

## **DRAFT ANNUAL GOVERNANCE STATEMENT 2012/13**

### **1. Scope of Responsibility**

- 1.1 The Fire and Rescue Authority (the Authority) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Authority is also responsible for ensuring that proper arrangements exist for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained throughout the year and that includes arrangements for the management of risk.
- 1.3 This Annual Governance Statement explains how the Authority has complied with these requirements and also the requirements of regulation 4(2) (3) and (4) of the Accounts and Audit Regulations 2011
- 1.4 The Authority has approved and adopted a Code of Corporate Governance, which is consistent of the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the code is available at our website [www.hwfire.org.uk](http://www.hwfire.org.uk) or may be obtained from Hereford & Worcester Fire and Rescue Service Headquarters, 2 Kings Court, Charles Hastings Way, Worcester.WR5 1JR.

### **2. The Purpose of the Governance Framework**

- 2.1 The governance framework is essentially the systems and processes, and culture and values by which the Authority is directed and controlled. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services, including achieving value for money.
- 2.2 The system of internal control is designed to manage risk to a reasonable level (rather than to eliminate all risk) to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives. It evaluates the likelihood of those risks being realised and the subsequent impact should they be realised and to ensure they are managed efficiently, effectively and economically. The Authority has always maintained a sound system to protect against risks and mitigate their impact. The systems are constantly being reviewed and updated.
- 2.3 The governance framework was in place at the Authority for the year ended 31 March 2013 and up to the date of approval of the Statement of Accounts. A new Constitution was adopted by the Authority on 18 June 2013 and was therefore in place when the Statement of Accounts was approved.
- 2.4 The Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

### **3. Key Elements of the Governance Framework**

3.1 This section of the Annual Governance Statement describes the key elements of the systems and processes that comprise the Authority's governance arrangements.

#### **Corporate Governance Framework**

3.2 The Authority has a robust process for establishing priorities using a risk based approach. The Authority has adopted an Authority Plan which is reviewed annually and sets out the Authority's vision and intended outcomes along with an Integrated Risk Management Plan (IRMP) which reviews the Authority's aspirations and implications for its governance arrangements.

3.3 A Performance Management Framework is in place which measures the quality of service for users ensuring that it is delivered in accordance with the Authority's objectives and best use of resources. The Performance Management regime is now well-established and provides relevant information to Officers and Members on the achievement of corporate objectives throughout the year.

3.4 An Integrated Personal Development Review, allied to the Performance Management Framework is in place and designed to identify the development of senior officers in relation to their strategic roles supported by appropriate training.

3.5 As part of our decision making process, procedures are in place for ensuring that technical advice is required from professional officers ensuring compliance with relevant laws, regulations, internal policies and procedures and that expenditure is lawful. The Authority now employs its own Head of Legal who is a member of the Senior Management Board and acts as Monitoring Officer to the Authority, providing advice on the scope of the powers and responsibilities of the Authority. The Monitoring Officer has a statutory duty to ensure lawfulness and fairness of decision making and also to receive allegations of breaches of the Code of Conduct by Authority Members.

3.6 The Authority's constitution defines and documents roles and responsibilities of the Authority's committees and incorporates:

- Standing Orders for the Conduct of Business
- Scheme of Delegations to Officers
- Financial Regulations
- Standing Orders for the Regulation of Contracts
- Anti-Fraud and Corruption Policy
- Protocol for Member / Officer Relations
- Protocol on the Use of Resources by Members

3.7 The constitution is overseen and reviewed by the Monitoring Officer, who recommends any changes for consideration by the Audit & Standards Committee prior to Authority approval.

3.8 Authority Members are supported through a range of seminars, events and information sharing to enable them to fulfil their role as effective decision-makers.. A Member Development Group is in place to provide a steer on the annual training programme and which provides updates to the Authority's Audit & Standards Committee.

## Internal Control Framework

- 3.9 The Authority's Audit & Standards Committee was in place in 2012/13 as identified in CIPFA's Audit Committees Practical Guidance for Local Authorities. The functions of the Committee in relation to internal control included the review of arrangements for identifying and managing the Authority's business risks, consideration of the Authority's governance framework and the approval of policies in respect of Confidential Reporting (Whistleblowing) and Anti-Fraud and Corruption.
- 3.10 A Risk Management Strategy, approved by the Audit & Standards Committee, is in place to ensure that the Authority identifies strategic risks and applies the most cost effective control mechanisms to manage those risks. A Business Continuity Plan is in place which incorporates the risk management system.
- 3.11 The Strategic Risk Register identifies controls to mitigate inherent identified risks and is monitored and updated on an on-going basis with exception reporting to the Senior Management Board and to the Audit & Standards Committee. Departmental Risk Registers are also reviewed on a quarterly basis throughout the year.
- 3.12 A Confidential Reporting (Whistle Blowing) Policy and a Complaints Procedure are in place for receiving and investigating complaints from the public and staff. The Confidential Reporting (Whistle Blowing) Policy and the Complaints Procedure were both reviewed in 2012/13 to ensure their continued effectiveness.
- 3.13 Under the Localism Act 2011, there is no longer a national mandatory Code of Conduct model and local authorities now have discretion to adopt their own local Code of Conduct for Members. On 19 July 2012, the Authority approved a Local Code of Conduct to promote high standards of ethics and behaviour that is shared with Worcestershire Councils.
- 3.14 The Authority has agreed that training on the Code of Conduct for Authority Members is mandatory. Members receive training on the Code of Conduct at their Constituent Authorities and their attendance is monitored. The Monitoring Officer received no complaints regarding member conduct in 2012/13.
- 3.15 Although the Authority was no longer required to have a Standards Committee under the Localism Act 2011 it established one in July 2012 as an ordinary committee of the Authority to ensure that high standards of ethical conduct are maintained by Members. In addition, the Localism Act 2011 requires the Authority to appoint at least one 'Independent Person' who must be consulted by the Authority in respect of any complaint regarding a potential breach of the Code. To meet this requirement, the Authority has participated with Worcestershire County Council in the recruitment of a county-wide pool of Independent Persons who may be called upon by the Monitoring Officer where necessary.
- 3.16 An Ethical Framework and Code of Conduct are also in place for all staff and familiarisation on the framework is included in the local induction. Following a refresh of the Ethical Framework in 2012/13, training has been rolled out to all staff.

- 3.17 The Authority is compliant with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). This role is undertaken by the Director of Finance and Assets / Treasurer who ensures the sound administration of the financial affairs of the Authority, as required by the statutory duties associated with s.151 of the Local Government Act 1972, the Local Government Finance Act 1988 and the Accounts and Regulations 2011.
- 3.18 The Chief Financial Officer (Treasurer) has a delegated duty to review the Authority's controls to prevent and detect fraudulent activity and reports to the Audit & Standards Committee on an annual basis with regards to the National Fraud Initiative. In addition, the Treasurer has a delegated responsibility for maintaining or procuring an adequate and effective internal audit of the activities of the Authority under the Accounts and Audit (England) Regulations 2011. In 2012/13 Worcestershire Internal Audit Shared Service Audit Team was appointed to provide the internal audit function for the Authority.
- 3.19 The role of the Chief Financial Officer (Treasurer) is discharged through:
- Provision of advice and support on application of accounting policies and procedures and adherence to International Financial Reporting Standards
  - Attendance by the Treasurer at the following statutory meetings held with Fire Authority Members:
    - Fire and Rescue Authority;
    - Policy & Resources Committee;
    - Audit & Standards Committee
  - Independent meetings with the Chairman of Audit & Standards Committee
- 3.20 The Chief Financial Officer (Treasurer) is a member of the Senior Management Board and also has direct control over the Authority's Finance Team.

### **Identifying and Communicating the Authority's Vision**

- 3.21 The Authority has published its corporate plan (the Authority Plan) which incorporates the future outlook and objectives for the forthcoming year in addition to performance over the previous year. Full details of these plans are published on the website [www.hwfire.org.uk](http://www.hwfire.org.uk)
- 3.22 The annual performance of the Authority and the future objectives of the organisation are also set out in the information about how council tax is spent, which is also published on the website.

## **4. Review of Effectiveness**

- 4.1 The Authority, through its Audit & Standards Committee has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by senior managers who have responsibility for the development and maintenance of the governance environment, Internal Audit and also by comments made by the external auditors, other review agencies and inspectorates.

- 4.2 As part of the process to develop the Annual Governance Statement, the Authority's Audit & Standards Committee has considered the self-assessment review of its Code of Corporate Governance. The outputs of the review and updates on the progress of identified improvement actions have been reported to the Audit & Standards Committee to ensure that the governance framework is working correctly and is relevant to the current environment.
- 4.3 The process of reviewing key financial systems by the Internal Audit provider is a continuous one. None of the work that Worcestershire Internal Audit Shared Service Audit Team carried out in support of the 2012/13 audit plan identified any significant control weaknesses.
- 4.4 There were no major weaknesses identified in the 2012/13 financial year.
- 4.5 Budget Monitoring reports have been presented to the Policy and Resources Committee throughout the financial year and have shown that the budget pressures are being controlled within the overall total and final out-turn is consistent with those reports.
- 4.6 The Responsible Financial Officer and the Monitoring Officer have provided assurances on their respective areas of statutory responsibility. All Members of the Senior Management Board have also provided assurances on their areas of responsibility.

**5. Significant Governance Issues**

- 5.1 Based on the information provided above there are no significant governance issues identified at this time. We are satisfied that the need for improvements will be addressed and we will thereafter monitor the implementation and operation of any agreed recommendations as part of our next annual review.

*Signatures on original copy*

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**Chief Fire Officer/Chief Executive      Chairman of the Fire and  
Rescue Authority**

**Date: 26 September 2013**