

# GREATER MANCHESTER FIRE AND RESCUE AUTHORITY

## AUDIT, SCRUTINY AND STANDARDS COMMITTEE

20 JUNE 2013

### Subject: ANNUAL GOVERNANCE STATEMENT

#### Report of the Treasurer

#### 1. Background/Legislative Requirements

The ongoing issues faced by local authorities reflecting social, economic, and legislative change have led to new, diverse ways of working as opposed to traditional roles. The common theme running through all Government initiatives is the need for local authorities to review the various systems and processes they have in place for managing both their own internal affairs and also, more increasingly, their relationships with their expanding number of key stakeholders. Together these systems comprise **corporate governance**.

The Fire Authority's corporate governance arrangements are summarised in the Local Code of Corporate Governance, based on an updated CIPFA/SOLACE Framework which was approved by Policy Committee on 31<sup>st</sup> January 2008. Levels of compliance with the Code are reviewed each year by Internal Audit to enable the Authority to measure its arrangements against the Local Code and identify areas where improvements are necessary as detailed in the Annual Statement of Assurance. This approach clearly demonstrates the current Authority position and proposed further remedial action to attain full compliance with the Local Code.

Combined with other formal assurances it also satisfies the legislative requirements (Accounts and Audit Regulations 2011 (4) ) to "...conduct a review at least once in a year of the effectiveness of its system of internal control" which then enables the production of the Annual Governance Statement as required by the legislation.

Subsequent to approval by the Authority, the Annual Governance Statement needs to be certified by the Chairman and County Fire Officer and Chief Executive and be published with the Authority's Statement of Accounts.

#### 2. Current Position

Internal Audit provide a continuous review of appropriate management and reporting arrangements to ensure that the Authority's approach to corporate governance is both adequate and effective in practice. Key reviews completed or supported by Internal Audit in 2012/2013 include :-

- Assessment of revised Local Code of Corporate Governance.
- Support of Risk Management arrangements.
- Support of Operational Assurance planning and reporting arrangements.
- National Fraud Initiative facilitation
- Fraud and/or irregularity investigations.
- Material systems and Control Functions assessment (by key controls quality assurance verification, system development support, and detailed system reviews).

During 2012/2013, reports on Internal Audit Activities have been presented to Members of the Audit Committee on 29<sup>th</sup> November 2012 and 20<sup>th</sup> June 2013 with the latter report containing an “assurance opinion” as follows :-

*“.....assurance can be gained that the Authority is committed not only to properly managing its affairs but to striving to improve on its assurance arrangements. This is particularly evident in the key areas of risk management, service planning, performance management, and corporate governance. **In conclusion it is the opinion of the Treasurer that the Authority operates an effective overall internal control environment.**”*

However, the work performed by Internal Audit also highlights areas where improvements may be made so it is essential that the Authority continues to review and improve its assurance processes and does not become complacent as a result of this Statement of Assurance.

The control framework by which the Annual Governance Statement is prepared, outlining how the various assurance and control streams dovetail together, is presented in diagrammatic format at Appendix 1. This framework is based on guidance issued by the CIPFA Financial Advisory Network and has been amended only to reflect local organisational variations.

### **3. Proposals**

A draft Annual Governance statement is attached to this report. The Statement has been structured to:-

- Satisfy the requirements of the Accounts and Audit (England) Regulations 2011
- Comply with the stipulations of the Code of Practice for Local Authority Accounting (SORP).
- Incorporate current CIPFA (Finance Advisory Network) and Audit Commission guidance and proper practice.
- Provide Members with proposed actions to continue to develop areas where additional improvements can be made.
- Build on the already successful disclosure arrangements

### **4. Conclusions**

The production and approval of the attached Annual Governance Statement, although now a statutory requirement, is effectively a continual enhancement of disclosure arrangements successfully introduced by the Authority in 2003.

The Authority has always produced a wider-ranging assurance statement on the Authority’s overall governance arrangements (detailing how the Authority conducts its business both internally and with its dealings with other parties) rather than simply satisfying the minimum statutory requirements for a Statement on Internal Control.

This statement clearly continues to outline the significant issues facing the Authority, which need to be effectively managed and highlights areas where protocols are being developed to improve compliance with the Authority's Local Code of Corporate Governance. The document is intended to demonstrate the Authority's commitment to maintaining the highest ethical standards and levels of corporate governance.

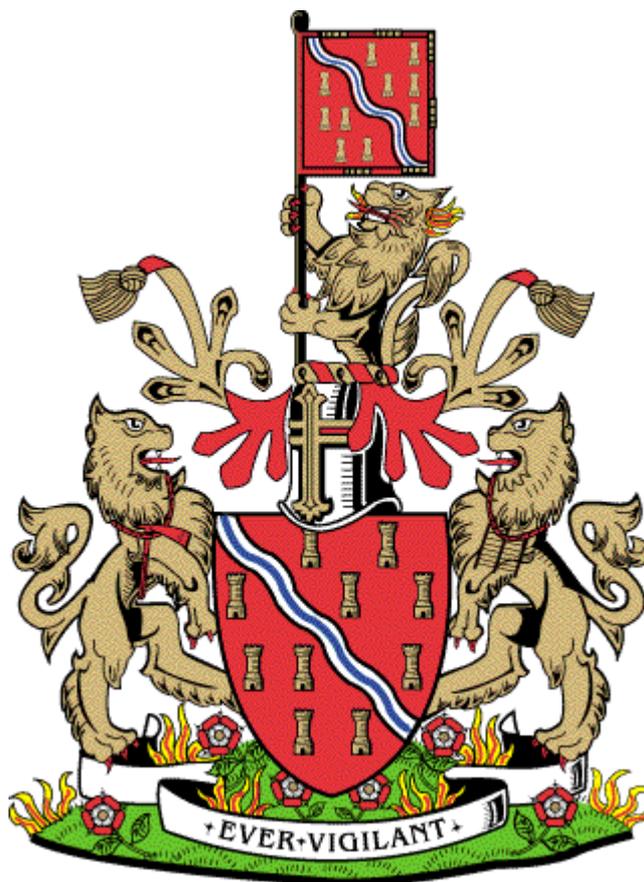
## **5. Recommendations**

Members are asked to approve the Annual Governance Statement. Once approved, the Annual Governance Statement is to be signed by the Chairman and County Fire Officer and Chief Executive and included within the Authority's Statement of Accounts for 2012/2013.

Paul McKeivitt  
Treasurer  
20<sup>th</sup> May 2013

There are no Background Papers to this Report within the meaning of Section 100D of the Local Government Act 1972

Paul McKeivitt  
(Proper Officer)  
20<sup>th</sup> May 2013



## **ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013**

Greater Manchester Fire and Rescue Authority is committed to the highest standards of corporate governance as outlined in this Annual Governance Statement.

Governance is about how bodies ensure that they do the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and culture and values, by which bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

A key aspect of governance is the requirement to put into place *“effective risk management systems, including systems of internal control”*.

This Annual Governance Statement supports the Authority’s Statement of Accounts and outlines how it manages its affairs to deliver high quality services and ensure that public money is effectively spent.

## **Annual Governance Statement for the year ended 31<sup>st</sup> March 2013**

### **1. Introduction/Background to the Annual Governance Statement**

The preparation of the Annual Governance Statement to support the Annual Statement of Accounts is a statutory requirement for local authorities. Its purpose is to demonstrate and evidence that there is a continuous review of the effectiveness of the Authority's internal control, performance and risk management systems. This allows an assurance on their effectiveness to be provided so that users of the accounts can be satisfied that proper arrangements are in place to govern spending, safeguard assets and maximise operational effectiveness. The process also enables the production of a corporate action plan to address any identified weaknesses.

CIPFA have confirmed that "proper practice" in relation to internal control is as detailed in the *Delivering Good Governance in Local Government* (CIPFA/SOLACE 2007) and this has statutory backing.

The Authority has always complied with the appropriate legislation and "proper practice" guidance resulting in a corporate disclosure statement that always met the current "proper practices" criteria. As such, the format of this years statement is not significantly different than the wider governance statement produced in previous financial years.

A description of the key elements of the Authority' assurance and internal control environment is detailed at Appendix 2.

### **2. Vision Values (Purpose) and Aims**

In April 2011 the Authority published a three year Corporate Plan that defined its core purpose as to "*protect and improve the quality of life of the people in Greater Manchester*". The Corporate Plan detailed six strategic aims to support the achievement of this purpose, viz:- prevention, protection, response, public value, people, and principles. The Corporate Plan is underpinned by the Service's values of respect, honesty, inclusive, excellence, and professionalism. The 2011-2014 Corporate Plan set out the Authority's initial planned actions in response to the Coalition Government's spending cuts and introduced a new risk based response approach.

As scheduled the Authority (following further extensive consultation with staff, partners, and communities) revisits the Corporate Plan annually and recasts the detail for a further rolling three year period to reflect priorities and funding reductions while continuing to "*protect and improve the quality of life of people within Greater Manchester*" (most recent consultation – March 2013). The Corporate Plan continues to be supported by transparent corporate objectives with integration of the statutory Integrated Risk Management Plan, and associated plans including Directorate and Departmental plans.

The Authority's values (purpose) and aims continue to reflect legislative, national, regional, and local priorities.

### **3. Scope of Responsibility**

The Authority's governance framework comprises the systems and processes, the culture and values, by which the Authority is directed and controlled and its activities through which it accounts to, engages with, and supports its community. It enables the Authority to monitor the achievement of its core purpose and strategic aims and to consider whether these aims have led to the delivery of appropriate, cost effective services.

The Authority, through its elected Members and officers, is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. In discharging this accountability, members and senior officers are responsible for putting in place proper arrangements for the governance of the Authority's affairs and the stewardship of the resources at its disposal.

To this end the Authority has approved and adopted a Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. Copies of the policy documents are available on our website.

This statement explains how the Authority has complied with the CIPFA/SOLACE Framework, identifying areas in which our governance arrangements can be strengthened. This statement also meets the requirements of regulation 4 (4) of the Accounts and Audit (England) Regulations 2011 in relation to the approval by Members of "*an annual governance statement, prepared in accordance with proper practices in relation to internal control*".

The Authority is committed to fulfilling its responsibilities in accordance with the highest standards of good governance, underpinned by the ethical behaviour of officers and Members.

The governance framework has been in place at the Authority for the year ended 31<sup>st</sup> March 2013 and up to the date of the approval of the statement of accounts.

### **4. Purpose of the System of Internal Control**

The Authority sets the overall strategy and policy and has put in place a well-defined organisational structure, with clearly understood lines of responsibility and delegation of authority to help ensure that strategies and policies are effectively implemented and adhered to.

The Corporate Leadership Team is ultimately responsible to the Authority for the system of internal control and reviewing its effectiveness. Any system of internal control can only provide reasonable assurance and not absolute assurance that all significant risks will be mitigated. The key issue is that risks, their potential for occurring and possible impact are identified. A conscious decision can then be made on how to prioritise and deal with those risks.

The system, therefore, is designed to effectively manage, rather than eliminate, the risks that are attached to the fulfilment of the Authority's core purpose to "*protect and improve the quality of life of the people in Greater Manchester*". The fundamental internal drivers supporting the Authority's strategic aims are - prevention, protection, response, public value, people, and principles.

## **5. The Assurance Framework and Internal Control Environment**

The Authority's system of internal control (see Appendix 2) is based on ongoing management and review processes introduced to minimise the impact of risks to the achievement of the Authority's mission, aims and objectives. This system of internal control has been in operation in respect of the financial year ended 31<sup>st</sup> March 2013 and up to the date of approval of the annual report and accounts.

The Authority's internal control environment is fundamental to the operation of the assurance framework and is designed to manage risk to acceptable levels. It is not possible to eliminate all levels of risk of failure in respect of Authority aims and actions and accordingly can only provide reasonable but not absolute assurance of effectiveness.

In summary the Authority's Internal Control Environment includes:-

- A high level vision (core purpose) supported by associated values and strategic aims embedded in the service planning, delivery, risk management, and performance management frameworks.
- A Monitoring Officer responsible for ensuring the legality of Authority actions and supporting the Standards Committee.
- A Standards Committee (merged with Audit and Scrutiny from the 2012 municipal year) to promote and maintain high standards of conduct by the Members of the Authority.
- A hierarchical management structure governed by a Corporate Leadership Team responsible for overseeing the running of the fire service supported by a senior management Leadership Team responsible for the day to day management of their respective directorates. The above groups are supported by Borough Managers who are responsible for the delivery of all fire service activities to the people of their individual Borough.
- A developing Operational Assurance function to review operational aspects of the Service. Specific activities aligned to meet the future requirements of the Service. Areas of coverage include:-
  - The move to Peer Review.
  - Developing the Role of the Operational Assurance officer at Major Incidents.
  - Developing Colleagues.
  - Qualitative Analysis of Training.
  - Fatal/Serious Incident Procedure.

Work planning and reporting protocols have been introduced that dovetail with the Internal Audit Officer and Member reporting timetables and further support statutory assurance reporting requirements.

- A comprehensive budget setting and monitoring framework with clearly defined guidelines and responsibilities with frequent reporting of performance to the Policy, Resources, and Performance committee.
- Financial Procedures which set out the arrangements for managing all financial transactions and ensuring they are promptly and properly accounted for.
- An Internal Audit function that consistently meets all professional standards (as assessed by the Authority's external auditor) supports the Authority in the achievement of its improvement agenda and has responsibility for the continual review of major financial controls and the wider internal control environment.
- A local Code of Corporate Governance that is reassessed annually by Internal Audit with compliance and progress reporting to the Corporate Leadership Team and the Audit, Scrutiny and Standards Committee.
- A Risk Management Strategy, framework and Corporate Risk Register approved and monitored by the Audit, Scrutiny and Standards Committee and Authority. The framework demonstrates that risk management arrangements are robust and embedded within the service planning and decision making processes of the Authority. Regular risk management reports are presented to the Audit, Scrutiny and Standards Committee outlining key risks (and their relevant movements).
- Published Anti-Fraud and Corruption Strategy, Whistleblowing Policy, and Fraud Prosecution Policy to ensure correct reporting and investigation of suspected fraudulent activities.
- A comprehensive performance management framework with clearly defined performance management targets, that measures financial and other performance data linked to the Authority's key objectives.
- An ICT Strategy covering a defined time period and structured under the key areas of Infrastructure, Application systems, and Management systems. The Strategy contains a range of work plans that are reviewed in line with the requirements of the IRMP and Directorate and Departmental Plans. Monitoring is via an ICT Strategy Working Group who meet periodically to consider existing projects and the requirement for new ICT systems.
- Personal Review Programme dovetailed with well publicised human resources policies, associated procedures, induction processes, and Codes of Conduct designed to ensure that staff are appropriately skilled to deliver the Authority's aims and objectives and conduct themselves in a proper manner.
- An Audit, Scrutiny and Standards Committee (including independent non-elected Membership) to compliment the existing Committee responsibilities and oversee the work of the Internal and External Audit functions and provide independent assurance of the effectiveness of:-

- a. The governance arrangements of the Authority and its services.
  - b. The Authority's risk management framework and the associated control environment.
  - c. The Authority's financial management framework processes and the way this relates to the performance of individual services and the Authority as a whole.
- Regular Briefings for Members of the Authority on all significant financial, operational, and strategic decisions.
  - A Responsible Financial Officer supported by statute, to ensure the effective administration of the financial affairs of the Authority.

The Authority has a Service Level Agreement with Wigan MBC and its Director - Corporate Services (Deputy Chief Executive) has been designated Treasurer by the Authority as the responsible officer under Section 73 of the Local Government Act 1985 and Part VII of the Local Government Finance Act 1988 for the proper administration of its financial affairs.

The Director of Finance and Technical Services (DFTS) has delegated responsibilities in relation to the financial administration and stewardship of the Authority. The DTFS is a member of the Corporate Leadership Team and reports to the County Fire Officer.

The distinctive roles reflect the position of the Treasurer as accountable to the Authority and its Members, and the DTFS role in reporting directly to the CEO and to CLT.

It is considered that this approach does meet best practice as determined by CIPFA guidance in that the CFO is a key member of the Authority in ensuring accountability and developing financial strategy, with delegated authority to the Director of Finance and Technical Services to resource, implement and monitor financial strategy via CLT and the Authority. The CFO has direct and independent access to the CEO and the Leader of the Authority on all financial and governance related matters.

## **6. Review of Effectiveness**

The Authority has a statutory responsibility to conduct, 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 Committees and management with responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's Annual Report, Operational Assurance Annual Report, Protection Services Annual Report and also work completed by external inspectorates.

The effectiveness of the Authority's system of internal control is demonstrated by a range of independent procedures and protocols, including:-

- Corporate Leadership Team procedures and associated management action
- Financial Procedures and Financial Management reporting
- Performance Management reporting
- Committee reporting
- Monitoring Officer
- Risk Management
- Standards Committee and Annual Report
- Codes of Conduct
- Managers Assurance Statements and Corporate Assurance Mapping
- Operational Assurance
- Protection Services Assurance
- Internal Audit

In order to help maintain consistent and appropriate standards of governance across the Authority, and to enhance the process for the compilation of the Annual Governance Statement, Corporate Managers' Assurance Statements have again been completed by all members of the Leadership Team.

The Assurance Statement is a self assessment to assist managers to annually review the quality of the governance arrangements around the service areas for which they are responsible. The completed statements have identified several areas at an operational level where further action is required to improve governance within the Authority. Appropriate action to address the issues has been agreed.

Collectively, these form the basis of the Authority's governance arrangements and are further validated by independent assessments from various external agencies, viz:-

- External Inspectorate
- External Audit

### Corporate Leadership Team

The Authority is led at officer level by the County Fire Officer and Chief Executive with the support of eight senior managers with departmental or operational responsibilities who collectively form the Corporate Leadership Team. The Corporate Leadership Team is supported by a senior management Leadership Team responsible for the day to day management of their respective directorates.

The Corporate Leadership Team, in conjunction with Members, is responsible for the development of the Authority's core purpose to "*protect and improve the quality of life of the people in Greater Manchester*" as supported by six strategic aims to deliver this purpose, viz:- prevention, protection, response, public value, people and principles.

Key objectives are consistently evidenced within planning documents including the Authority's Corporate Plan, (Integrated Risk Management Plan), and associated plans including Directorate and Departmental Plans.

The success of the Authority's management and internal control arrangements is demonstrated in the key messages within the current (2011/2012) Annual Audit Letter and associated Annual Governance Report viz:-

*"The Authority has effective financial planning processes in place. The medium term financial plan is soundly based and has clear links to underlying efficiency plans. The Authority and the Service have continued to identify significant savings while keeping issues of safety and service quality to the fore. The Authority has developed an effective strategy to deliver the savings."*

*"There are no matters in relation to internal control that I need to draw to the Authority's attention."*

*"The Corporate Leadership Team (CLT) has a sound understanding of the current financial environment and undertakes robust planning for the medium and long term. This includes scenario planning in relation to future grant funding levels and other key sources of income."*

*"There is a strong link between the Corporate Plan and the integrated risk management arrangements. Audit and Scrutiny committee takes an active role in monitoring the corporate risk register, with appropriate constructive challenge."*

*"The CLT provides clear leadership on spending priorities and demonstrates a "hands on" approach to understanding the latest resource requirements of current and future service delivery."*

*"Performance management is strong and there is appropriate challenge by the Authority Members, who consider a range of indicators covering financial, service delivery and performance aspects."*

*"The Authority and senior management have applied cost benefit analysis as part of their wide ranging review of service areas to secure savings."*

*"Arrangements in place have helped deliver the corporate plan to date. There remain clear financial risks but the arrangements and the disciplined approach to them in practice provide a good platform to address successfully the challenges ahead."*

The Authority's governance arrangements are supported by the continuous review work performed by the Internal Audit and Operational Assurance sections.

The Internal Audit remit is under continual review to reflect and support the legislative requirements of the Section 73 (Local Government Act 1985) Officer, the required professional standards, the revisions to the responsibilities of external audit, and the key priorities of the Authority. The detailed remit of Internal Audit is revised as necessary through the Audit Committee who approve all Internal Audit Plans and receive reports on Internal Audit Activities (29<sup>th</sup> November 2012, 20<sup>th</sup> June 2013). The latter report is contained within the Annual Report for the Section which, in accord with the Accounts and Audit Regulations, provides an annual review of the Service and demonstrates that a high quality and effective Internal Audit service is provided.

As previously reported to Members, the remit of Internal Audit is no longer restricted to financial systems and associated controls. A significant proportion of the Annual Audit Plan is focused on providing assurance that operational and strategic risks are effectively managed to ensure the Authority's vision (core purpose) is achieved and quality services provided.

Internal Audit continues to review appropriate management and reporting arrangements to provide assurances that the Authority's approach to corporate governance and internal control is both adequate and effective in practice.

The County Fire Officer and Chief Executive and the Treasurer have been given the responsibility for overseeing the implementation and monitoring the operation of the Local Code of Corporate Governance, reviewing the operation of the local code in practice, and reporting annually to the Audit, Scrutiny and Standards Committee on compliance with the local code and any changes that may be necessary to maintain it and ensure its effectiveness in practice.

In addition, the Treasurer (or his nominated officer) is responsible for reviewing independently and reporting to Members annually, to provide assurance on the adequacy and effectiveness of the Code in practice and the extent of management compliance with it. This report was reported under separate cover to the Audit, Scrutiny and Standards Committee on 20<sup>th</sup> June 2013.

Significant Internal Audit reviews on governance arrangements, risk management, internal control validation, system development/implementation, and special investigations have been completed during the financial year and reported accordingly. In all these areas the Authority has shown significant improvement in accordance with agreed action plans (Local Code of Corporate Governance, External Audit reports).

Good working relations exist with Management. All Internal Audit reports are issued to the Deputy County Fire Officer and all recommendations are appropriately monitored by a quarterly working group meeting to ensure that internal audit recommendations to improve control procedures are agreed and implemented promptly.

The Audit Commission has completed reviews of Internal Audit work and although formal reports have not been issued to confirm that professional standards are maintained, they have continued to review and utilise Internal Audit work to inform their assessment of the control environment and feed into their VFM conclusion. This provides implicit confirmation that the Internal Audit work meets all the required standards.

As reported to the Audit, Scrutiny and Standards Committee on 20<sup>th</sup> June 2013, the Internal Audit assurance opinion on the Authority's overall control environment is based on the reviews completed (and Management actions taken) as part of the Internal Audit Plan in respect of 2012-2013. Significant reviews covered key systems implementation, core financial systems, operational assurance, and a continuing assessment of key issues and corporate governance measures.

Particular relevance is placed on an external assessment of this work as undertaken by the Audit Commission in support of their statutory reviews (see comments below).

On the basis of the above, assurance can be gained that the Authority is committed not only to properly managing its affairs but also to striving to improve in respect of all governance related aspects of its functions. This is particularly evident in the key areas of risk management, performance management, service planning, and corporate governance. **In conclusion it is the opinion of the Treasurer that the Authority operates an effective overall internal control environment.**

### **Operational Assurance**

To assist in achieving the aims identified within the Corporate Plan 2012/15, the Service is committed to providing a robust and credible Operational Assurance (OA) Plan that includes constructive involvement and communication between support departments, Borough Commands and their respective representatives and which seeks to ensure:

- The service delivery elements of the organisation are effectively working to achieve the aims and delivery goals set out within the Corporate Plan.
- The Service has a safe, well-trained and competent workforce to meet the demands placed upon them.

The following paragraphs provide detail on the actions and outcomes relating to delivery of the OA Plan 2012/13.

**1. Operational Incident Reports** – Active monitoring of operational activity provides assurance that emergency incidents are being dealt with safely and in a highly effective manner.

In the reporting period the OA Team completed 125 operational incident reports against the annual target of 120.

**2. Operational Incident Presentations** – Whilst undertaking active incident monitoring, OA Officers capture photographic examples of good practice and improvement opportunities. These images are compiled into succinct presentations and made available to all staff to advise service improvement.

During the reporting period 13 new presentations were placed on BigRed (Service intranet). Feedback has revealed these have been extremely well received.

**3. Watch Training Reports** – Active monitoring of watch training activities provides assurance that operational personnel are undertaking watch based training in accordance with standard operating procedures, policies and guidance.

During the reporting period Borough Officers completed 170 watch training reports.

**4. Evening Work Routine Reports** – Provide assurance that station based staff are making the most efficient and effective use of the time available to them.

During the reporting period a total of 121 evening work routine reports were undertaken across all ten Boroughs. This activity resulted in the identification of

common areas of improvement which have been addressed through corrective measures being implemented at Borough level and follow up actions by OA.

**5. Station Standards Reports** – Provides assurance on the following areas:

- Operational Preparedness and Performance
- Training and Development
- Health and Safety
- Documentation
- Station Work Routines
- Operational Activities (separately reported)
- Community Safety (risk reduction work)

Each year the Borough Management teams are set a challenging target for the number of 'Station Standards' inspections to be undertaken and have achieved 95% attainment of target during 2012/13.

**6. Corporate Exercise Reports** - Provide assurance that the required range of training exercises is being undertaken in accordance with the Corporate Exercises Policy and Guidance Document 2012.

During 2012/13 OA Officers attended a range of 'Large Scale Exercises' (ten fire engines or more) and 'Medium Scale Exercises' (four fire engines or more) and provided a detailed report for each.

**7. Thematic Reviews** – A thematic review involves detailed research and analysis of a subject, in order to provide the Leadership Team with an informed report for due consideration.

The Thematic Reviews are determined through a risk based approach and can be demand led. During 2012/13 a total of eight Thematic Reviews were completed against a minimal requirement for six.

**8. Debriefing Operational Activities** – Reviewing workplace activity is an effective means of improving performance. During 2012/13 over 2,000 debriefs of operational incidents and training activities were completed, with any unresolved learning opportunities being progressed to OA for management at this level.

**9. The Emerging Themes Register** is closely aligned to the corporate risk management process and is used to document risks and progress those requiring resolution at a higher level (Directorate or Corporate).

Activities undertaken by OA during 2012/13 have resulted in approximately 350 entries on the Emerging Themes Register.

**10. Progressing Resolution of Issues** – The contents of the Emerging Themes Register are progressed through a number of forums including the Operational Procedures and Equipment Forum (OPEF) and as a standing item at all Operational Risk Control Group (ORCG) meetings, where representatives from the key support departments work to find resolution.

Those risks which the ORCG are unable to resolve are placed on the appropriate Corporate or Directorate risk register and communicated to the Consultation, Research and Assurance Group (CRAG) and Leadership Team.

On the basis of the above, assurance can be gained that the Authority has robust active and reactive operational monitoring processes in place which identify, record and progress resolution of operational areas for improvement. We will continue to refine those processes to further improve cross departmental working and the subsequent effectiveness of dealing with the issues identified through monitoring.

### **Prevention & Protection Services Assurance**

There is a developing Audit and Assurance function to review the Prevention and Protection aspects of the service which is being built on the audit process currently in place within the Area Protection Teams.

Specific areas of activity aligned to providing assurance against service delivery include:

- Audit process aligned to key line of enquiry
- Review of workplace activities
- Continual team monitoring, team development and sharing of best practices
- Personal performance reviews aligned to performance management
- Quality Assurance audits
- Adoption of the service's peer review methodology

### **Audit Commission**

In December 2010 the Audit Commission revised its VFM methodology with the statutory conclusion being based on two criteria specified by the Audit Commission, viz:-

- *"The organisation has proper arrangements in place for securing financial resilience.*
- *The organisation has proper arrangements for challenging how it secures economy, efficiency, and effectiveness."*

The above conclusion being supported by risk-based work focussing on the robustness of the Authority's arrangements relating to financial governance, strategic financial planning and financial control.

Appropriate External Audit reports were presented to the Audit, Scrutiny and Standards Committee/Authority meetings during 2012/2013 as follows:-

- Annual Governance Report 2011/2012 (27<sup>th</sup> September 2012)
- Role and Responsibilities of the External Auditor (27<sup>th</sup> September 2012)
- Audit Committee Progress Report 2011/2012 (27<sup>th</sup> September 2012)
- Outsourcing the Work of the Audit Commission to Grant Thornton (18<sup>th</sup> October 2012)
- Annual Audit Letter 2011/2012 (18<sup>th</sup> October 2012)

- Audit Fee 2012/2013 (29<sup>th</sup> November 2012)
- External Audit Progress Report – Feb 2013 (28<sup>th</sup> February 2013)
- External Audit Plan March 2013 (11<sup>th</sup> April 2013)
- Adding Value to Your Authority (18<sup>th</sup> April 2013)

The opinions within the above reports continue the previous years' trends and again commented positively on the Authority's internal control and performance frameworks as outlined below: -

#### Annual Governance Report (September 2012)

##### Financial Statements

*"The financial statements and associated working papers submitted for audit were of good quality."*

##### Value for Money

*"I expect to conclude that you have made proper arrangements i to secure economy, efficiency and effectiveness in your use of resources."*

*"The Authority and the Service have continued to identify significant savings while keeping issues of safety and service quality to the fore. The Authority has developed an effective strategy to deliver the savings."*

##### Internal Control

*"There are no matters in relation to internal control that I need to draw to the Authority's attention."*

#### Annual Audit Letter (October 2012)

*"I issued an unqualified opinion on the Authority's 2011/2012 financial statements included in the Authority's Statement of Accounts"*

*"I concluded that you have made proper arrangements to secure economy, efficiency and effectiveness in the use of resources."*

### **7. Significant Partnership Assurances**

The Statement of Recommended Practice (SORP) 2006 places an additional responsibility on Authorities in that their Statement on Internal Control should embrace controls over group activities where an Authority undertakes significant activities through a group. The "proper practices" guidance has extended this responsibility to controls over partnerships considered by the Authority to be significant i.e. have a detrimental effect on the Authority if the partnership failed.

At this time the Authority is satisfied that it does not need to formally review assurance arrangements in its significant partnerships due to them either being public sector bodies with their own reported assurance/governance arrangements or the Authority's financial commitment not being significant enough to justify such an assurance.

## **8 Significant Internal Control Issues**

No significant internal control issues have been identified during the year.

The recent review by Internal Audit re-assessed each component of the Local Code, and concluded *“Greater Manchester Fire & Rescue Authority’s position against the local code of corporate governance is still considered to be strong. There are some areas where further detailed work is being carried out to ensure full compliance with the code.*

A summary of progress and further agreed action is included at Appendix 1. It also highlights some sensitive areas within the public arena that the Authority is addressing and which provide practical illustrations of the Authority's continued commitment to effective governance.

On the basis of the opinions of the senior officers as detailed above, we are satisfied that the Authority's internal control, corporate governance, and operational assurance arrangements are adequate and are operating effectively. We are satisfied that the enhancements identified will further improve our governance and internal control arrangements. We will assess their implementation and the effectiveness of dealing with the issues outlined as part of the formal risk management process.

Signed: .....

Councillor David Acton, Chairman of Greater Manchester Fire and Rescue Authority & Steve McGuirk, County Fire Officer & Chief Executive on behalf of the Members and Senior Officers of Greater Manchester Fire and Rescue Authority.

Date: .....

## **Corporate Governance Annual Statement of Assurance**

Areas where improvement work is ongoing include:-

Principle 1 Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.

### **Corporate Plan 2013 – 2016**

It is noted that in previous years, the final Corporate Plan was approved by Authority members at their April meeting. Our review has found that the approval of the Corporate Plan (2013 – 2016) has been slightly delayed and will be presented for approval at the Authority meeting on 27<sup>th</sup> June 2013, following the end of the consultation period on 6<sup>th</sup> May 2013. The Head of Planning and Performance stated that this delay is due to the confirmation of the central government cuts to grant being confirmed in December 2012 which had an impact on the finalisation of the draft Corporate Plan proposal.

### **Partnership Management Framework**

It is noted that the Partnership Management Framework document was last updated in April 2009 and therefore does not align to the current Partnership Strategy (2011 – 2014). During our mid-year review, it was agreed that the Partnership Management Framework document would be updated by the end of January 2013 and presented to the Leadership Team and Corporate Leadership Team for approval.

The Partnership and Liaison Officer confirmed that this action has not been completed. The information contained within the Partnership Management Framework document will be migrated into a Policy, Procedure and Guidance document in line with the governance arrangements outlined within the update report presented to the Corporate Leadership team on 26<sup>th</sup> October 2012 and to the Prevention and Protection Committee on 8<sup>th</sup> November 2012.

The Policy, Procedure and Guidance document will be completed and signed off by the Leadership Team at their meeting on 14<sup>th</sup> June 2013.

### **Partnership working across GMFRS**

At the meeting of the Prevention and Protection Committee on 8<sup>th</sup> November 2012, it was agreed that a report outlining all partnership work that was taking place across GMFRS would be presented to Authority members at their meeting on 18<sup>th</sup> April 2013. Our review of committee minutes found that this report was not presented when expected.

The Director of Prevention and Protection and the Partnership Liaison Officer confirmed that since the November 2012 meeting, it was identified that additional information was required which the timeframe did not allow for. The report is now scheduled for submission to the Authority meeting on 27<sup>th</sup> June 2013.

## **Corporate Complaints Policy**

The Head of Planning and Performance confirmed that the current Corporate Complaints Policy and associated procedure is being reviewed. The review is expected to be complete by the end of August 2013.

## **Monitoring and reporting of Member complaints**

Since standards responsibilities were transferred to the Audit and Scrutiny Committee in June 2012 (later re-named as the Audit, Scrutiny and Standards Committee), member complaints have not been reported. The Deputy Clerk and Authority Solicitor stated that as no member related complaints have been received, the quarterly report is considered to add little value and will no longer be produced. Following the changes under the Localism Act, there are no plans to continue producing an annual report summarising standards related issues.

The Deputy Clerk and Authority Solicitor will consider the introduction of an annual review against the Members Code of Conduct, with the outcome reported to the Audit, Scrutiny and Standards Committee.

## **Separate Reporting of Value for Money**

Value for money is currently embedded within the Authority's Corporate Plan. Although progress against the Corporate Plan is reported to members and the Leadership team on a quarterly basis, it is noted that value for money is not reported on separately in preparation for the revision to the External Audit Code of Practice. This will also be reflected in the Local Audit Bill 2013.

Principle 2 Members and officers working together to achieve a common purpose with clearly defined functions and roles.

## **Compliance with CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations**

Although compliance against the CIPFA Code of Practice for Internal Audit is reported within the Internal Audit Annual Report, and future reports will assess compliance against the recently introduced Public Sector Internal Audit Standards, a specific review of the Authority's position against the CIPFA Statement on the Role of the Head of Internal Audit has not been undertaken.

This assessment will be undertaken and reported in the Annual Governance Statement 2013/2014.

Principle 3 Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

## **Out of date corporate governance policies on the Authority's website**

Further changes to the corporate governance policies were approved by the Policy, Resources and Performance Committee on 7<sup>th</sup> February 2013. Our work identified that the following policies available on the Authority's website have not been updated to reflect the approved changes (date of last update shown in brackets):-

- Scheme of Functions Delegated to Chief Officers (June 11)
- Procedural Standing Orders (Sept 11)
- Contract Standing Orders (Sept 11)
- Financial Regulations (Sept 11)
- Procurement Strategy (Sept 11)
- Public Disclosure (Whistleblowing Policy) (May 11)
- Anti-Fraud Policies (Sept 11)

The issue of out of date policies detailed above was raised with the Head of Finance and Technical Services who confirmed that the necessary changes to policies are in the process of being made. Once updated, the policies will be made available on both the Authority's website and BigRed immediately.

### **Asset Management Strategy and Asset Management Plans**

The Asset Management Strategy and Plans were due to go to the September 2011 meeting of the Policy, Resources and Performance Committee for approval. The Head of Finance and Technical Services confirmed that this did not happen as all key documents that underpin the Asset Management Strategy were in the process of being developed following the consultation exercise. These included the Corporate Plan, Operational Strategy and Prevention and Protection Strategy.

As all key documents were finalised, the Asset Management Strategy and Plans were to be refreshed and a summary overarching principles paper was to be presented to the Corporate Leadership Team and the Policy, Resources and Performance Committee at their September 2012 meeting.

During our 2012 mid-year review, the Head of Finance and Technical Services confirmed that the Strategy and Plans had been shared with the County Fire Officer and were discussed by the Corporate Leadership Team alongside submission of the Capital bids. It was agreed by the Corporate Leadership Team that the Strategy and associated Plans were to be considered alongside the budget once the outcome of the capital bids were known. As such, the Strategy and Plans were expected to be reported to the Policy, Resources and Performance Committee on 7<sup>th</sup> February 2013.

Our recent review has confirmed that the Strategy and Plans did not go to the Policy, Resources and Performance in February 2013 when expected. The Head of Finance and Technical Services confirmed that the Strategy was shared at the Chairs/CLT meeting in January 2013 and feedback was requested and provided by the Corporate Leadership Team. The Strategy and Plans will now go to the Corporate Leadership Team in June 2013 for formal consideration and will then be presented to the Policy, Resources and Performance Committee on 25<sup>th</sup> July 2013.

## **Opportunities for Sponsorship**

Over the last 3-4 years, we reported that opportunities for sponsorship were being reviewed by Officers and a specific policy was being developed as a supplement to the Financial Regulations. The purpose of the policy was to address the financial management of sponsorship and Contract Standing Orders, addressing the contractual and procurement related issues.

During our 2012 mid-year review, the Director of Corporate Communications confirmed that a Sponsorship Policy had been drafted and would be presented to the Policy, Resources and Performance Committee on 22nd November 2012. Our review of minutes confirmed that this has not happened.

In the absence of the Director of Corporate Communications who is currently on maternity leave, the Deputy County Fire Officer confirmed that there have been some delays due to workload prioritisation to the production of the Opportunities for Sponsorship Policy. A first draft will be presented to the Corporate Leadership Team at their meeting on 28<sup>th</sup> June 2013.

## **Data Handling Guidelines**

During our mid-year review, we reported that a gap analysis against Data Handling Guidelines had been completed by the Information Security Manager and supplied to Internal Audit to allow areas for improvement to be identified.

A report on the work was produced by Internal Audit and recommendations and target completion dates agreed with the Head of Intelligence and Knowledge and the Information Security Manager.

An update was presented to the Audit, Scrutiny and Standards on 11<sup>th</sup> April 2013 to provide an update on the implementation of Information Security Management and Security Controls. The report confirmed the level of compliance with the ISO27001 Standard; 'approximately 60% of the potential 133 controls were fully complete and in operation, with a further 20% level of compliance achievable by documenting existing procedures. To achieve full compliance with the Standard, a number of controls still need to be implemented and would be progressed'.

It is noted that a further update report is expected to be presented to the Audit, Scrutiny and Standards Committee on 20<sup>th</sup> June 2013 with a breakdown of financial costs and proposed technical solutions.

## **Publication of Members' Register of Interests in line with requirements of Localism Act 2011**

As from 1<sup>st</sup> July 2012, the Localism Act 2011 requires the maintenance and publication of the register of interests on the Authority's website. The Democratic Services Manager confirmed that members interests will be published on the Authority's website after the Annual General Meeting which takes place on 27<sup>th</sup> June 2013.

## **Declarations of Interests Register (Employees)**

The Director of People and Organisation Development confirmed that a Register of Interests is not maintained for employees in line with the Employee Code of Conduct. The option of maintaining a register with an annual update will be considered by the Director of People and Organisation Development.

Principle 4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

## **Risk Management System**

Last year, we confirmed that a web-based system had been developed to streamline the processes around corporate planning, risk management, performance measurement and reporting. The system was in the process of being tested and was expected to be implemented by September 2012.

During our mid-year review, the Risk and Intelligence Manager confirmed that the web-based Risk Management system would form part of the wider Corvu implementation and a revised implementation date had been set for the end of March 2013.

The Risk and Intelligence Manager confirmed that the system (CorRisk) has not been implemented as previously expected. All corporate systems are currently being assessed to determine how they link and following this, a decision will be made as to how this outstanding action will progress. In the meantime, the Safeguard Risk Management system continues to be used.

## **Risk Management Framework document**

During our mid-year review, it was agreed that a Risk Management Framework document would be produced by the end of September 2012 and would be taken to the Leadership Team for approval at their meeting on 12<sup>th</sup> October 2012.

The Risk and Intelligence Manager confirmed that due to competing priorities, the framework document was not produced by the timescale previously agreed. An interim process guide (Risk Register Guidance) was introduced and made available to all staff via the Risk Management Sharepoint site in July 2012.

The Risk and Intelligence Manager also confirmed that the initial draft of the Risk Management Framework document has been shared with the Deputy County Fire Officer. A revised draft is in the process of being developed and will be presented to the Leadership Team at their meeting in June 2013 for approval.

Principle 5 Delivering the capacity and capability of officers and members to be effective.

### **Corporate Induction process**

The Director of People and Organisation Development confirmed that the new Corporate Induction process is in the process of being signed off and will be implemented by the end of June 2013. Following completion of the paper based induction process, the on-line element is now being re-considered in terms of priorities.

### **Employee Training and Development Policy**

During our mid-year review, the Director of People and Organisation Development confirmed that the Training and Development Policy was not taken to the Emergency Response Committee for approval on 12<sup>th</sup> July 2012 as the documents were only fully completed on the 15<sup>th</sup> July. The policy was scheduled to be presented to the Emergency Response Committee on 25<sup>th</sup> October 2012.

The Director of Emergency Response confirmed that as part of the organisation re-structure, the responsibility for the completion of the policies was transferred over to the Emergency Response Directorate.

Our review of the Leadership team minutes of the meeting on 13<sup>th</sup> April 2013 confirmed that the Emergency Response Operational Training Policies were presented and feedback was provided on suggested amendments. The Director of Emergency Response confirmed that the Policies are now finalised and will be published on BigRed imminently.

Principle 6 Engaging with local people and other stakeholders to ensure robust public accountability.

### **Governance Review**

Work is on-going to improve communication, decision making and staff engagement by revising the governance structures within the Authority.

The Head of Planning and Performance confirmed that this exercise has involved each Directorate reviewing their existing meetings by meeting type (for example, policy, thematic etc), determining what value the meeting was adding, identifying any duplication and the level of existing governance arrangements.

An approach for each Directorate to compile the outcome of the review has been agreed and from this, a final framework/policy which codifies the Authority's

governance arrangements will be reported to the Policy, Resources and Performance Committee. This exercise is expected to be complete by December 2013.

### **Freedom of Information**

A report proposing the revised changes to the Freedom of Information process will be presented to the Corporate Leadership team in July 2013.

### **Staff Survey**

The Director of People and Organisation Development confirmed that the results of the recent Staff Survey are currently being collated. Once summarised, the feedback will be shared with the Corporate Leadership Team.

An Employee Consultation and Engagement event for the Extended Leadership Team (Station managers, their equivalent and above) will be held on 23<sup>rd</sup> July 2013. Following this, the results will be rolled out across the authority.

### **Significant Internal Control Issues**

There were no significant control issues identified during the financial year.

### **Other Significant Issues**

A range of internal control issues, involving the Authority, some attracting significant public interest have occurred during the financial year. All the issues have been recognised as major risks to the Authority and are/will be included in the Strategic Risk Register which outlines the mitigating actions along with providing a high level mechanism to monitor the effectiveness of the actions being taken.

A précis of the issues with the remedial action taken/scheduled is detailed below, viz:-

### **Financial Control Issues**

#### **Economic Downturn/Financial and Service Delivery Issues**

A range of articles have been reported in the media stemming from the continuing economic/fiscal downturn, the impact of Coalition Government actions particularly in respect of funding, and the Authority budget position. The articles generally concerned the ongoing impact of the Government funding cuts and the effect on Authority finances, jobs and service provision. Key articles included:-

*June 2012 - "Free Smoke Alarms could be axed for Middle Classes"*

*December 2012 – "Quarter of Greater Manchester Fire Stations Facing Axe, Claim Unions."*

*January 2013 – “Fire in Greater Manchester Halved Over Last Six Years Despite Firefighters Forced To Cope With £160m Cuts.”*

*January 2013 – “Anger As Fire Service Spends £144k On Cold Weather Gear.”*

*February 2013 – Cost of False Alarm Calls”*

*May 2013 – “Fire and Rescue Review Claims Service Needs Transforming to Save £200m a Year.”*

The Authority’s consistent response to these issues is that it has prepared promptly for the financial downturn and addressed all issues in a structured way with the ongoing intention of continuing to protect and improve the quality of life of people within Greater Manchester. This action as part of the Authority’s financial planning and management processes has been consistently endorsed by the Audit Commission, viz:-

- *“A comprehensive savings programme has been in place since 2010/11, including the Authority’s “star chamber” efficiency reviews with detailed work being undertaken to reduce expenditure prior to the significant reductions in government grants expected for 2013/14 and 2015/15 and probably beyond.”*

The Authority’s governance and risk management arrangements enable it to deal openly and effectively with situations such as those highlighted above. The nature of the organisation means that there will always be difficult situations to deal with, but its internal control mechanisms ensure that actions are taken appropriately and promptly, and it is openly accountable for those actions. This is a major strength of the Authority and a significant factor in its continuing improvement journey.

# ASSURANCE FRAMEWORK

## ANNUAL GOVERNANCE STATEMENT

