

REPORT OF THE CHIEF FIRE OFFICER

STATEMENT ON INTERNAL CONTROL

1 Purpose of Report

To inform 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 2005/06, by July 2006.

2 Recommendations

Members are asked to note that:

- a) Responsibility for ensuring that the Fire Authority's SIC is produced each year rests with this Committee;
- b) Responsibility for monitoring progress against the Fire Authority's SIC Improvement Plan rests with the Performance Management Committee;
- c) The process used to create this year's SIC and its associated Improvement Plan will also be used as the basis for creating the SIC for the 2005/06 Final Accounts, in time for the July 2006 deadline; and
- d) This Committee will receive further reports relating to the progress made towards completion of the SIC for the Final Accounts 2005/06.

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 management of risk.

The Fire Authority is also required to conduct a review, at least once a year, of the effectiveness of its systems of internal control, and shall include a statement of internal control, prepared in accordance with proper practices, within its published Statement of Accounts. In addition, the Fire Authority is expected to publish an Improvement Action Plan, which looks to improve any areas of weakness identified during the review.



At a meeting on 20 July 2005, the Fire Authority's Final Accounts 2004/05, including the SIC and its associated Improvement Plan, were signed off by the Chair, the Chief Fire Officer and Treasurer.

4 Responsibility for the SIC process

Previously, responsibility for the development of the SIC and the monitoring of progress against the SIC Improvement Plan lay with the Finance and Performance Management Committee. Now that this Committee has been replaced by the Strategy and Resources Committee (S&RC) and the Performance Management Committee (PMC), responsibility for the SIC process has been split. In accordance with their Terms of Reference, responsibility for the process used to develop the SIC now rests with this Committee (S&RC), whereas responsibility for the monitoring of progress against the Authority's SIC Improvement Plan falls to the PMC.

A report highlighting that progress against the SIC Improvement Plan is on target was received by the PMC at its meeting on 9 January 2006.

5 SIC Process for the 2005/06 Final Accounts

Following the successful implementation of the process used to develop last year's SIC and Improvement Plan, it is proposed that the same process should be used to develop the statement for the Final Accounts 2005/06, required by July 2006.

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; and
7. The Fire Authority can then produce a clear statement on its internal controls for 2006/07.

The Service's Policy Group is in the process of reviewing the Fire Authority's objectives to ensure that they are in accordance with the Government's Draft National Framework Document 2006-2008, as well as the outcome from the recently completed Integrated Risk Management Planning consultation process. This work will be completed with the second of two Policy Group 'Away Days', which are specifically aimed at undertaking this review. The 'Away Day' will also look to identify the risks to achievement of the Fire Authority's objectives, as required by step 2.

It will then be possible to undertake the Assurance Gathering Process, as depicted in steps 4 and 5. This is likely to start during March, benefiting greatly from the outcome from an audit on the Authority's Risk Management procedures, which is currently being undertaken by Internal Audit.

This Committee will be kept informed of the progress being made towards completion of the Statement on Internal Control to be included in the 2005/06 Final Accounts.



6 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.

7 Financial Implications

There are no financial implications arising from this report.

8 Equality and Diversity Implications

There are no equality or diversity implications arising from this report.

9 Appendices

There are no appendices attached to this report.

10 Background Papers

Shropshire and Wrekin Fire Authority
20 July 2005, Report14, Final Accounts 2004/05

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