

Fire and Rescue Service
Headquarters, Pirehill
Please ask for Kay Ross
01785 898670

AUDIT COMMITTEE

Thursday 19 November 2009

2.15pm

Fire and Rescue Service Headquarters,
Pirehill

(A Chairman/Vice Chairman's Preview has been arranged for 1.45 pm for Mr Tagg and Mrs Lamb)

H Norris
Secretary to the Authority
10 November 2009

A G E N D A

1. Apologies
2. Declarations of Interests
3. **Minutes of the Audit Committee held on 23 September 2009**
4. **Audit Committee Members Visit to Finance**

Since the last meeting arrangements were made for Members of the Audit Committee to receive an overview of the work of the Internal Audit Section and to visit the Finance Department. Mr Sutton, Mr Bernard and Mrs Lamb attended and will be asked to feedback on their experiences.

5. **Internal Audit Progress Report**
Report of the Treasurer
6. **Key Lines of Enquiry (KLOE) – Finance Plan Update**
Report of the Treasurer/Director of Assets and Resources
7. **Members Training**
International Financial Reporting Standards (IFRS)

opportunities to raise the profile of the Audit Committee. The focus would be on training, scrutiny and attendance. Training would be offered and provided for Members of the Committee. Members set the Staffordshire Safety Plan which was the guiding document when it came to audit matters just as it was for everything else the Authority did. All involved in delivering fire services were “united in excellence” and were committed to improvement, and recognised individual differences.

Secondly she introduced Internal Audit whose role was to review the Authority’s processes and procedures on an ongoing basis with reference to risk. Annual reviews of the Service take place and very sound performance criteria are met. Recommendations of Internal Audit were dealt with in a prompt and robust manner, the Service frequently taking corrective action before any report was issued. An excellent service was provided by SCC Internal Audit service and they were a partner of choice. Mrs Grossman was pleased to report that the majority of the Internal Audit reports gave “substantial assurance”. There were three grades – substantial, satisfactory and adequate. The Service had received substantial and satisfactory grades and had not received any inadequate assurances to date.

Thirdly the Audit Commission had a very important and sometimes onerous responsibility. Alongside the “Use of Resources” reporting requirements they were required to audit the Authority’s accounts and offer a value for money opinion. The Authority see the relationship with the Audit Commission as being critical to the organisation improving, to such an extent that the Chief Fire Officer/Chief Executive and the Director of Assets and Resources had requested monthly meetings. It was also the intention to ask the Audit Commission to participate in the forums that we have for improvement in the future.

Fourthly, the Service itself. The main dealings would be through the finance team which was relatively small but specialist, experienced and enthusiastic team. The team were committed to improvements and had a great deal of pride in their work. Any Member could visit the finance department if they wished and the Chairman of the Committee, Mr Tagg had already been. The Leadership Message is the Service statement which articulates the way in which staff operate and interact to deliver their daily activities.

Mr Tagg indicated that the end product was the services provided to residents. He indicated that he thought the Authority were ahead of the game by implementing recommendations as the audit progressed to move things forward. He felt that the monthly meetings with the Audit Commission were important for improvement. He indicated the finance department were a great team and he supported the County Council internal audit as back up.

7. **RESOLVED** – That the presentation be noted.

Financial Statements and Annual Governance Statement Audit (Schedule 3)

8. The report provided an update on the outcome of the Financial Statements and the Annual Governance Statement audit and provided a context to the External Auditor’s report.

The Audit Committee’s functions and responsibilities included:

- monitoring the implementation of approved recommendations relating to internal audit reports and external audit reports and management letters.

- questioning the appropriate officers of the Authority on the conduct of the Authority's finances and to question the internal and external auditors on their reports, and
- approving the Authority's Annual Governance and Statement of Accounts

The draft Statement of Accounts was approved by the Audit Committee on 2 June 2009. The audit commenced on 3 June. The accounts were available for public inspection from 6 to 31 July 2009. The audit of the 2008/09 Accounts had been completed by the external auditor and their full Annual Governance Report was a separate item on the agenda.

Amendments to the accounts - The external audit report included all changes made to the accounts irrespective of materiality. This was to provide a full picture to directors, officers and officials and was in line with good practice. Since the Audit Committee approved the accounts on 2 June 2009 there had been technical changes to the accounts in respect of pension accounting (FRS 17) and fixed asset impairments. These changes, which were governed by UK accounting standards, did not constitute a statutory charge on the General Fund. The balance on the General Fund remained the same and there has also been a small increase in Other Reserves. It was noted that there was a changeover of senior finance staff during the crucial closedown period.

The pension adjustments were due in part to the late dispatch of the actuarial reports. Combined with the much earlier account closedown date this gave little opportunity to finance staff to ensure that the correct accounting treatment in this technical area was followed in the time available. Better forward planning for next year would leave sufficient time for receipt of the actuarial reports and ensure resilience in the event of unexpected staff absence.

The change to fixed asset impairments arose from the fact that, at the time of preparation of the 2 June accounts, there was uncertainty over the effect of the forthcoming PFI contract on the year end position. This had been resolved through a further valuation of the properties affected. All material changes had now been made in the statement of accounts. These changes did not impact on the General Fund Balance; hence the financial position of the Authority is unchanged.

Recommendations made by the auditor in respect of the Financial Statements and Annual Governance Report were detailed in Appendix 5 of the Annual Governance Report. All recommendations had been agreed with the auditor. Half of them had already been implemented; the remainder would be considered to ensure that the weaknesses were rectified. An action plan was attached at Appendix 1 to the report.

A good working relationship was maintained with the auditor throughout the period of the audit, to the extent that finance staff were able to address and deal with all matters brought to their attention in an efficient and capable manner. The Audit Commission completed their work within their existing fee. Acknowledgement of the audit staff work was made as this resulted in a smooth audit process. The Authority continued to learn from issues raised by audit to ensure that moving forward we could improve our systems and processes further.

Before the Auditor could "sign off" the accounts the Treasurer was required to give the Auditor certain assurances concerning her responsibilities, the basis on which the accounts had been prepared and the information made available to the auditors. These representations were made after discussion with the directors, officers and officials and a copy of the representations were attached as Appendix 2 to the report. A revised copy of the letter was sent to the Audit Commission to reflect the changes. Members were circulated with a revised page 57 of the Statement of Accounts.

Mr Travis, Interim Strategic Finance Manager, gave a presentation which outlined the annual accounts cycle for 2008/09, the post audit adjustments to the accounts, and the outputs and the outcomes. Mr Travis referred to page 23 of the accounts which showed the full liability costs of the pensions. Although it showed £16m deficit this did not impact on the taxpayer. Members were advised that the Authority were responsible for paying for ill health retirements due to injury. Members were advised that the death in service benefit was part of the Firefighters Pension Scheme. With regard to the amount paid out in pensions Members were advised that a number of senior officers had retired last year, hence the amount shown. The general fund balance was in a breakeven position.

The Authority had made significant actuarial gains this year with the revaluation of property

Members discussed the charges made by the Audit Commission, of £10,000, for examining the costs of the PFI project, which was in addition to the normal fee. This had been paid for from the PFI budget. The Audit Commission had bought in a team of experts to look at PFI in accordance with accounting standards. They checked the affordability, the financial standing of the project and had to be satisfied that proper arrangements were in place. Important questions were asked which helped both the Audit Commission and the Service.

9. **RESOLVED** - That the unqualified audit opinion and positive feedback in respect of the audit process be noted.

(b) That the audit recommendations and the associated actions as set out in Appendix 1 to the report be noted.

(c) That the representations made by the Treasurer in the letter of representation, as amended, be approved.

(d) That the Statement of Responsibilities on page 7 of the report be noted.

(e) That Mr Tagg sign the Chairman's Certificate approving the 2008/09 Statement of Accounts as approved by the Committee.

Annual Governance Report (Schedule 4)

10. The draft Annual Governance report outlined the results of the Audit Commission Work for 2008/09. The audit was substantially complete and the report had been discussed with the Director of Assets and Resources on 10 September 2009. It included assessments on how well the Authority used and managed its resources to deliver value for money and better sustainable outcomes for local people.

Mr Patterson expressed his thanks on behalf of Mr Cottrill for the assistance given when auditing the accounts. The process had not gone as smoothly as it could have done. The Audit Commission had a good working relationship with the finance team. The report highlighted key issues to those charged with governance. The Audit Commission were proposing an unqualified opinion on the accounts. The report outlined whether the Authority had adequate accounts and whether they had arrangements in place for value for money. He outlined that there had been a mis-statement in the accounts in Appendices 2 and 3.

The Authority had attempted to close its accounts down early. However, during the closedown period there were changes in key personnel and the actuarial report required to produce the pensions entries (FRS17) arrived late which, in our view, have contributed

towards an unexpectedly large number of errors and uncertainties in the Statement of Accounts presented for audit. The amendments to the accounts had not led to an increase in the amount to be funded by Council Tax payers.

There had been material amendments to the accounts for the following:

Pensions and Assets – The pension charge to net cost of service should agree to the total charge advised by the Authority's actuary. Comparison of costs with the figures included in the financial statements identified an understatement of £2.9m.

The pension costs were reversed by an entry in the Statement of Movement on General Fund Balance. Comparison of the amount reversed of £17.6m with the expected reversal based on figures per the actuarial reports identified an understatement of £4.1m.

When the accounts were produced, the Valuer had reduced the remaining life of the stations to be replaced under the proposed PFI to the number of years before proposed demolition or refurbishment. Since the PFI had not been entered into, there was no obligation to demolish the buildings and the estimated lives should not have been reduced. The impairments to fixed assets arising from the reduction in lives had been reversed, resulting in a £5.4m credit to the income and expenditure accounts and a revised valuation report had been provided to support this.

Other errors - All errors found during our work were reported as required by auditing standards. There was a full list of the adjusted amendments at Appendix 2 to the report.

Mr Patterson circulated paper which outlined the unadjusted error in the financial statements relating to the Firefighters Pension Scheme and as the sum in question was non-trivial but material the Audit Committee were asked to agree that the accounts be adjusted in 2009/10. The Committee agreed this and the reasons had been included in the Letter of Representation. This related to the revised page 57 of the statement of accounts in relation to the contingent liability. The issue in relation to the way that the pensions were reported would have no impact on the taxpayer as pensions were dealt with separately from the day to day management of the budget. The report examined the economic cost of providing the service and this was deemed reasonable for the taxpayer to bear.

The report set out the key issues that Members should consider before the auditor could complete the audit. Members were asked to consider the matters raised in the report before approving the financial statements; take note of the adjustments to the financial statements which were set out in the report and in the additional sheet circulated; approve the letter of representation, as amended, on behalf of the Authority before he issued his opinion and conclusion; and agree the response and the proposed action plan.

Use of resources – The Auditor intended to issue an unqualified conclusion stating that the Authority had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources.

Members discussed the outsourcing of the pensions processing and administration to Northgate with effect from 1 April 2009 which provided resilience and value for money. Other options were looked into and a competitive tender process was undertaken and Northgate were awarded the contract.

Members discussed an unadjusted error relating to creditors of £115k and this was found to be a glitch in the purchase order system, which had been rectified.

The main accounts work was conducted within the original agreed audit fee of £71,459. Their Technical department conducted additional work in relation to the PFI giving our audit view on the proposed accounting treatment and conducted work to address the specific risk of PFI affordability; these pieces of work would be billed separately and the estimated final cost would be £10,080.

The Auditor was pleased that the action plan had been agreed quickly by officers and action taken.

Members commented that the report was easy to read and understand.

Mr Tagg left the meeting and Mrs Lamb took the Chair.

11. **RESOLVED** - (a) That the matters raised in the report be considered and the financial statements be approved.

(b) That the representation letter on behalf of the Authority, as amended, be approved before the Auditors issued their opinion, conclusion and certificate.

(c) That the proposed action plan be approved.

Internal Audit Progress Report (Schedule 5)

12. The report provided an update for Members outlining internal audit activity since the last Audit Committee held on 2 June 2009. It provided scrutiny of the internal audit function and would ensure that the 2009/10 audit plan is being delivered as originally planned.

Progress against the Internal Audit Plan for 2009/10 is provided for members' information at Appendix 1 of the report. Overall, the work was on schedule to be completed by 31 March 2010.

For the 2008/09 plan, as reported at the last Audit Committee, on 2 June 2009, the Area Command Unit and Asset Management - PFI Contract reviews were at draft stage and had been issued to the respective Operational Manager for consideration and comment. Both draft audit reports had been finalised and all recommendations made had been accepted by management. The management summaries for these reports were attached at Appendix 2 to the report together with the respective audit opinion, which in both cases, were 'substantial' assurance.

Creditors and Debtors substantive testing was to be deferred to April 2010 and this had been agreed with the Interim Head of Finance and the Audit Commission. It had been agreed that the available days would be allocated to a review of the Firefighters Pension Scheme Administration arrangements following the outsourcing of this service to NorthgateArinso UK Limited in April 2009; and the continued development of the Authority's Proactive Fraud and Corruption Audit Programme to contribute to the Authority's use of resources performance in this area. With regard to Northgate Members were advised that under the Service Level Agreement the Authority had access to Northgate's accounts. This audit would provide assurances that information was being processed correctly

Mr Patterson commented that Internal Audit was independent and that the Audit Commission did not advise on what the Internal Auditors should be considering.

13. **RESOLVED** – That the report be noted.

Audit Commission National Fraud Initiative 2008 Update
(Schedule 6)

14. The report outlined the background to the National Fraud Initiative and provided an update to Members on the progress made to date on investigating the potential data matches received from the Audit Commission in February 2009 as part of the 2008 NFI exercise.

The Audit Commission's National Fraud Initiative is a data matching exercise, designed to help participating bodies to detect fraudulent and erroneous payments from the public purse. It began in 1996, and is run every two years. The core of the National Fraud Initiative is the matching of data to help reduce levels of housing benefit fraud, occupational pension fraud and tenancy fraud. Thus far, the Audit Commission had deemed the Initiative a great success, and the most recently completed exercise (National Fraud Initiative 2006) resulted in the detection (nationally) of £150 million of fraud and overpayment, bringing a total to date of £450 million.

The NFI data matching exercise involved the Authority submitting payroll data (including pension and Member payroll data) and other relevant data to the Audit Commission who then matched it against data sets from other public sector organisations. The data collection period for the 2008 exercise was 1 April 2008 to 30 September 2008 which was extracted in October 2008 and forwarded to the Audit Commission. Potential matches were then identified and referred back to the Authority for investigation in February 2009.

Further details of the types of data matches carried out as part of the 2008 exercise and the number of potential data matches returned from the Audit Commission together with the progress made to date in investigating these were included at Appendix 1 to the report. It was encouraging to report that no major issues relevant to the Authority had thus far been identified. The final results of the Initiative must be sent to the Audit Commission by 31 March 2010 and would also be reported to the Audit Committee at a future meeting.

The Audit Commission fee for participating in the exercise was £1,000 excluding VAT which would be paid in two equal annual instalments. Internal Audit had also allocated five days in the internal audit plan 2009/10 to oversee the process and to support the investigations being completed by Fire Authority staff.

15. **RESOLVED** - That the report be noted.

**Audit Commission proposed scales of fees for 2010/11 and
the indicative fees for 2011/12 and 2012/13**
(Schedule 7)

16. The report advised Members of the response made to the Audit Commission's consultation paper on the proposed scale of fees for 2010/11 and indicative fees for 2011/12 and 2012/13. Subject to the outcome of the consultation process, the financial implications would be an increase in the 2010/11 audit fee of 1.25%.

The timetable for the responding to the audit commission consultation was 4 September and a copy of the response was attached as Appendix 1 to the report.

Mr Dartford reaffirmed the strong view that the Audit Commission was a vital part of the improvement strategy. He re-emphasised the benefit and value of external challenge although this was not always comfortable. There was clear benefit of working together to find solutions and to develop the Service.

Mr Patterson indicated that the subsidy that had been given to minimise the increase to authorities would be met from within the Audit Commission's reserves.

17. **RESOLVED** - That the response to the Audit Commission's proposed scale of fees consultation paper, attached as an Appendix to the report, be noted.

Training for Audit Committee Members

18. Members of the Audit Committee would undertake training. It was proposed that before the next meeting of the Audit Committee a training session would be arranged for all members of the Audit Committee. In addition enquiries would be made into the possibility of the Chairman and Vice Chairman attending external training in relation to their roles. At each Audit Committee meeting there would be a short training session on a specific topic. For the next meeting Members would receive training on the IFRS International Financial Reporting Standards.

There was an opportunity for Members to visit the key contributors to the audit process. Mrs Grossman would speak to Members after the meeting to see if they wished to visit the finance department, internal or external audit.

Mr Patterson and his team were willing to participate and provide training for Members and would need to know what training Members required.

Members would be provided with the check list for Audit Committee Members.

19. **RESOLVED** – (a) That the arrangements for Audit Committee Members training be noted.

(b) That a training session be arranged for all Audit Committee Members before the next meeting of the Audit Committee.

(c) The Members would receive training on the IFRS International Financial Reporting Standards at the next meeting.

(d) That Members training be a standard item on the agenda for the Audit Committee.

Mrs Lamb thanked Members for their attendance. She commented that the Committee could be more proactive and welcomed further information and training for Members.

CHAIRMAN

STOKE-ON-TRENT AND STAFFORDSHIRE FIRE AND RESCUE AUTHORITY

Audit Committee

19 November 2009

INTERNAL AUDIT PROGRESS REPORT

Report of the Treasurer

Summary

This report provides an update for Members outlining internal audit activity since the last Audit Committee held on 23 September 2009. It provides scrutiny of the internal audit function and will ensure that the 2009/10 audit plan is being delivered as originally planned.

2009/10

Progress against the Internal Audit Plan for 2009/10 is provided for Members' information at **Appendix 1** of the report. Overall, the work is on schedule to be completed by 31 March 2010.

Two training sessions were undertaken during October 2009 for three Members of the Audit Committee to provide an overview of the work of the Internal Audit Section along with the methodology employed by Internal Audit in conducting audit assignments. This training has been well received by those Members involved. During these sessions, a question was raised regarding the reporting of internal audit reports to Audit Committee Members outside of the normal reporting cycle on occasions where the audit work has been awarded a limited assurance opinion. This matter will be discussed with the Treasurer and Internal Audit and the results will be incorporated into the Audit Strategy when it is next reviewed in February 2010.

Recommendation

That Members note the report.

Financial Implications

Sufficient resources are available to the Internal Audit Section to fulfil the above commitments.

Legal Implications

There are no direct implications arising from this report.

Equality and Diversity

There are no direct implications arising from this report.

Risk Implications

There are no direct implications arising from this report.

Consultation and Engagement Undertaken

Not Applicable.

Other Implications

None.

Report Author:-	Heather Grossman
Contact Officers: -	Lisa Andrews, Audit Manager Deborah Harris, Principal Auditor
Telephone:	(01785) 276402 / 276406
Email:-	lisa.andrews@staffordshire.gov.uk deborah.harris@staffordshire.gov.uk

STOKE ON TRENT AND STAFFORDSHIRE FIRE AND RESCUE AUTHORITY

2009/10 INTERNAL AUDIT PLAN

SUMMARY OUTTURN POSITION AS AT 2 November 2009

PLANNED SYSTEMS AUDITS

Description		Status of Planned Audits						
		Consultancy /Work Completed ~Report not Required	Final report Issued	Draft Report Issued	Fieldwork Complete – Draft report being Prepared	Fieldwork	Terms of Reference Agreed/ Prepared	Not Yet Commenced/ Cancelled
National Fraud Initiative (NFI)								
On-going	National Fraud Initiative					✓		
Managed Audits								
Jan	Bank Account Reconciliation						✓	
Jan	General Ledger						✓	
N/A	Creditor Payments *							Deferred to 2010/11
N/A	Debtors*							Deferred to 2010/11
Jan	Payroll						✓	
High Risk Areas								
Dec	Ethical Framework						✓	
Apr	Audit of Working Papers for Statement of Accounts	✓						
Nov	Efficiency Strategy					✓		
Jan	Asset Management – PFI Contracts							✓
Nov	Management of the Capital Programme inc capital schemes				✓			
Jan	Personnel System							✓
Computer Audits								
Mar	IT Risk Assessment + 1 High Risk IT Audit (tbc)							✓
Top Up Testing								
Apr	Managed Audit Top-Up Testing	✓						
	TOTAL PLANNED = (14)	2	0	0	1	2	4	5

* Creditors and Debtors substantive testing to be deferred to April 2010 (agreed with the Interim Head of Finance and the Audit Commission). It has been agreed that the available days are to be allocated to a review of the Firefighters Pensions Administration arrangements following the outsourcing of this service to NorthgateArinso UK Limited in April 2009; and the continued development of the Fire Authority's Proactive Fraud and Corruption Audit Programme to contribute to the Fire Authority's use of resources performance in this area.

Additional Audit Work Arising in the Year

Description		Status of Additional Audit Work						
		Consultancy / Work Completed ~Report not Required	Final Report Issued	Draft Report Issued	Fieldwork Complete – Draft report being Prepared	Fieldwork	Terms of Reference Agreed/ Prepared	Not Yet Commenced/ Cancelled
Nov	Firefighter Pensions Administration					✓		
On-Going	Continued Development of Proactive Fraud & Corruption Audit Programme							✓
Oct	Audit Committee Member Training	✓						
	ADDITIONAL WORK = (3)	1	0	0	0	1	0	1

Stoke-on-Trent and Staffordshire Fire and Rescue Authority

AUDIT COMMITTEE

19 November 2009

Key Lines of Enquiry (KLOE) – Finance Plan and Update

Report of the Treasurer/Director of Assets and Resources

SUMMARY

The purpose of this report is to provide Members with a progress update of the Finance Plan which is an integration of the Finance Directorate plan with the corporate wide finance plans. The key purpose of this report is to illustrate the contribution these actions are making to our KLOE submission for 2009/10.

RECOMMENDATION

- (a) That Members look forward to the awareness training to be provided by the Audit Commission on all aspects of the Key Lines of Enquiry within the overarching Use of Resources process.
- (b) That Members note the focus within the Finance Directorate on the key financial KLOE's i.e. 1.1 to 1.3, and the need to review Directorate actions during the year.
- (c) That Members note the focus of effort in the Finance Directorate on staff development, teamwork, budget and efficiencies, statutory accounts production, and other areas in line with the KLOEs.
- (d) That Members note the broader role of all members of SFRS in the delivery of excellent performance against these and other KLOE's and the outreach work taking place to deliver this.
- (e) That Members consider any further ways that they can contribute to the KLOE process.

Financial Implications

There is no direct recurring or non recurring financial costs resulting from this report at this time. In the event that actions were identified which did impact on the overall cost of delivery of governance or finance arrangements these would form part of a business plan.

Legal Implications

The Audit Commission are the legally appointed Auditors for the Service and Authority.

Equalities Implications

The training and development referred to in this report has been subject of Equality and Diversity Testing.

Risk and Other Implications

All risks related to this area form part of the risk register and review process. The key financial risks at present relate to treasury issues and cost pressures, both of which are a result of the recessionary environment.

Consultation and Engagement Undertaken

This report was written in consultation with the Finance Department staff and other members of staff where appropriate.

The actions within this report will continue to form consultation themes with our Audit Commission colleagues as part of the liaison meetings with the Chief Fire Officer/Chief Executive.

Background

The performance of the Authority in these areas is assessed on an annual basis, through the 'Use of Resources', the actual assessment being carried out by the Audit Commission in the first half of the year and reported around December time

The Audit Commission will provide full details behind their audit approach which includes Use of Resources judgments at their away session with Audit Committee Members to be arranged.

However it is timely to introduce the key financial elements of this which relate to finance at this time, as we are in the second half of this financial year 2009/10, and rapidly approaching the next review.

The key financial element of the Use of Resources judgment are measured via three 'Key lines of Enquiry' (KLOE), these are accompanied by further key lines of enquiry which form part of the overall suite.

The finance led KLOEs are as follows:

1.1 Planning for Financial Health

Medium term financial Planning
Engagement with Stakeholders
Managing Spending
Financial governance and Leadership

1.2 Understanding Costs and Achieving Efficiencies

Understanding Costs
Decision making and Commissioning
Making Efficiencies

1.3 Financial Reporting

Financial monitoring and Forecasting
Using fit for purpose financial reports
Preparation of Accounts
Publishing reports
Involvement in Commissioning
Improvement through service redesign
Understanding the supply market
Evaluation of procurement options
Reviewing service competitiveness and value for money

The work of the Finance Department in partnership with Internal Audit, External Audit, Area Commands, and Support Departments and with Members themselves, all contribute to the overall assessment. This report however primarily deals with the actions being taken in Finance to support this review.

The remainder of this report is split into two sections, those actions already carried out to satisfy KLOE and other directorate requirements, and those actions we plan going forward.

Achievements to date:

Staff development

Integrated Personal Development Reviews (IPDR's) were performed for all staff and training and development needs were identified. The development has now commenced. Staff have attended different courses identified (eg 'Springboard' courses, a Leadership course and a member of staff is continuing her professional accounting qualification).

Developed and encouraged team work

A weekly 'talk-shop' is held in the department every Monday. This is an open forum and has proved very beneficial for all involved. The open sessions with Principal Officers continue to take place, and the department has been active in its contribution to the leadership message.

Build relationships with, and work in co-operation with, other staff members of Staffordshire Fire and Rescue Service

A finance representative now attends each Directorate meeting to offer advice and support. In addition some Areas Managers and Administrators have accepted the invite

to visit the Finance Dept and in return the Finance Department has started on a programme of visits to other areas of SFRS.

Improved budget holder support

Training days were held for Cost Centre Managers and Administration Managers to understand the budgeting process and the responsibilities.

The finance department now provides the Budget Monitoring Reports within 5 working days of month end. This was previously around 15 days.

Processes reviewed to support efficiencies within the Finance Department and SFRS

The introduction of Purchase Cards to Area Commands and Administration Managers was realised. This has proved successful and will continue to be rolled out to a wider group.

The formalisation of Authorisation Limits to enable delegated authority from Principal Officers is now complete. Finance now holds a comprehensive list of all signatories and their controlled areas.

Internal financial processes are being reviewed and guidelines written to assist best practice.

Reduced creditor payment days

In response to the Governments Fast Payment Pledge to support local businesses the Finance Department now pay 60% of invoices within 10days and 96% within 30days. This continues to be an area we are working to improve.

Budget and Efficiencies

We worked with all areas of the organisation to identify and deliver the efficiency target for this year, which is primarily around the introduction of the resilience team and other efficiency initiatives.

Focus for the remaining period:

Production of the Statutory Accounts

The aim is to provide a smooth and efficient year end process with a positive audit report.

To achieve this the year end plan needs to be impeccable. All high risk and complex areas need to be identified and action built in accordingly. In particular International Reporting Standards (IFRS) restatement of accounts, FRS 17 calculation and SAP upgrade in January. A year end dummy run will also be beneficial.

Staff Development programme to continue

We will continue to support staff members during the courses which are now underway and proceed with the Induction courses for Head of Finance and Finance Manager. We will continue to update the technical knowledge of accounting staff and share this knowledge with other members of staff during our open forum meetings.

Team Development to continue

The weekly talk-shop will continue and a Team-Building day is to be organised for January 2010.

To build relationships with, and work in co-operation with, other staff members of SFRS

We will continue to expose the finance staff to other areas of the SFRS and will continue the programme of visits to enable a mutual appreciation of the different areas.

To improve the Use of Resources score

We will liaise with the Auditors and work closely with other members of SFRS to improve the score of KLOEs and to provide greater evidence of the achievements made.

To build up external relations

We will take advantage of the networking circle already available to enhance our ability to build up relationships and share good practice and knowledge. For example, attendance at Staffordshire Treasurers Ass., Staffordshire Accounting Group, Fire Finance Conference, Finance Advisory Network etc.

To continue to review internal processes for more efficient ways of working

We will continue to roll out the Purchase Cards where they will add value.

We will continue to reviewing internal processes and improve where appropriate (eg reviewing the file structure through a finance workshop, reviewing the chart of accounts for compliance with CIPFA Code of practice).

Budget and efficiencies

It is our intention to identify efficiencies for 2010/11 and future years at the earliest appropriate time.

Other activities

It is our intention to focus in the next quarter on costing and benchmarking work.

We are also reviewing the need for a critical friend to support us during the next 12 months.

The finance department have an extremely busy but exciting journey ahead. I feel we are making good progress and supporting those around us.

Our aim is to equip finance staff with a greater understanding and appreciation of other areas of the Fire Service and in return provide others with a better understanding of finance. Ultimately, to continue to support the activities of the SFRS by introducing or enhancing systems and processes that not only assist but complement the service provided and add value.

At the meeting a short presentation will be given which further links together the Use of Resources areas of judgement 1.1 to 1.3, with the actions in the finance department to demonstrate the links and to demonstrate some of the challenges we anticipate. This presentation will also provide the opportunity for discussion with Members with regard to identify the methodologies by which they can optimise their leadership and contribution to the process.

Author of Report:- Corrina Bradley FCCA, Finance Manager

Contact: 01785 898761

c.bradley2@staffordshirefire.gov.uk