

# Statement on Internal Control

## Report of the Chief Fire Officer

For further information about this report please contact Andy Johnson, Head of Risk Management, on 01743 260287 or Alan Taylor, Chief Fire Officer, on 01743 260201.

### 1 Purpose of Report

This report informs Members of the process that will be put in place to ensure that the Fire Authority's Statement on Internal Control (SIC) is ready for inclusion in the Final Accounts for 2006/07.

### 2 Recommendations

The Committee is asked to note the contents of this report.

### 3 Background

The Fire Authority is required to ensure that financial management is adequate and effective, and that it has a sound system of internal control, which facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

The Fire Authority is also required to conduct a review, at least once a year, of the effectiveness of its system of internal control, and shall include a statement relating to the outcomes from that review within its published Statement of Accounts. This statement is known as the 'Statement on Internal Control', or the SIC. In addition, the Fire Authority is expected to publish an Improvement Plan, which looks to improve any areas of weakness identified during the review.

This report details the changes to the process used to create the SIC, implemented as a consequence of a review conducted over the last few months. It also outlines the timetable of events that will lead up to the signing of the SIC at the Fire Authority's meeting in June.



## 4 Changes to the SIC Process

This is the fourth year that the Fire Authority has been required to develop a SIC in conjunction with its Statement of Accounts. The process can be summed up as follows:

- 1 The Fire Authority defines its objectives;
- 2 The risks to achieving those objectives are then identified;
- 3 The way those risks are controlled is identified;
- 4 Assurances are obtained about the effectiveness of the key controls;
- 5 Any weaknesses or gaps in the key controls are evaluated;
- 6 The action plan is then produced to address any gaps or weaknesses;
- 7 The Fire Authority can then produce a clear statement on its internal controls for 2006/07.

For the last two years the process used by the Fire Authority has been based upon the contents of the Chartered Institute of Public Finance and Accountancy guidance document. The guidance includes examples of best practice in all significant areas of a typical system of internal control. These indicators have been incorporated into a standard questionnaire that was used to enable officers to make some form of self assessment for the areas for which they are responsible. This has served the Fire Authority well over the last two years, with various improvements to its system of internal control having been identified and implemented, resulting in a more mature system.

A review of the SIC process has, however, shown that this method of gathering assurances from officers is not best practice. In other authorities (including Shropshire County Council and Telford & Wrekin Council) officers are required to sign off their assurance statements, which results in a greater level of ownership and understanding of the whole process by those officers.

In order to bring the Fire Authority's SIC process into line with current best practice, this year's process will require officers actually to sign 'Assurance Statements' for the parts of the system of internal control for which they are responsible. The remainder of the SIC process will continue as in previous years.

## 5 The SIC Timetable

The timetable of events for the development of the Fire Authority's SIC for 2006/07 and the resulting Improvement Plan for 2007/08 is given in the table below.

<b>When</b>	<b>Action</b>
March/April 2007	Assurance Statements are completed by the responsible officers, in liaison with the Risk Manager.
Beginning of April 2007	All Assurance Statements are collated by the Risk Manager.



End of April 2007	The Risk Management Group meets to discuss the contents of the SIC 2006/07 and improvements required to the current system.
May 2007	The proposed SIC 2006/07 and Improvement Plan 2007/08 are put to Service Policy Group for approval.
24 May 2007	The approved SIC 2006/07 and Improvement Plan 2007/08 are brought to the Strategy and Resources Committee for approval.
13 June 2007	The approved SIC 2006/07 and Improvement Plan 2007/08 are presented to the Fire Authority for signing.
14 June 2007	The SIC Improvement Plan 2007/08 is presented to the Audit and Performance Management Committee to enable the monitoring of progress to start.

## **6 Financial Implications**

There are no financial implications arising from this report.

## **7 Legal Comment**

The SIC is a legal requirement under the Code of Practice on Local Authority Accounting in the United Kingdom and must be included in the Fire Authority's Annual Statement of Accounts.

## **8 Equality Impact Assessment**

Officers have considered the Service's Brigade Order on Equality Impact Assessments (Personnel 5 Part 2) and have decided that there are no discriminatory practices or differential impacts upon specific groups arising from this report. An Initial Equality Impact Assessment has not, therefore, been completed.

## **9 Appendices**

There are no appendices attached to this report.

## **10 Background Papers**

There are no background papers associated with this report.



Implications of all of the following have been considered and, where they are significant (i.e. marked with an asterisk), the implications are detailed within the report itself.

Balanced Score Card		Integrated Risk Management Planning	
Business Continuity Planning		Legal	*
Capacity		Member Involvement	*
Civil Contingencies Act		National Framework	
Comprehensive Performance Assessment		Operational Assurance	
Efficiency Savings		Retained	
Environmental		Risk and Insurance	*
Financial		Staff	
Fire Control/Fire Link		Strategic Planning	
Information Communications and Technology		West Midlands Regional Management Board	
Freedom of Information / Data Protection / Environmental Information		Equality Impact Assessment	*

