

Wiltshire and Swindon Fire Authority



Annual Governance Statement

Scope and Responsibilities

The functions and responsibilities of Fire and Rescue Authorities are set out in the Fire and Rescue Services Act 2004 which came into effect on 1 October 2004. Under this Act, every Fire and Rescue Authority must make provision for:-

- Promoting fire safety
- Extinguishing fires;
- Protecting life and property in the event of fires;
- Rescuing people from road traffic collisions; and
- Protecting people from serious harm in the event of road traffic collisions.

Review of Effectiveness

Wiltshire and Swindon 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 Directors and Principal Officers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The key areas of the governance arrangements include:-

a. The Authority

The Governance Framework requires an internal review of the effectiveness of the governance arrangements within the Authority, and a part of this review has been carried out by Internal Audit as part of the audit programme for 2010/11. The results of the review and associated action plan will be reported to senior management in due course. The Executive Management Team and the

Management Board will continue to periodically review progress on the implementation of the action plan arising from the review, and the Finance Review and Audit Committee will be updated on progress throughout the year.

Members and Officers continue to work together to achieve a common purpose with clearly defined roles and responsibilities. This is demonstrated in accordance to the Officer Member protocol, through regular member briefings, strategy days/seminars to inform members of developments in a less formal manner and induction and training provided to all members, in particular, new members.

b. Management Teams

The end of 2010/11 saw the retirement of the Chief Fire Officer and Chief Executive, and a recruitment process was put in place to find a successor, which has since been appointed. Until such time the Chief Fire Officer and Chief Executive decides otherwise on a preferred management structure, the Authority's five Brigade Managers make up the Executive Management Team (EMT) responsible for overall strategic direction, leadership and visioning. Members of the EMT plus Area Managers (uniformed staff) or equivalents (corporate staff), form the Management Board, which is now fully established and is responsible for the day to day running and delivery of the Service.

The EMT have twice monthly meetings at present and the MB meet monthly scheduled throughout the year and where necessary, extraordinary or urgent meetings are held. Clear messages emanating from EMT and MB are communicated through a variety of channels, e.g. the weekly bulletin, special bulletins, 'QM' (the monthly service newsletter) and Delivery Management Team (DMT).

c. The Finance Review and Audit Committee

The Finance Review and Audit Committee holds the role of audit committee, whilst the Programme and Scrutiny Board has the responsibility for risk management. While both fulfill the scrutiny role, the Programme and Scrutiny Board, as the name suggests, has a specific scrutiny function. Each meet quarterly with defined terms of reference as approved by Members.

The Finance Review Committee and Audit Committee has a very wide brief to ensure that the internal control environment is effective as possible.

The main aspects of an Audit Committee's work are:

- Audit Activity – consideration of the internal auditor's annual report and opinion, to consider audit reports and recommendations, to consider the external auditor's annual letter.
- Regulatory Framework – to review issues referred to it by the Chief Fire Officer, Clerk or Finance Director, to monitor the effective development and operation of the corporate risk management system, to consider the

Authority's arrangements for corporate governance.

- Accounts - to review the annual statement of accounts, to consider the external auditor's report.
- Financial Reporting – to consider variations between budgeted and actual expenditure.
- Financial Management – to ensure that the Authority's medium term financial plan is linked to other strategies and plans, to ensure that business planning is integrated with financial planning, to ensure that there is an appropriate asset management plan, to ensure that a training programme is in place.
- Internal Control – to review and approve the System of Internal Control, to review and update the standing orders, financial regulations and scheme of delegation.
- Value for Money – to ensure that the Authority is delivering on its Annual Efficiency Savings target, to ensure that the Authority has a robust procurement strategy

A review was undertaken for measuring the effectiveness of the Audit Committee in managing the internal control environment, and was reported to the Finance Review and Audit Committee in June 2011.

d. The Standards Committee

The Standards Committee meets on an ad hoc basis as and when issues need to be debated.

During 2010/11 the Standards Committee met on occasion to:-

- consider a number of draft policies in relation to Freedom of Information, Data Protection and Environmental Information Regulations;
- consider the current officer code and protocol on Gifts and Hospitality;
- receive and approve the annual report on complaints and compliments; and,
- consider the impact of the imminent localism bill meaning the demise of the current standards framework and what will replace it.

The Standards Committee is always represented at the Standards Board for England Annual Assembly, and its independent members also sit on the Wiltshire & Berkshire Lay Members Forum.

e. Internal Audit

The Authority has a contract with Swindon Borough Council for the provision of internal audit services up to 31 March 2012. The auditors review the internal control framework which governs the operations of the Service through the audit plan approved by the members in March 2010, and provide an independent and objective opinion, to both management and Members of the Authority, on the robustness of the control environment of the Service. This culminates in an overall opinion in the annual report to the Finance Review and Audit Committee of June 2011.

It is a requirement of the CIPFA Code of Practice for Internal Audit 2003 that Internal Audit provide an 'Audit Opinion' for each service audited. The audit opinion should reflect the risk identified and recommendations made.

The Internal Auditor's overall 'Audit Opinion' based on the work undertaken to 31 March 2011 was 'Satisfactory'. The Auditors have been assessed for compliance against the CIPFA Code of Practice, and managers have been very receptive to the recommendations resulting from the work of internal audit, as evidenced by the customer feedback surveys returned on completion of the audits.

Swindon Borough Council's Internal Audit team works to defined professional standards, particularly those promulgated by CIPFA in its Code of Practice for Internal Audit in Local Government. The Internal Audit Plan and Strategy for 2010/11 was prepared on the basis of a formal risk assessment, and was referred to the Audit Committee for their approval in March 2010. The Audit Plan and Strategy for 2011/12 was presented to the Finance Review and Audit Committee for formal approval in March 2011. The Finance Director acts as the client officer for the internal audit service. The Internal Auditor reports directly to the Fire Authority's Finance Review and Audit Committee on both the proposed plan and the main outcomes of audit work.

Audits in 2010/11 were undertaken on Fire Service premises and auditees were required to provide such working papers and information as deemed necessary by the auditor.

Before the start of each audit a brief was drafted by the auditor and discussed and agreed with the representatives of the client departments.

The auditor reviewed the findings for each audit and prepared a report making recommendations as appropriate. The recommendations were subjected to a risk assessment and the severity of the matter was graded high, medium or low. The findings and recommendations were discussed with the relevant auditees and departmental heads. The finalised reports are then presented to senior management for their scrutiny and action, then sent to the Chief Fire Officer and Chief Executive, the Department Head, and the Finance Director. Later, a summary of the report is then presented to the Finance Review and Audit Committee. The auditors would normally follow-up their recommendations at the next audit, but where the recommendations are significant the follow-up is

undertaken earlier.

Swindon Borough Council are also required to undertake a review of the effectiveness of their internal audit operations and this task was carried out by their Head of Financial Services and Head of Internal Audit.

As the Fire Authority's internal audit work is outsourced it does not have direct control over the management of the audit staff and some of the audit techniques adopted. Where this is the case, it is in order for the Fire Authority to rely on the findings of Swindon Borough Council's own review.

Swindon Borough Council's own External Auditor (the Audit Commission) have previously carried out a detailed review of the work of Internal Audit on a cyclical basis i.e. every three years, the last one being completed in 2007/08. There is no longer a requirement to do this and External Audit will now only comment on Internal Audit by exception i.e. if something is not acceptable. As a compensatory control, the External Auditor (the Audit Commission) have confirmed that they feel that they are able to rely on SBCs work (e.g. as regards work on financial systems) and that in their own internal documentation relating to the overall control environment, they have concluded that Internal Audit at Swindon BC continues to be effective and consistently meets CIPFA standards. They are able to gain this view from a review of SBCs Annual Plan and progress against it, regular attendance at SBCs Audit Committee and their review of specific pieces of work assessed in order that they can place reliance upon it.

The Fire Authority can also gain a good indication of the effectiveness of its internal audit operations by reviewing a range of performance indicators. An annual report produced for the Finance Review and Audit Committee, summarises the performance measures used to monitor internal audit operations and the achievements in 2010/11.

A further measure of the effectiveness of a systems of internal control in respect of internal audit comes from the client satisfaction survey undertaken at the end of each main audit. Auditees are asked to rank the auditor and their audit work against the following dimensions:-

- Value of the audit to you as a manager - pre-audit arrangements; coverage of audit; timeliness of report; accuracy and clarity of report, practicality of recommendations; and
- Conduct of auditor - Professionalism of approach; communication skills; timeliness, competency and manner of auditor; friendliness, helpfulness and approachability.

In 2010/11, client satisfaction surveys were received scoring on average a 3 (good) out of a maximum of 4.

The Fire Authority's external auditors, KPMG carry out a review of internal audit each year. The purpose of the review is to determine whether the work of the internal audit team is of sufficient quality to allow the external auditor to place reliance on that work. If the external auditor is able to place reliance on the

internal auditor's work then the work in these areas is reduced. As part of the interim report from the external auditors, they reported to the Finance Review and Audit Committee, that internal audit generally complies with the Code of Practice for Internal Audit in Local Government and therefore they were able to place reliance on their work on the key financial systems.

f. External Audit

The Audit Commission's appointed external auditors are KPMG who undertake the external audit service on their behalf, starting with the interim and final accounts audit.

The external auditor places reliance on some of the work of Internal Audit, and the external audit in their annual audit and inspection letters over a number of years, have been complimentary about the systems of financial control in operation. Similarly, the external auditor reports his plans and delivers his Annual Report to the Authority.

The Annual Audit Letter (previously know as the Annual Audit and Inspection Letter) in 2010/11 reported on our value for money (VFM) judgment in respect of Use of Resources (UoR) and gave an opinion on our financial statements. With the abolition of the Comprehensive Area Assessment in May 2010, much of the work previously carried out was therefore no longer necessary, however there is still a requirement under the Code of Audit Practice for a VFM conclusion.

The external auditor identified one area of concern brought to the attention of the Authority in relation to the 'Use of Resources' regarding an incorrect calculation of sickness absence data.

The external auditor identified no issues in the course of the financial statements audit that are considered to be material and issued an unqualified audit opinion on the Authority's financial statements and on its arrangements for securing value for money in 2009/10.

In response to the external auditor's report the Authority will:-

- take effective measures to address the areas for improvement highlighted in the report, in particular a new system is currently being implemented which will address the in built sickness absence calculation issue.

In addition, the Authority will:-

- continue work to transform approved policies, strategies and processes in achievements, maintaining a clear focus on delivering high performance in priority areas;
- continue work to develop and implement a comprehensive training and development programme for Members to ensure effective leadership, challenge and accountability;

- continue to demonstrate clear ongoing commitment from senior management and Members to deliver improvement on Equality and Diversity issues;
- review efficiency targets and monitor to ensure achieved;
- continue to improve corporate health performance indicators, in particular sickness absence; and
- continue to develop and monitor progress in assessing and improving the Authority's performance.

Code of Corporate Governance

The Accounts and Audit Regulations 2011 also require the Authority to publish an Annual Governance Statement to accompany the financial statements, as part of the year end process; the statutory deadline for this is 30 September 2011. This statement fulfils that requirement.

The Authority have adopted the Code of Corporate Governance, in line with guidance produced jointly by The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

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.

The Code is based upon the following six principles developed by CIPFA and SOLACE:

- Focusing on the Fire Authority's purpose, on outcomes for the community and assisting with the creation and implementation of a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the Fire Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective; and,
- Engaging with local people and other stakeholders to ensure robust public accountability.

A review of our Code of Corporate Governance is attached as Appendix A.

Significant Governance Issues

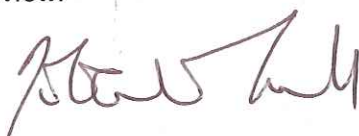
The Authority has assessed its systems and procedures and in the vast majority of cases robust arrangements are in place. An internal audit of 'data quality' identified a number of areas where further improvements are required, and the resultant action plan is being monitored by the Performance and Risk Workstream of the Programme and Scrutiny Board.

Conclusion

The overall conclusion of the Annual Governance Statement is that the systems of internal controls are adequate, and that apart from one area, data quality, there are no other significant governance issues that have been identified. We are therefore satisfied that, except for the matter identified above, there are effective governance arrangements in place, including a sound system of internal control throughout the year ending 31 March 2011, and these are being maintained.

We have been advised on the results of the review of the effectiveness of the governance framework, and that actions has been established to address any weaknesses to ensure continuous improvement of the systems of internal control and governance.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will continue to address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and our operation as part of our next annual review.



Brigadier Robert Hall
Chairman, Wiltshire & Swindon Fire Authority
13 September 2011



Simon Routh-Jones
Chief Fire Officer and Chief Executive
13 September 2011