

Lancashire Combined Fire Authority

Audit Committee

Meeting to be held on 5 July 2022

Annual Governance Statement 2021/22

(Appendices 1 and 2 refer)

Contact for further information

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Executive summary and recommendations

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(s)

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 2021/22.

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 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
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 is operational and being utilised across many different departments to manage and track items such as Debriefs / National Operational Learning / Grenfell Tower Inquiry	Completed	Head of Digital Transformation
Performance manage the completion of appraisals and introduce new tools to improve the appraisal conversation	This has been rolled out	Completed	Head of Human Resources

An updated CRMP covering the period 2022/27 will be produced	Updated CRMP agreed and published	Completed	CFO
The outcome of the Staff Survey will be published and, where relevant, acted upon	The outcomes were published in May 2021, with improvements being implemented such as: <ul style="list-style-type: none"> • Improved maternity, adoption and paternity pay at LFRS • Installed new Teams equipment at every station • Implemented a Hybrid Flexible working policy 	Completed	Head of Corporate Communications
A project to replace the existing Performance Management System will commence	This project has commenced but is in the early stages due to capacity issues.	March 2023	Head of Service Development
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	LCC have delayed implementation of the system, with a revised target date of Autumn 2022.	December 2022	Head of Finance
Develop business cases where required to ensure that value for money is evidenced	A new template has been designed and utilised as part of the budget setting process	Completed	Director of Corporate Services

As a result of the various reviews the following area has been identified for further improvements:-

- Embed the Core Code of Ethics into our corporate policy, and recruitment and promotion process

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 2022	
External Auditors Annual Report	November 2021	
HMICFRS Inspection Report	June 2022	
HMICFRS Thematic Inspection Report	January 2021	
Reason for inclusion in Part II, if appropriate:		