getting feedback from, everyone that has a vested interest in the Service.  A Communication Strategy will be included within the new Communications and Consultation Strategy.	Steve Worrall	12/2009
Fire Safety	3	Our current risk profiling process is not adequate to enable us to focus on those homes most at risk from fire.  Improve information provision by other agencies who are in contact with vulnerable people and develop our profiling processes.	Mike Ablitt	03/2010
Resource Management	4	The new Asset Management System has not yet been fully implemented. Service is not able to demonstrate compliance with standards.  Complete implementation in accordance with project timescales.	Andrew Kelcey	08/2009
Human Resource Management and Training	5	There are currently no separate formal procedures on the management of capability/performance of personnel.  Produce a policy, brigade order and consult with the representative bodies on the management of capability /performance of personnel.	Louise McKenzie	03/2010

Risk Management and Business Continuity Planning	6	<p>Departmental "Battle Boxes" have not yet been finalised due to questions raised due to uncertainties around the resilience of the IT systems backup available for each department.</p> <p>Ensure our IT system backup capabilities are able to support departmental requirements during all likely business continuity situations, allowing each department to finalise the contents of its Battle Box.</p>	Andy Johnson	09/2009
Fire Control Convergence	7	<p>No formal contingency plan is available if the national FiReControl project fails to meet its objectives.</p> <p>The development of a contingency plan for Fire Control if the national project fails to deliver its objectives.</p>	Jim Cameron	12/2009