

## **LANCASHIRE COMBINED FIRE AUTHORITY**

### **AUDIT COMMITTEE**

Meeting to be held on 20 July 2021

### **ANNUAL GOVERNANCE STATEMENT 2020/21 (Appendices 1 and 2 refer)**

Contact for further information:-

Keith Mattinson - Director of Corporate Services – Telephone Number 01772 866804

#### **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 and recommend that the Chairman of the Authority signs the Statement.

#### **Background**

The Authority is required to produce an Annual Governance Statement as part of the year end process for 2020/21.

The Audit Committee has previously approved a 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 Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services which rated the Service as Good.

The assessment also considers recommendations 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/<br>On-going          | Owner                          |
|--|---|--------------------------------|--------------------------------|
| 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 | The Assurance Monitoring System app has continued to be embedded throughout the service and has now been scaled out to cover a greater breadth of data capture. The back office management solution now includes injection of data feeds from other sources such as HR, P&P MIS and IRS systems to further reduce overhead and increase efficiency, and is currently being modified to enable adoption by other partner agencies after significant interest. There are some smaller pieces of work outstanding in order to complete this preparation with our partner, before the solution goes into wider production use across the Service. | On-going, target date March 22 | Head of Digital Transformation |

|   |  |                      |                         |
|---|--|----------------------|-------------------------|
| Performance manage the completion of appraisals and introduce new tools to improve the appraisal conversation | A new appraisal process and form was introduced for all staff in 2019/20.<br>An on-line tool has been developed, but roll out has been delayed due to Covid 19. This will be launched in 2021/22 | Target date March 22 | Head of Human Resources |
| Develop 360-degree assessments for leaders to inform personal development                                     | This was rolled out to leaders in year.  | Complete             | Head of Human Resources |

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

- An updated IRMP covering the period 2022/27 will be produced;
- The outcome of the Staff Survey will be published and, where relevant, acted upon;
- A project to replace the existing Performance Management System will commence;
- An upgraded Finance system will be implemented in April 2022, **as part of that we will review and implement improvements to the monthly budget monitoring process, making greater use of additional functionality provided;**
- **Develop business cases where required to ensure that value for money is evidenced.**

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                     | June 2021     |   |
| External Auditors Audit Findings Report          | November 2020 |   |
| HMICFRS Inspection Report                        | December 2018 |   |
| HMICFRS Thematic Inspection Report               | January 2021  |   |
| Reason for inclusion in Part II, if appropriate: |               |   |