

8. Update on Auditors' Recommendations

Purpose of report

1. To update Members on progress towards meeting the recommendations of the external auditor in his report of 28 October 2011.
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Recommendations

The Chief Fire Officer and Clerk recommend that:

- i) Members note the report and the progress made; and*
- ii) A further progress report be given at the next meeting.*

Introduction and Background

2. On 7 November 2011 this Committee received the external auditor's report relating to the investigation of the retirement processes for the previous Chief Fire Officer. As part of his report he made a number of recommendations which the Authority accepted. In accepting the recommendations the Chairman and Chief Fire Officer set out the Authority's proposals for implementing the recommendations. The Audit Committee agreed that it would monitor the implementation of those proposals. Set out below are the Auditor's recommendations along with the original response from the Authority and an update on progress.

Recommendations

Recommendation 1

3. The Authority should improve processes and arrangements in its governance arrangements (not operational) that could help safeguard the Authority against recurrence of a similar situation by:
 - i. having a Monitoring Officer (Clerk) and Treasurer who are not remote to the operations of the Authority;
 - ii. ensuring there is a culture of open professional challenge and critical friends are available where officers are making key decisions; and
 - iii. reviewing its policies and training arrangements to ensure they are supportive to this open culture and that they appropriately address the perceptions and understanding of officers in situations where they believe

the law or Authority procedures are not being followed or where they believe officers may not have considered all options in forming a view.

Authority Response

4. This recommendation is agreed. It is not possible for a similar occurrence to happen again due to the specific nature of the occurrence being investigated in this report relating to only one period in time when there was a change of pension regulations. However when considering the matter as a general governance issue we make the following comments.
5. Significant changes have already been made in furtherance of this recommendation since the change in leadership of the Service in April 2010. A new Treasurer and Clerk (neither of whom were involved when the original advice was given) have been appointed on an interim basis pending receipt of this report. These statutory officers have both previously worked for the Authority and bring continuity and experience to these roles. They both attend the Service's Senior Management Board and all Authority and Committee meetings. Additional time has been sanctioned for both roles to ensure that they are able to fulfil their responsibilities effectively.
6. It is the intention of the Authority to review the arrangements for the roles of Clerk/Monitoring Officer and the Treasurer taking into account this report and the comments and opinions of the Auditor and make permanent appointments to the respective roles within the next six months.
7. Since taking up his role in April 2010 the new Chief Fire Officer has widened the membership of the Service's most senior management meeting, ensuring that it meets on a regular basis and creates a culture of open constructive challenge. A leadership development programme has also been put in place for senior officers to improve team working and transparency of working. This has significantly improved the culture of constructive and open challenge within the team. A further phase of that programme is to be extended to all officers with management responsibility.
8. It is recognised that the matter which is the subject of this report came to light as a result of officers within the Service using a whistle blowing process and reporting the matter to both Members and the (then) Interim Deputy Monitoring Officer (now Clerk) and to that extent it is recognised that the whistle blowing process within the organisation does work. In addition the current Clerk undertook a review of the Authority's whistle blowing procedures in 2010 with the then Audit Committee Chairman.
9. It is, however, the intention of the Authority to test the current culture of the organisation through questionnaires and other means to determine the impact of the measures described above and to further develop, if necessary, both the policies of the Authority and again if necessary, provide a more bespoke training programme to ensure all officers and Members feel confident of their ability to raise issues of concern.

Progress to date

10. There remains two issues to address, firstly to review the issue of the Clerk and Treasurer and secondly to test the current culture of the organisation. Members have already agreed to the appointment of an employed Monitoring Officer and Section 151 officer and arrangements are in place for the Authority's Appointments Committee to meet in January 2012 to consider the specifics of these appointments. In addition discussions have taken place with the Audit Commission in facilitating an appropriate questionnaire to test the culture of the organisation and the approach will be considered by SMB in January or early February 2012 before the process is introduced.

Recommendation 2

11. The Authority should strengthen arrangements for ensuring the requirements of the Firefighters' Pension scheme (FPS) are met by putting in place arrangements for the distribution of published guidance and circulars to appropriate officers.

Authority response

12. This recommendation is agreed. This recommendation was fully implemented in 2010 and covered not only guidance and circulars relating to the Firefighters' Pension Scheme but all in-coming circulars and guidance on all topics from the Departments for Communities and Local Government (DCLG) and the Chief Fire Officers' Association (CFOA). Internal audit, as part of their 2010/11 governance review, also discussed the implementation of this measure with the Clerk and was satisfied that it was working well.
13. The internal auditor's report to the Audit Committee regarding the Authority's governance review, was received at the Committee at its last meeting and highlighted no further governance concerns with this or any other area and the Internal Auditor confirmed that he was satisfied with the Authority's overall governance arrangements. No further action is therefore required in relation to this recommendation.

Recommendation 3

14. The Authority should review the provisions within the Authority's Service Level Agreements with its constituent bodies on a regular basis. This review will include the provisions for arrangements for the handling of disputes where the terms of the agreements have not been met and/or the performance of staff is below that expected to ensure appropriate safeguards are in place to protect the Authority's position.

Authority response

15. This recommendation is agreed. The agreement for both legal provision and internal audit services is currently being renewed and negotiations are underway to ensure suitable safeguards are in place before contracts are formally entered into. It is likely that those negotiations will be complete within the next four weeks. Other Service Level Agreements will be re-negotiated as they come up for renewal in the coming months and a dispute's procedure will be considered.

Progress to date

16. The original recommendation related to Service Level Agreements (SLA) for the Clerk and Treasurer, however, as the Monitoring Officer and Section 151 officer are now to be employees, their terms of employment will not be covered by an SLA. Other SLAs will be reviewed as they come up for renewal. An agreement is currently being entered into with Worcester City Council for internal audit services, the draft agreement contains relevant safeguards for handling disputes and it is hoped will be completed in time for the meeting. A new Head of Law has been appointed at Herefordshire and met the Clerk in December 2011. New contractual arrangements are being put forward to enable a degree of flexibility for the Authority. Whilst the Authority will not be required to provide any work to the Council, any work it does give will be covered by the agreement and have suitable dispute resolution clauses contained within it. Whilst the structure of the agreement has been agreed, the Authority is still awaiting the final draft.

Conclusion/Summary

17. The recommendations from the External Auditor's report presented on 7th November 2011 are listed in paragraphs 3 to 16 above. The recommendations have been accepted and their individual progress is detailed and Members are invited to view this information as set out in this report in the knowledge that subsequent progress reports will follow.

Financial Considerations

Consideration	Yes/No	Reference in Report i.e. paragraph no.
There are financial issues that require consideration	No	None at this time

Legal Considerations

Consideration	Yes/No	Reference in Report i.e. paragraph no.
There are legal issues e.g. contractual and procurement, reputational issues that require consideration	Yes	Paras 13 14 15

Additional Considerations

18. The table below sets out any additional issues arising from the proposals contained in this report and identifies the relevant paragraphs in the report where such issues are addressed.

Consideration	Yes/No	Reference in Report i.e. paragraph no.
Resources (e.g. Assets, ICT, Human Resources, Training & Development, Sustainability).	No	
Strategic Policy Links (e.g. IRMP, Authority Plan, Equality & Diversity, Partnerships, Environmental Impact).	Yes	Partnership working put on a more formal basis see paras 13 ,14 15
Risk Management / Health & Safety (e.g. risk management and control measures, risk register score).	Yes	See whole report
Consultation with Representative Bodies	No	

Supporting Information

Retirement of the Chief Fire Officer – Report by the District Auditor

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