

## **Report of the Monitoring Officer**

### **8. Draft Annual Governance Statement 2012/13**

#### **Purpose of report**

1. To put forward the Draft Annual Governance Statement 2012/13 for approval.
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#### **Recommendations**

***It is recommended that the Draft Annual Governance Statement 2012/13 be approved.***

#### **Introduction and Background**

2. Governance is about how the Authority ensures that it is doing the right thing, in the right way for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, cultures and values, by which the Authority is directed and controlled and through which it accounts to and engages with its communities.
3. The Accounts and Audit (England) Regulations 2011 require that the Fire and Rescue Authority reviews its arrangements for governance and systems of internal control at least on an annual basis. To meet this requirement, the operation of the Authority's governance arrangements is subject to an annual self assessment against the CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) framework.
4. The annual self assessment review sets out the evidence of how the Authority has performed against the CIPFA/SOLACE framework and identifies any actions that are needed for the forthcoming year. Following the review the Authority is required to develop its Annual Governance Statement which must be published alongside the Statement of Accounts by 30 September.

#### **Annual Governance Statement**

5. The Annual Governance Statement is essentially a summary of the governance arrangements of which Members are familiar. It reports publicly on the extent to which the Authority's governance arrangements have met the values, principles and best practice, as set out in the Authority's Code of Corporate Governance. Likewise, should the Authority have any significant governance weaknesses these will also be disclosed publicly within the Annual Governance Statement.

6. The Annual Governance Statement is a backward looking document which refers to the governance arrangements in place for the year ended 31 March 2013 and up to the date of the approval of the Statement of Accounts i.e. 26 September 2013. The draft Annual Governance Statement is attached at Appendix 1.
7. It includes how the Authority has monitored the effectiveness of its governance arrangements, setting out any planned changes for the current period and sets out to:
  - Identify the Authority's obligations and objectives;
  - Identify tasks to achieve those objectives;
  - Establish controls to manage risks; and
  - Ensure the controls are working effectively.
8. The Annual Governance Statement is audited by the Internal Auditors and by the External Auditors who examine it as part of their Annual Governance Audit, which is reported elsewhere on the agenda for this meeting.
9. In addition to the Annual Governance Statement, the Authority is now required to publish an Annual Statement of Assurance, as required by the revised Fire and Rescue National Framework that was published by Government in July 2012. The Annual Statement of Assurance is reported elsewhere on the agenda for this meeting.

### **Self- Assessment**

10. The evidence compiled during the self assessment review forms the assurances that sit behind the Annual Governance Statement and is attached at Appendix 2. The self assessment document also includes an Action Plan for 2013/14 to incorporate any areas that need to be developed in the forthcoming year. The progress on 2013/14 actions will be reported to this Committee at its meeting in January 2014.
11. The self assessment uses the CIPFA/SOLACE Framework that sets out 55 requirements for the Authority to meet. Officers have assessed existing arrangements and documents against these requirements and a 'traffic light' system has been used to indicate at a glance how the Authority complies with each requirement. This ranges from green to indicate that the requirement has been fulfilled to red indicating the requirement has not been reached and immediate action needs to be taken.

12. Members will note from the Action Plan that the Authority has provided evidence of compliance with all the core and supporting principles of good governance. The results of the self-assessment show that the Authority has fully complied with 46 out of 55 requirements. The remaining 9 areas are amber indicating that the Authority complies with the requirements but some documents and arrangements are due for further review. There are no areas where immediate action is required. This is an improvement on the 2011/12 self-assessment where there were 12 amber areas. Areas that have changed from green to amber are due to the implementation of the following actions:
- a Deputy Monitoring Officer is now in place; and
  - a new Standards regime has been implemented due to the changes required under the Localism Act 2011.
13. In addition, the Direction of Travel has been included in the Action Plan to illustrate where the Authority has improved its governance arrangements or where compliance with the CIPFA/SOLACE requirements may have declined. In summary, the Direction of Travel has improved in 11 areas and remained the same for 44 of the requirements. There are no areas where compliance has declined.
14. The Direction of Travel has improved due to:
- the 'After the Incident' surveys being undertaken and the end of year report being published;
  - an 'in-house' Head of Legal/Monitoring Officer in post from 1 August 2012;
  - a Deputy Monitoring Officer now appointed; and
  - a Review of the Confidential Reporting (Whistleblowing) Policy being undertaken.
15. In addition, further assurances are included at Appendix 3. These assurances relate to the expanded requirements from the Chief Financial Officer Statement as reflected in the local Code of Corporate Governance.

### **Conclusion/Summary**

16. The Committee has delegated responsibility to approve the Annual Governance Statement which will accompany the Statement of Accounts that will be published by the end of September. The draft Annual Governance Statement is attached together with the relevant assurances and action plan for consideration.

## Corporate Considerations

<b>Resource Implications</b> (identify any financial, legal, property or human resources issues)	The Annual Governance Statement provides assurance for Members that effective governance arrangements are in place.
<b>Strategic Policy Links</b> (identify how proposals link in with current priorities and policy framework and if they do not, identify any potential implications)	The Annual Governance Statement links with 'Our Strategy' as it demonstrates how the Authority ensures the delivery of quality services.
<b>Risk Management / Health &amp; Safety</b> (identify any risks, the proposed control measures and risk evaluation scores)	The Annual Governance Statement provides assurance for Members that effective governance arrangements are in place.
<b>Consultation</b> (identify any public or other consultation that has been carried out on this matter)	The Annual Governance Statement incorporates comments from both Internal and External Auditors.
<b>Equalities</b> (has an Equalities Impact Assessment been completed? If not, why not?)	No this has not been necessary as the Annual Governance Statement is a summary of existing arrangements. There are no new proposals set out that would need to be assessed in terms of equalities.

## Supporting Information

Appendix 1 – Annual Governance Statement

Appendix 2 – Annual Governance Statement Assurances and 2013/14 Action Plan

Appendix 3 – Chief Financial Officer Statement

Background papers:

Accounts and Audit (England) Regulations 2011

CIPFA/SOLACE Framework

Hereford & Worcester Fire Authority Code of Corporate Governance

## Contact Officer

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