

Report of the Assistant Director of Resources to the Chair and Members of the North Yorkshire Fire Independent Audit Committee

19th June 2025

Presenting Officer: Michael Porter

Status: For information

Annual Governance Statement – Actions Update

1 Purpose

- 1.1 Authorities, including Police, Fire and Crime Commissioners, are required to prepare an Annual Governance Statement (AGS). The report is about all corporate controls and not confined to financial issues and therefore is no longer published within the Statement of Accounts. Guidance from CIPFA envisages that the statement is reviewed by a Member group during the year (rather than just at year end) as an integral and indeed critical component of the review process.
- 1.2 The Audit Committee has been tasked with 'Considering the Annual Governance Statement for publication with the annual accounts, together with associated action plans for addressing areas of improvement and advising the PFCC as appropriate'
- 1.3 The purpose of this report is to update the Committee on the progress against the issues raised in the PFCC FRA's 2023/24 AGS as approved by this Committee.

2 **Recommendations**

That Audit Committee:

- 2.1 Note the progress against the issues and action points raised in the 2023/24 Annual Governance Statement as appended to the report.
- 2.2 Note that this is the final standalone Annual Governance Statement process for the Fire and Rescue Authority, with any future issues around Governance incorporated into the Mayoral Combined Authority Annual Governance Statement to reflect the new Authority structure and Governance arrangements that were implemented from the 7th May 2024.

3 **Reasons**

- 3.1 In line with requirements the PFCC FRA agreed the 2023/24 AGS at the end of February 2025, although drafts had been presented to the June 2024 Audit Committee and discussed and signed up to much prior to this. This statement included 2 items that were deemed to be significant governance issues and a further 2 that required further and/or continued focus from the PFCC FRA. This report provides an update on all those items so that the Audit Committee can see the progress made on these actions.
- 3.2 A schedule that contains the actions within the Annual Governance Statement has been attached to this report along with updates against the actions.
- 3.3 As can be seen from the updates provided in the appendix to this report significant progress has been made against the vast majority of the actions that were agreed.

4 **Risks**

- 4.1 Publication and approval of the Annual Governance Statement is a mandatory requirement. Failure to achieve this would undermine the progress in promoting corporate governance and driving up performance.
- 4.2 The organisation could also expose itself to risk to its reputation if the External Auditor concluded that proper practices were not being followed in preparing the AGS, and then addressing those issued raised within the Statement and commented on this in a public report.
- 4.3 The arrangements set out in this report seek to mitigate these risks.

5 Conclusions

- 5.1 The purpose of the Annual Governance Statement process is to provide a continuous review of the effectiveness of an organisation's governance arrangements including internal control and risk management systems. Addressing issues raised as part of the AGS process is a vital part of this process to demonstrate and ensure that improvements are being made within the organisation.

Significant Governance Issues	Action	Owner	Target Implementation	Update
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	<p>The Senior Leadership Team working with the Internal Auditors have continued to target areas of management concern within the 2023/24 Internal Audit Plan. The results of these reviews, as with those from 2022/23, have however proved those concerns to be true, and the outcome of this work is an adverse Head of Internal Audit Opinion for 2023/24, following from an Adverse opinion in 2022/23.</p> <p>ACTION: Ensure that the Risk and Assurance Board oversees the timely implementation of all actions raised within all Internal Reports and hold all action owners to account.</p> <p>ACTION: Ensure that the Risk and Assurance Board oversees the Check and Challenge sessions to provide wider organisational support and understanding to the implementation of all Internal Audit actions going forward.</p>	Deputy Chief Fire Officer	31st March 2025	<p>The Risk and Assurance Board continues to provide active oversight of the timely implementation of all actions raised within Internal Reports. Senior Responsible Officers (SROs) have been appointed to ensure clear accountability, and we are seeing comprehensive scrutiny and challenge from the Director of Service Design and Delivery. Progress against key actions has improved, with a more structured approach to tracking, reviewing, and addressing outstanding actions. The Board remains committed to holding all action owners accountable, ensuring that improvements are embedded effectively and in a sustainable manner.</p> <p>We continue to adopt the check and challenge process to ensure consistency of delivery and clarity in organisational understanding. This approach remains integral to driving accountability and embedding best practices across all areas. Additionally, a revised challenge timeline has been agreed upon and will be delivered throughout 2025, providing a structured and sustained framework for review and continuous improvement. This ensures that all actions are subject to rigorous scrutiny, supporting effective and transparent delivery.</p>
DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES	<p>An Internal Audit on <u>Estates Management</u>, focused on the Service's estates strategy and the information which informs the strategy e.g. stock condition surveys. In addition, it considered the reporting through the Service's governance structure and how the strategy informs the Service's medium-term financial plan. The Audit identified the Service had not yet developed an estates strategy and in the absence of an up-to-date stock condition survey (last completed in 2014), there is limited information available to inform decision making in respect of planned estates works. Instead, works are raised based on historic records and professional judgement. The audit further identified that evidence to support the ordering of planned maintenance and reactive maintenance works is not retained on file to evidence approval in line with the scheme of authorisation. In addition, we noted that record keeping in respect of maintenance works could be improved to support effective planning and monitoring.</p> <p>ACTION: Ensure that all actions and issues raised within the Internal Audit report are addressed.</p>	Assistant Chief Officer	31st March 2025	<p>A new Joint Police and Fire Estates Strategy has been developed and was approved at the March 2025 Executive Board. This is currently in final editorial and reprographics ahead of publication, which will launch in May 2025. The Estates Strategy is a long-term (ten years) view for the Estate. Underpinning this Strategy are specific plans for both Police and Fire in terms of deliverables, which have been financially approved through the 25/26 budget setting process. The plans are based on an assessment of the risk, plans and conditions of police and fire buildings and are therefore intelligence informed. As such, the deliverables are based on a prioritised plan with funded afforded to such priorities (i.e. the higher risk sites). For Fire, full Stock Conditions Surveys were conducted in 24/25 and these have been used to develop the plan. The Fire plan also considers factors such as future plans for the sites, which dictates the level of investment required. This will be further developed during FY 26/27 planning as the new Fire CRMP comes online. For Police, they will be conducting full Stock Condition Surveys during FY 25/26 to further develop their plan.</p> <p>In addition, the organisation is currently tendering for a new Buildings Maintenance contract for both Police and Fire. The previous Police provider went into liquidation and Fire currently receive their services from the local Council but this is not considered effective. This new contract (which should come into being mid-2025 subject to the commercial process concluding) will provide a more effective building maintenance service and is also aimed to encourage and support local small and medium sized enterprises as supports of this contract.</p>

Areas which require further/continued focus	Action	Owner	Target Implementation	
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	<p><u>Supplier Payments: Process and Control Assurance</u></p> <p>This internal audit review focused on whether expenditure is committed, approved and accounted for in line with the Financial Regulations, and that suppliers are paid accurately and in a timely manner. The review identified that the controls used to manage the supplier payments process require urgent improvement, and noted significant deficiencies in relation to the purchase order and goods receipting processes. The ordering and receipting processes are managed by individual departments and not by the Finance Team, and the lack of centralised oversight has led to inconsistencies in processes and in the evidence retained on file.</p> <p>ACTION: Ensure that all actions and issues raised within the Internal Audit report are addressed.</p>	Chief Finance Officer/Head of Enable Finance	31st March 2025	Progress has been made on a number of the actions raised within this internal review, however a number are still outstanding. This has been highlighted as part of the Internal Audit follow-up review, with many actions reviewed in light of the transition that is expected during the 2025/26 financial year to the Police Finance system which has many of the controls built into the system that will address many of the outstanding actions within the internal audit report.
MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT	<p><u>Asset Management</u></p> <p>Our review focused on how the Service's asset management arrangements are effectively maintained and processes were in place to identify when replacements are required. Our review established that whilst expectations and processes have been identified by management, these do not seem to be reflected at an operational level, and further development is required to ensure gaps in the control framework are identified and resolved, and processes have been clearly communicated to the wider Service.</p> <p>ACTION: Ensure that all actions and issues raised within the Internal Audit report are addressed.</p>	Assistant Chief Officer	31st March 2025	<p>Actions continue to be worked through, with a percentage of these now being considered complete, pending internal audit follow up .</p> <p>For the remaining actions, namely those which relate to AMS and Service documentation. These still require further co-ordination due to the extensive nature of the work required. We now have the Equipment Officer due to start imminently and a clear action plan in place. Our proposal is to present suggested timeframes at the next Risk & Assurance Meeting on the 6th of May for the completion of these actions.</p>