Lancashire Fire & Rescue Service Statement of assurance on governance arrangements, including risk management and internal control

Lancashire Fire & Rescue Service is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

In discharging this overall responsibility, LFRS 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 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.

As the Executive Board, we have responsibility for maintaining a system of sound internal control including risk management that supports the achievement of the Authority's and the Service's objectives, and for reviewing its effectiveness. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of these objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

However the system of internal control is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore provide only reasonable and not absolute confidence that the risks of failure have been mitigated.

As Executive Directors, we are responsible for reviewing the effectiveness of the governance arrangements including system of internal control and risk management processes operating within the Service. The review of the effectiveness of the governance arrangements including the system of internal control has taken into account the following:

- The adequacy and effectiveness of management review processes;
- Outcomes from the formal risk assessment and evaluation (the risk register);
- Relevant self-assessments of key service areas within the Service;
- Relevant internal audit reports and the implementation of recommendations made by the Audit Service; and
- Outcomes from reviews by other bodies including external and statutory inspectorates and the external auditors.

We are satisfied that, except for the matters identified below, effective governance arrangements are in place, including a sound system of internal control throughout the year ended 31 March 2018 and is on-going.

- Complete review of Scheme of Delegation
- Complete review of staff recognition
- Create a new Intranet, incorporating social networking to connect staff across the service

We propose to take steps to address the matters identified to enhance the adequacy of the Services internal controls.   We are satisfied that these steps will enhance the system of internal control and the overall governance arrangements and we will be monitoring their implementation and operation.

SOURCES OF ASSURANCE:
LANCASHIRE FIRE AND RESCUE SERVICE/LANCASHIRE COMBINED FIRE AUTHORITY 2017/18

KEY ELEMENTS OF GOVERNANCE	ASSESS-MENT	COMMENTS
Developing codes of conduct which define standards of behaviour for members and staff, and policies dealing with whistleblowing and conflicts of interests and that these codes and policies are communicated effectively	Good	Set of values agreed by the Authority - STRIVE Constitutional standing orders reviewed Member and employee codes of conduct Register of interests, and on-going declaration of these Register of gifts and hospitality Appropriately qualified Clerk to the Authority Anti-bribery and whistle-blowing policies in place Register of complaints and compliments Complaints against Members considered as a standing CFA item Minimal number of complaints No substantiated complaints against the service
Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.	Good	All Committee and Authority reports contain section on financial implications. Legal implications are contained within the body of every report as appropriate. The Treasurer/Director of Corporate Services and Monitoring Officer examine all reports to the Authority and its committees to enable legal and financial implications to be considered and provision included where appropriate The Monitoring Officer and Treasurer/Director of Corporate Services attend Authority/Committee to provide advice as required

SOURCES OF ASSURANCE:
LANCASHIRE FIRE AND RESCUE SERVICE/LANCASHIRE COMBINED FIRE AUTHORITY 2017/18

KEY ELEMENTS OF GOVERNANCE	ASSESS-MENT	COMMENTS
Documenting a commitment to openness and acting in the public interest, and compliance with the principles of Data Transparency	Adequate	Compliance with Transparency code Publication scheme on the website. Compliance with FOI requirements Pay Policy Statement approved by the full Authority and published on the service website Annual Report Annual Assurance Statement Public meetings Publication of information on website, including Committee agenda and minutes Information Management Strategy updated
Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.	Good	Comprehensive communication and consultations strategies in place Positive evidence of proposals being amended following outcomes of consultation Annual report published, including summary financial information Key documents published on internet Constructive dialogue with representative bodies Register of complaints and compliments Annual Assurance Statement available on the website The External Auditors Annual Audit Letter did not identify any issues

SOURCES OF ASSURANCE:
LANCASHIRE FIRE AND RESCUE SERVICE/LANCASHIRE COMBINED FIRE AUTHORITY 2017/18

KEY ELEMENTS OF GOVERNANCE	ASSESS-MENT	COMMENTS
		Internal Audit provided substantial assurance over the internal control environment, governance and risk management arrangements Recommendations from audit reviews implemented Previous Operational Assessment undertaken by Peer Review Team found 'nothing of significance' that would cause problems, nor any issues 'with our self-awareness. Action Plan arising from this completed No substantiated complaints against the service **HMICFRS Inspection results will feed future reviews**
Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning. Translating the vision into objectives for the authority and its partnerships	Good	Integrated Risk Management Plan covers 2017-2022 Annual Service Plan, setting out Vision, Activities, Priorities and Values. KPIs identified for each of our priorities Suite of strategies/policies etc. regularly reviewed. Consultation and Communication Strategy setting out how we will consult with public and service users Assessment of compliance with National Framework Effective Corporate Programme Board arrangements, split into 3 Boards:- • Business Process Improvement Programme • Workforce Development Programme • Service Delivery Change Programme. All major projects and revise follow similar format and report to CPB

SOURCES OF ASSURANCE:
LANCASHIRE FIRE AND RESCUE SERVICE/LANCASHIRE COMBINED FIRE AUTHORITY 2017/18

KEY ELEMENTS OF GOVERNANCE	ASSESS-MENT	COMMENTS
		Terms of reference for all Programme Board items agreed at outset and delivery against these monitored on a bi-monthly basis
Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision making in partnerships, information provided to decision makers and robustness of data quality.	Good	Appropriate governance arrangements in place, CFA plus 5 Committees.

Updated Committee terms of reference agreed, supported by Standing Orders, and Scheme of Delegation and Financial Regulations, which have all been reviewed and updated other than the **Scheme of Delegation which is scheduled for update in June 2018**

BCP arrangements in place in respect of systems and information, including regular backing up and storage of data.

ICT Disaster Recovery Plan has been updated to reflect changes to the WAN and SAN infrastructure, and move to NWFC |
| Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money. | Good | Comprehensive performance management information presented to SMT/Performance Committee on a regular basis

KPIs agreed with monitoring arrangements in place

Annual Report

Organisational Assessment process via Peer Review

Creation of Operational Assurance Audit Team to review:-

- operational preparedness
- operational response
- operational learning

External Audit review

Comprehensive financial information reporting framework |

SOURCES OF ASSURANCE:
LANCASHIRE FIRE AND RESCUE SERVICE/LANCASHIRE COMBINED FIRE AUTHORITY 2017/18

KEY ELEMENTS OF GOVERNANCE	ASSESS-MENT	COMMENTS
		Medium Term Financial Plan and balanced budget in place

Service reviews identified to deliver savings

Resources redirected into priority areas such as prevention and protection

Consistently exceeded efficiency targets |
| Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements. | Good | Updated Committee terms of reference agreed, supported by Standing Orders, and Scheme of Delegation and Financial Regulations, which have all been reviewed and updated other than the **Scheme of Delegation which is scheduled for update in June 2018**

Strategy Group meetings inform members of developments in a less formal manner

Member/Officer protocol in place setting out respective roles and relationships etc.

Member champions covering:-

- Community Safety
- Equality, Diversity and Inclusion
- Health and Wellbeing
- Road Safety

Job descriptions for all staff

Regular briefing sessions before Committees and as and when required

Induction/training provided to all members |

SOURCES OF ASSURANCE:
LANCASHIRE FIRE AND RESCUE SERVICE/LANCASHIRE COMBINED FIRE AUTHORITY 2017/18

KEY ELEMENTS OF GOVERNANCE	ASSESS-MENT	COMMENTS
Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief financial Officer in Local Government and, where they do not, explain why and how they deliver the same impact.	Good	Self-assessment of the role of the Treasurer is compliant with the governance requirements set out in CIPFAs Statement on the Role of the Chief Financial Officer in Local Government Qualified Treasurer, sits on Exec Board and reports directly to Chief Fire Officer Regular appraisal, with updated process implemented this year Contract standing orders, financial regulations, budget holder instructions all updated Comprehensive budget setting/monitoring arrangement in place, linked to corporate objectives and priorities. Budget is delegated appropriately and aligned with operational responsibility
Ensuring effective arrangements are in place for the discharge of the monitoring officer function.	Good	Clerk to the Authority is the monitoring officer Appropriately qualified/experienced Regular appraisal Procedural standing orders reviewed Scheme of delegation in place, scheduled for review in June 2018
Ensuring effective arrangements are in place for the discharge of the head of paid service function.	Good	CFO is the head of paid service Regular appraisal with Chairman
Providing induction and identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training	Good	Member Training and Development Committee All Members subject to a one to one to identify training and development needs. Specific Member training budget to address outcome s of this. Senior Officers subject to appraisal system, including identification of training and

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KEY ELEMENTS OF GOVERNANCE	ASSESS-MENT	COMMENTS
		development needs
Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability.	Good	Comprehensive Risk Mgt Strategy Corporate Risk Register Corporate Programme Board items include an assessment of risk Revised BCP arrangements agreed. All departments have completed Business Impact Assessments and Recovery Plans. Strategic Plan is completed in place and tested on a regular basis. Additional resilience built into ICT network Appropriate insurance arrangements
Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained.	Good	Anti-fraud policy Fraud risk assessment undertaken in 2016/17 Full compliance with National Fraud Initiative
Ensuring the assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit and, where they do not, explain why and how they deliver the same impact.	Good	Internal Audit is outsourced to Lancashire County Council Internal Audit Charter in place Internal Audit Service Quality Assurance and Improvement Programme process agreed Lancashire County Council comply with CIPFA statement Head of Internal Audit has direct access to Audit Committee, Treasurer, Clerk and Chief Fire Officer as well as Members of the Authority

SOURCES OF ASSURANCE:
LANCASHIRE FIRE AND RESCUE SERVICE/LANCASHIRE COMBINED FIRE AUTHORITY 2017/18

KEY ELEMENTS OF GOVERNANCE	ASSESS-MENT	COMMENTS
Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities.	Good	Audit Committee established and updated terms of reference agreed All core functions of an Audit Committee are covered by the existing terms of reference Audit Committee have access to both Internal and external auditors, and are provided with an opportunity to discuss issues without Officers being present
Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations	Good	Audit Committee established and updated terms of reference agreed All core functions of an Audit Committee are covered by the existing terms of reference Head of Internal Audit has direct access to Audit Committee, Treasurer, Clerk and Chief Fire Officer as well as Members of the Authority Audit Committee have access to both Internal and external auditors, and are provided with an opportunity to discuss issues without Officers being present No issues identified by either Internal or External Auditor,
Incorporating good governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.	Good	A framework has been developed to review potential partnership arrangements utilising the following criteria: • Will it make Lancashire Safer? • Will undertaking the activity potentially damage our brand? • Does it fit with the public image of the FRS? • Will it detract from our ability to undertake other operational or preventative functions, if so to what extent? • Is there a significant negative financial impact? • Is the activity likely to fit comfortably with our stakeholders (Trade Unions, Firefighters, CFS staff, Partners, Home Office, etc.)? Statement of Intent signed with Lancashire Constabulary Collaboration Group established, with regular reports to member task and finish group

SOURCES OF ASSURANCE:
LANCASHIRE FIRE AND RESCUE SERVICE/LANCASHIRE COMBINED FIRE AUTHORITY 2017/18

KEY ELEMENTS OF GOVERNANCE	ASSESS-MENT	COMMENTS
Staff resources are adequate in numbers and skills to deliver the service objectives. The roles and responsibilities of staff and members have been clearly defined and are understood, and appropriate guidance and training are in place	Good	Workforce Development Strategy agreed Agreed establishment in line with approved budget. Agreed process for revising establishment. Job descriptions in place Appropriate recruitment checks undertaken Updated staff induction process in place, incorporating LearnPro module Updated code of conduct in place and provided to all staff as part of induction. Appropriate performance management arrangements Updated appraisal system, including identification of training and development needs Introduction of:- • Action Learning Sets • Team Talks • Coaching and Mentoring • Leadership Conference Coaching and mentoring programme introduced Creation of Operational Assurance Audit Team to review:- • operational preparedness • operational response • operational learning Updated staff engagement strategy and improvement action plan agreed and implemented.

SOURCES OF ASSURANCE:
LANCASHIRE FIRE AND RESCUE SERVICE/LANCASHIRE COMBINED FIRE AUTHORITY 2017/18

KEY ELEMENTS OF GOVERNANCE	ASSESS-MENT	COMMENTS
		Further work required to look at reviewing staff recognition and developing staff sounding board.
There are adequate contingency procedures to ensure that services can be resumed in case of emergency. Contingency procedures are well communicated	Good	Revised BCP arrangements agreed. Strategic Plan is completed All departments have completed Business Impact Assessments and Recovery Plans. BCP is considered as a standing item on SMT BCP plan tested on a regular basis, and amended as required Active member of Lancashire Resilience Forum Appropriate BCP arrangements in place in respect of systems and information,
Processes have been established to ensure that corporate and local service policies and procedures are implemented effectively and are periodically reviewed	Good	System of internal control established Policies and service orders are regularly reviewed, in line with an agreed timetable Internal audit reviews have not identified any significant weaknesses External audit reviews have not identified any significant weaknesses