

ANNUAL GOVERNANCE STATEMENT 2009/10

1. Scope of Responsibility

- 1.1 The Fire and Rescue Authority (FRA) 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 FRA 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 FRA 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 statement explains how the FRA has complied with these requirements and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, in relation to the publication of a statement on internal control.
- 1.4 The FRA 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 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 comprises of the systems and processes, and culture and values by which the FRA is directed and controlled. It includes the activities through which it accounts to and engages with, the community. It enables the FRA 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 ongoing process designed to identify and prioritise the risks to the achievement of the FRA'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 FRA has always maintained a sound system to protect against risks and mitigate their impact upon the FRA. The systems are constantly being reviewed and updated.
- 2.3 The Governance Framework has been in place at the Authority for the year ended 31 March 2010 and up to the date of approval of the Statement of Accounts.

3. Key Elements of the Governance Framework

- 3.1 This section of the Statement describes the key elements of the systems and processes that comprise the FRA's Governance arrangements.
 - The FRA has adopted an Authority Plan which sets out the FRA's vision and intended outcomes along with an annual IRMP which reviews the FRA's

aspirations and implications for its governance arrangements. The FRA has a robust process for establishing priorities using a risk based approach.

- A Business Continuity Plan is in place which incorporates the FRA's risk management system. The FRA reviews and amends its Corporate Risk Register on a regular basis throughout the year. The Audit Committee reviews the Risk Register and an FRA Member has been appointed as the Authority's Risk Champion.
- A Performance Management Framework is in place which measures the quality of service for users ensuring that it is delivered in accordance with the FRA's objectives and best use of resources.
- The FRA's constitution defines and documents roles and responsibilities of the FRA's committees, sets out clear delegation arrangements, Codes of Conduct and Standing Orders. It also includes certain codes including a Scheme of Delegation, the Code of Corporate Governance, Financial Regulations, Contract Standing Orders, Anti Fraud and Corruption Policy, Anti Money Laundering Policy, Member Officer Protocol and advice on the use of resources by Members. The constitution is reviewed through an Annual Governance review and training is provided on a regular basis to Members and officers embedding relevant codes of conduct.
- An Audit Committee is in place whose functions are determined on an annual basis by the FRA as identified in CIPFA's Audit Committees Practical Guidance for Local Authorities.
- 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.
- A Confidential Reporting (Whistle Blowing) Policy, Complaints Procedure and Standards Committee are in place for receiving and investigating complaints from the public and staff.
- 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. A training programme for Members is in place and work is ongoing in relation to the development of a system which identifies development needs of Members.
- A Communications Policy and Procedure is in place which establishes clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- A Partnership Governance Group is in place which ensures that good governance arrangements relating to partnerships and other group working are identified and embedded.

4. Review of Effectiveness

- 4.1 The FRA has responsibility for conducting, a least annually, a review of the effectiveness of its Governance Framework including the system of internal control. The review of effectiveness is informed by the work of senior managers in the FRA who have responsibility for the development and maintenance of the governance environment, the head of internal audits annual report and also by comments made by the external auditors, other review agencies and inspectorates.

- The FRA has carried out a review of the above mentioned processes to ensure that they are both working correctly and relevant to the current environment. The outputs of any review are fed routinely into the Principal Management Team to ensure that there is managerial responsibility and accountability. The Performance Improvement Register is then updated and the review reported to a number of FRA Committees, including where appropriate, the FRA's Audit Committee, Best Value Policy & Performance Committee and Standards Committee, as well as the main FRA meeting. Specific working groups made up of Members and officers with designated terms of reference have been established to review significant governance areas, for example constitutional governance review and partnership governance review. The IRMP Steering Group is a standing group made up of Members and officers whose role is to formulate the annual IRMP and reports directly to the FRA meeting.
 - The FRA has a clear and well established Performance Management regime that provides relevant information to Officers and Members on the achievement of Corporate Objectives on a regular basis throughout the year.
 - The process of reviewing key financial systems by the Internal Audit provider is a continuous one and no major weaknesses have been identified in the 2009/10 financial year.
 - Budget Monitoring reports have been presented to Member's of the Budget 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.
 - The Chief Executive and Chair have received assurances from Principal Officers and Risk Owners, that controls are operating as expected.
 - The S151 and Monitoring Officer have provided assurances on their respective areas of statutory responsibility.
 - Additionally during 2009/10 the FRA has been subject to an extensive external review of its performance and use of resources, by the Audit Commission.
 - The Charter Mark annual inspection process again confirmed that the FRA continued to be effective and has awarded the FRA an additional element of good practice.
 - In June 2009, the FRA hosted a visit by the Local Government Improvement Team to assess its 'Operational Assessment of Service Delivery'. The review confirmed Hereford & Worcester Fire and Rescue Authority are operationally effective and meets its statutory duties.
- 4.2 We have been advised on the implications of the review of the effectiveness of the Governance Framework by the Audit Committee, Budget Committee, Best Value Policy & Performance Committee, and Standards Committee and where appropriate a plan to address minor weaknesses and ensure continuous improvement of the system is in place.
- 4.3 In view of events surrounding the retirement of the outgoing Chief Fire Officer the Authority has been in close liaison with its External Auditor in order that Members receive an independent view of the matter. The External Auditor has informed the Authority that he is minded to report on the issues surrounding those events, including the effectiveness of any relevant governance and internal control arrangements. At this stage the Authority's Deputy Monitoring Officer, in consultation with the External Auditor has reviewed the events to determine if any significant and fundamental gaps in governance or internal control arrangements need to be addressed by the Authority as a matter of urgency, prior to the completion of the


External Auditor's report. Neither the Deputy Monitoring Officer nor the External Auditor has identified any governance or internal control processes that require immediate attention by the Authority. However, the matter is still under review by the External Auditor who will submit a report to the Authority in due course.

5. Significant Governance Issues

Based on the information provided above there are no significant governance issues identified at this time. The constitutional governance review working group and the partnership review working group will produce recommendations over the coming year to address and further enhance our governance arrangements in those specific areas. The External Auditors' report on its review of recent events may also make some recommendations aimed at enhancing certain aspects of the Authority's governance arrangements. The recommendations will be considered and would need to be agreed by the Audit Committee. We are satisfied that those groups will address the need for improvements and we will thereafter monitor the implementation and operation of any agreed recommendations as part of our next annual review.



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Chief Fire Officer/Chief Executive



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**Chairman of the Fire and
Rescue Authority**

Date: 30 June 2010