

**LANCASHIRE COMBINED FIRE AUTHORITY
AUDIT COMMITTEE**

Meeting to be held on 30 July 2019

**ANNUAL GOVERNANCE STATEMENT 2018/19
(Appendices 1 and 2 refer)**

Contact for further information:-

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Executive Summary

The Authority is required to publish an Annual Governance Statement along with the Authority's financial statements, following a review of the effectiveness of the internal controls in place. The report and the statement set out the key elements of the Authority's governance framework, how these have been evaluated, the outcome of the assessment of effectiveness and any areas for improvement.

The overall conclusion of the Annual Governance Statement is that the system of internal controls is adequate, and that no significant governance issues have been identified.

Recommendation

The Committee is asked to note and endorse the self-assessment and the Annual Governance Statement based on this.

Background

The Authority is required to produce an Annual Governance Statement as part of the year end process for 2018/19.

The Audit Committee has previously approved a revised Code of Corporate Governance, in line with guidance produced jointly by CIPFA (Chartered Institute of Public Finance Accountants) and SOLACE (Society of Local Authority Chief Executives).

The Code defines corporate governance as the way an authority ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

Included within the Code are the following core principles:-

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
2. Ensuring openness and comprehensive stakeholder engagement;
3. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
4. Determining the interventions necessary to optimise the achievement of the intended outcomes;
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
6. Managing risks and performance through robust internal control and strong public financial management;
7. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

In order to assess the effectiveness of the Authority's current arrangements a self-assessment has been undertaken by the Executive Board, considering the various sources of assurance which support the core principles outlined above, and the outcome of this is attached as appendix 1. One of the key elements of this is external assurance on our systems, and this is provided by our auditors, both of whom provide positive reports, and by the HMICFRS Inspection which rated the Service as Good.

The assessment also considers recommendation made as part of last year's Annual Governance Statement, and an update on the position in respect of these is set out below:-

Area for Improvement	Action to date	Complete/ On-going	Owner
Complete review of Scheme of Delegation	Review complete and agreed at Audit Committee in June.	Complete	Clerk
Complete review of staff recognition	Staff were consulted on recognition in the staff survey (May 2018) and the results are informing the recommendations. In-line with those results, a low-key recognition initiative was implemented in December 2018 where staff were asked to nominate 'star' colleagues who live our values. As a result, six members of staff (one from each area of the county) were presented with an LFRS Star Award. The initiative has been evaluated with a view to developing as part of the wider staff recognition programme.	Complete	Head of Corporate Comms
Create a new Intranet, incorporating social networking to	The new intranet went live in April 2019. Staff were consulted on the name, design and content in the staff survey (May 2018) and via staff and intranet focus groups. Content	Completed in April 2019	Head of Corporate Comms

connect staff across the service	authors in all departments have been identified and trained to use the site. This includes a social networking element for staff.		
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It is also worth noting that the Internal Auditors undertook a review of Sources of Assurance in the first quarter of 2018/19, as part of the internal audit programme. This review confirmed that LFRS has sufficient, relevant sources of assurance to satisfactorily manage its risks in order to ensure compliance with the Code of Corporate Governance and achieve overall Service objectives.

As a result of the various reviews a number of areas for further improvements have been identified:-

- continue to develop, and embed, the new assurance monitoring system app to collate information and intelligence from multiple sources, as well as linking to national learning
- performance manage the completion of appraisals and introduce new tools to improve the appraisal conversation

As part of our review, we are required to identify and disclose any significant internal control issues, of which there have been none, hence the overall conclusion is that the system of internal controls is adequate.

The above position is reflected in the Annual Governance Statement, attached as appendix 2.

Financial Implications

None

Human Resource Implications

None

Equality and Diversity Implications

None

Environmental Impact

None

Business Risk Implications

The Annual Governance Statement and the review of effectiveness of the Authority's arrangements for complying with its Code of Corporate Governance forms a key element of the Authority's overall assessment of how well it is managing its business risks.

Local Government (Access to Information) Act 1985
List of Background Papers

Paper	Date	Contact
Code of Corporate Governance	Mar 2017	Keith Mattinson, Director of Corporate Services
Internal Audit Annual Report	July 2019	
External Auditors Audit Findings Report	July 2019	
HMICFRS Inspection Report	December 2018	
Reason for inclusion in Part II, if appropriate:		