



**Gwasanaeth Tân ac Achub
Fire and Rescue Service**

Annual Governance Statement 2012/2013

Version	Date	Author	Approved By	Date for Review
2	20 th May 2013	Finance Manager	Executive Group Executive Panel	23 rd May 2013 15 th July 2013

Introduction

- 1.1 This Statement has been prepared in accordance with guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), the 'Delivering Good Governance in Local Government Framework'.

2 Scope of Responsibility

- 2.1 North Wales Fire & Rescue Service (the Service) is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Service 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.
- 2.2 In discharging this overall responsibility, the Service is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.
- 2.3 The Service has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. This statement explains how the Service has complied with the code and also meets the requirements of the Accounts and Audit (Wales) Regulations 2005.

3 The Purpose of the Governance Framework

- 3.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. 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 and continuous improvement.
- 3.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and 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 Service's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 3.3 The governance framework has been in place at the Authority for the year ended 31 March 2013 and up to the date of approval of the statement of accounts.

4 The Governance Framework

- 4.1 This statement describes the key elements of the Authority's Governance Framework and our self-assessment of the compliance with the Authority's Code of Corporate Governance. The governance assurances contained in this statement are structured around each of the 6 core governance principles contained in the Framework for Delivering Good Governance in Local Government.
- 4.2 Each of these principles is an important part of the Authority's Code of Corporate Governance arrangements. By applying these principles we can demonstrate that we are delivering the services to our citizens and communities in a way that demonstrates accountability, transparency, effectiveness, integrity and inclusivity.

Principle 1

Focusing on the purpose of the authority, the outcomes for the community and creating and implementing a vision for the local area.

- 5.1 The **Improvement and Risk Reduction Plan 2010/11 to 2012/13** sets out the vision, mission statement and values of the Authority. The plan has been compiled in accordance with specific duties arising from the new Local Government (Wales) Measure 2009 and the Fire and Rescue National Framework for Wales 2008-11. Three different purposes are covered within the plan:
- The provision of information about the Authority and Service, and the context within which they operate;
 - It records the highest priorities of the Authority and traces progress towards achieving specific goals;
 - It is a useful reference document that retains a historical record of performance spanning three financial years.
- 5.2 The Principal Officers are accountable for ensuring that the Service Priorities are delivered, and performance against key targets is regularly monitored via the **performance management** framework and is regularly reported to members.
- 5.3 There are robust arrangements for effective **financial control** through the Service's accounting procedures and Financial Regulations. These include established budget planning procedures, which are subject to risk assessment, and regular reports to members comparing actual revenue and capital expenditure to annual budgets. The Treasurer is responsible for ensuring the proper administration of the Service's financial affairs, as required by Section 151 of the Local Government Act 1972. There is a clear segregation of responsibilities between the management accountancy function undertaken internally and the financial accountancy function, which is undertaken through a SLA with Conwy County Borough Council.
- 5.4 Procedures for tendering and contract letting are included in the Financial Regulations. The Service's **Treasury Management** arrangements follow professional practice and are subject to regular review and include reports presented to Members on a quarterly basis.

- 5.5 In order to ensure the successful delivery of services and completion of projects, central guidance and support is provided in respect of **procurement** and project management.
- 5.6 Throughout the year the Service collects and monitors a suite of **performance indicators**. Routine reports of activity and performance compared to previous years are considered by the Executive Group (6 weekly) and the Executive Panel (quarterly) to monitor progress; Consideration of these reports can trigger further investigation of specific issues or corrective action being taken if activity or performance levels are off target or cannot be explained (e.g. by prevailing weather conditions). All Fire and Rescue Authority reports are available on the Service's website.
- 5.7 The Service has agreed principles and processes to ensure that its objectives, priorities and values are promoted and safeguarded when working in partnership. A **partnership strategy** has been published and is available on the Service's website. Clear accountability and communication provisions are provided within all partnership agreements.
- 5.8 The Service has made improvements in the areas of quality assurance and performance management within the area of **voluntary sector engagement**. Improvements include:
- Formalisation of the provision of information sharing protocols with partner agencies involved with our Phoenix scheme and with voluntary sector organisations, who deliver Home Fire Safety Checks on our behalf;
 - Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved;
 - A guidance document has been completed for Community Safety Education in schools and confirmation of the partnership objectives within the multi-agency crucial crew project. In addition a risk register has been compiled and a risk assessment completed for areas of work within Community Safety.
- 5.9 The Service participates annually in a reciprocal process of **Operational Assurance** of Service Delivery between the three Welsh fire and rescue services. The Key Lines of Enquiry in 2012/13 were around Legislative Fire Safety and Direction of Travel. Having completed a self-assessment, the Service invited a team from the other two Welsh FRS's to undertake a peer review and to make improvement recommendations based on their findings.

Principle 2
Members and Officers working together to achieve a common purpose with clearly defined functions and roles.

6.1 The **Constitution**, which can be found on the Authority website, sets out:

- How the Service operates and makes decisions;
- The procedures to ensure that decision-making is transparent and accountable to local people and other stakeholders;
- The key roles of all members and senior officers, including the lead responsibilities for corporate governance of the CFO, DCFO and other designated senior officers;
- A scheme of delegated powers for decision-taking;
- Responsibilities for reviewing and agreeing the Service's corporate governance arrangements;
- Arrangements for ensuring it is regularly reviewed and updated;
- Its related codes and protocols.

6.2 **Policy and decision-making** is facilitated through the **Executive Group**. This strategic group consists of the Chief Fire Officer, Deputy Chief Fire Officer and three Assistant Chief Fire Officers who meet every six weeks to review standing items including performance, risk and financial management and development of internal policy and procedures.

6.3 The **Executive Panel** has a varied role dealing with such topics as the appointment of senior officers, examining the detail of improvement and financial plans, dealing with certain audit matters and with policy and constitutional issues as the need arises. It usually deals with responses to consultation papers and other policy developments, and makes recommendations to the Fire and Rescue Authority on its key policies including the Risk Reduction Plan. The Panel usually deals with senior appointments by setting up a special sub-committee for the purpose.

6.4 The clear roles of the full Authority, as decision maker and the conducive and productive working relationships between the membership and the officers are an example of sound governance arrangements.

6.5 The Service operates a **Data Protection Policy** and also has procedures in place to meet its responsibilities under the **Environmental Information Regulations** and the **Freedom of Information Act 2000**. In compliance with the latter, the Service's website includes a 'directory of published information' which provides guidance on information which the Service publishes routinely. The website also includes other information which the Service is required to publish, such as allowances paid to members in accordance with statutory provisions. In addition, all reports considered by the Authority, its Executive Panel and Committees and the minutes of decisions taken are, unless confidential, made available on the Authority website.

6.6 In accordance with its statutory responsibilities, the Service has in place a **Health and Safety Policy** and related procedures.

- 6.7 Agreed arrangements enable the Service to comply with statutory requirements in respect of **child protection** and the **protection of vulnerable adults**. Recruitment procedures help ensure that Service employees and members working with children or vulnerable adults are checked for their suitability to do so.

Principle 3
Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- 7.1 Policies are in place to ensure the Service establishes ethical governance frameworks which include:

- Codes of conduct for officers and members, which are regularly reviewed, updated and tested for compliance;
- A planning code of conduct;
- A policy maintaining a disciplinary process to deal with any breaches of the code of conduct for Officers;
- A whistle-blowing policy widely communicated within the Service and which is regularly reviewed;
- Registers of personal and business interests;
- An agreed policy and associated corporate procedures for ensuring that complaints about services can be properly made and investigated, and for ensuring that any lessons can be applied.

- 7.2 The Clerk to the Fire and Rescue Authority is the designated '**Monitoring Officer**' in accordance with the Local Government and Housing Act 1989, and ensures compliance with established policies, procedures, laws and regulations. After appropriate consultation, this officer will report to the Authority in respect of any proposals, decisions or omissions which could be unlawful.

- 7.3 Established **anti-fraud and corruption** arrangements provide a deterrent, promote detection, identify a clear pathway for investigation and encourage prevention. These include procedures designed to combat money-laundering.

- 7.4 **Internal Audit** operate to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the United Kingdom, 2006' produced by CIPFA. The Audit Manager reports to the Audit Committee a summary of audit findings annually, and also reports annually an opinion on the overall adequacy and effectiveness of the Service's control environment. The Authority outsources its Internal Audit function to Conwy County Borough Council as part of its Treasury and Financial Services SLA. The Internal Audit service, which is independent in its planning and operation and is designed to give assurance that the Authority maintains adequate systems of internal control and makes recommendations on the ways to enhance these where it feels necessary. The Head of Audit Services has direct access to the Chief Fire Officer, all levels of management and elected members.

- 7.5 The Service has an objective and professional relationship with its **external auditors**. In September 2012, the Wales Audit Office and KPMG presented to the Audit Committee its 'Audit of Accounting Statements' Report, which stated their intention to issue an unqualified Auditor's Report on the accounting statements and related notes for 2011/12. The detailed report confirmed that the Authority's accounting statements give a true and fair view of the financial position as at 31 March 2012 as evidenced by the Relationship Manager's Annual Letter. This can be found on the Authority's website.
- 7.6 The **Standards Committee** was established in accordance with the requirements of the Local Government Act 2000 and its Terms of Reference were set in 2003. Its duties include the consideration of complaints against Authority members referred to it by the Ombudsman and the granting of dispensations. It also advises the Authority on issues to do with standards. The committee consists of 6 members, four of whom are independent. The Fire and Rescue Authority representatives on this Committee cannot be an office holder on the Authority. The Chairman and Vice-Chairman are drawn from the independent members. It also oversees the Service's Whistleblowing arrangements. We are pleased to confirm an absence of any member conduct referrals to the Standards Committee/Ombudsman in recent years.

Principle 4
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

- 8.1 The **Audit Committee** considers the effectiveness of the Service's risk management arrangements, monitors the work of internal and external auditors and monitors the relationships between auditors and staff and the responses to audit and inspection recommendations. The Committee has responsibility for scrutinising all financial reports and making recommendations to the Fire Authority as to their findings it has in the past few years been given delegated responsibility for approving the annual Statement of Accounts and its associated reports (which include this statement). The Committee's membership consists of all non-executive panel members and meets a minimum of twice per year. The Chair and Vice Chair are appointed from different constituent authorities in the interests of representations of the communities of North Wales.
- 8.2 Data feeding into outcome-based **National Strategic Indicators** and other Core Indicators set by the Welsh Government (WG) is routinely collected, checked, analysed, submitted to the WG and reported publicly throughout the year. The WG also publishes much of this information on its own websites.
- 8.3 **Strategic Indicator data** are audited annually by the Wales Audit Office. Effective performance management is further supported by local measures and indicators with associated targets where relevant.
- 8.4 **Incident data** is collected and quality assured internally before being submitted via a new (2009) web-enabled Incident Reporting System (IRS) to the UK Government. Internal electronic systems similarly store data on, for example: fire safety and prevention activity; and financial information.

- 8.5 The Authority has published a **Business Continuity Management** (BCM) policy. Work has been undertaken to integrate the Service's BCM arrangements with the Welsh Government's Climate Change Adaptation reporting requirements. As part of the Combined Improvement and Risk Reduction Plan 2010-11 to 2012-13 the Service ensures that the business continuity arrangements are comprehensive and secure. Each department within the Service has developed individual functional business continuity plans. Following risk analysis the plans cover various scenarios and measures taken to ensure resilience to potential disruptions including situations such as industrial dispute action. The plans have clearly defined and allocated responsibility for Business Continuity Management within the Service; giving equal importance to corporate and operational business continuity management to ensure that no area has been overlooked and that recovery plans are robust. The Service continues to develop a programme of testing and exercising to check the validity of existing plans.
- 8.6 The Service has in place an agreed strategy for external and internal **communications** which is linked to its corporate priorities and includes processes for reviewing its effectiveness.
- 8.7 An **ICT Steering Group** has been formulated; it is chaired by the Principal Officer with the reference for ICT and also includes the Deputy Chief Fire Officer and the other Assistant Chief Fire Officers as well as the ICT Manager. Its terms of reference include:
- Responsibility for the definition of Service ICT policies and procedures including the security policy;
 - Monitoring the deployment and implementation of ICT Policy and the performance of ICT within the Service;
 - Development of the ICT strategy and responsible for reviewing and accepting business cases for ICT investment from various departments;
 - Responsibility for the review and approval of major ICT procurements and overseeing the implementation of major ICT projects.
- 8.8 The Service's **Risk Management Policy** requires the proactive participation of all those responsible for planning and delivering services in identifying, evaluating and managing significant risks to the Service's priorities, services and major projects. This includes a specific assessment of those risks considered to be strategic to the Service's priorities. The risks and the controls necessary to manage them are recorded in the **corporate risk register**, and any required improvements to controls are monitored to ensure implementation. The corporate risk register includes identification/appraisal of 9 high level risks within 5 areas: Financial, Political, Resources, Planning and National Issues. The register is reviewed annually.
- 8.9 Processes are in place to ensure the **economic, effective and efficient** use of resources and for securing continuous improvement in the way that functions are exercised. These include reviews undertaken both internally and by the external auditors, and cooperating with the Welsh Assembly Government in the 'Wales Programme for Improvement' and in collaborative working initiatives.

Principle 5
Developing the capacity and capability of members and officers to be effective

- 9.1 The Service's **recruitment** procedures provide equality of employment opportunities. An **equality-assessed pay structure** meets the requirements of the Single Status Agreement of 1997. All members of staff are issued with a contract, job description and have an annual performance development review.
- 9.2 The Service holds the WLGA Charter for **Member Support and Development**, and therefore has in place established procedures to assess the training needs of members and senior officers and for ensuring that, where necessary, they are provided with appropriate training. The **employee competency framework** involves an appraisal process to review individual performance and to help ensure that employees are adequately skilled and for their work. The Service operates the national IPDS system for operational staff and has developed workforce succession planning and introduced **Career Development Pathways**.
- 9.3 Equality issues are covered through the Strategic Equality Plan.
- 9.4 Information is cascaded to staff through weekly Chief Updates, monthly routine orders, the intranet and staff newsletters.

Principle 6
Engaging with Local People and other stakeholders to ensure robust public accountability

- 10.1 The Authority operates a committee structure covering the key areas aligned to its strategic objectives. The Fire and Rescue Authority is made up of 28 elected members from the six Unitary Authorities covered by the Fire & Rescue Service area in accordance with the North Wales Fire Service (Combination Scheme) Order 1995. The role of the Authority is defined within its Standing Orders. The full Authority meets four times per year in March, June, October and December. Extraordinary meetings can be called at any time if urgent business requires to be transacted. The Authority's function is further supported by its Clerk and Treasurer. Meetings are **open to the public**, and records of the Authority's transactions are available from the Authority's website (www.nwales-fireservice.org.uk)
- 10.2 The Service's stakeholders are consulted in regard to determining the priorities needed to realise the vision set out in the Risk Reduction Plan, and the service-planning process establishes and communicates those priorities and means of achieving them. Planned improvements and targets are set out in the **Annual Report** and Improvement Plan.
- 10.3 Annual consultation to all stakeholders for feedback regarding key objectives of the Service.

11 Review of Effectiveness

11.1 The Service 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 the work of the Executive Group and its officers within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and other reviews undertaken.

11.2 The processes that have been applied to maintain, review and improve the effectiveness of the governance framework include:

- i) there are regular reviews of the Constitution and ethical governance arrangements (including the extent of compliance with the Regulation of Investigatory Powers Act) by the Monitoring Officer;
- ii) the review of effectiveness is informed by the work of the Chief Fire Officer, Deputy Chief Fire Officer and Principal Officers who have the responsibility for the development and maintenance of the governance environment and culture;
- iii) the Internal Audit function performs regular reviews of the financial systems and controls to provide assurance to the Authority through its Audit Committee;
- iv) regular reviews of the financial controls by the Deputy Chief Fire Officer and Treasurer;
- v) the Service has since 1998 managed its spending plans within the approved budget. WAO and KPMG consider the overall control environment to be generally sound, with robust systems of internal financial control and financial management arrangements in operation;
- vi) formal risk management and regular ongoing review of the processes involved;
- vii) internal and external audit of the risk management processes;
- viii) the Internal Audit function, whose work takes account of identified risks through regular audits of the major systems, establishments and major projects in accordance with the annual internal audit plan, and which includes 'follow-up' work to ensure that Principal Officers implement agreed recommendations;
- ix) the annual assessment of Internal Audit by the Service's external auditors, who concluded that, Internal Audit complies with CIPFA's 'Code of Practice for Internal Audit in Local Government in the United Kingdom, 2006';
- x) the work of the Service's Scrutiny and other Committees, including its Audit and Standards committees,
- xi) the opinions and recommendations of the Service's external auditors and other inspection and review agencies;
- xii) regular monitoring of performance against the Improvement Plan and service plans and of key targets, and reporting of this to Authority members;
- xiii) Heads of Departments provide assurance in their professional capacity for their service area through the presentation of reports, monthly service reviews that provide assurance of risk management, the implementation of external and internal recommendations and progress on performance;
- xiv) assurance provided by Principal Officers in respect to the internal controls for which they have responsibility;

11.3 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee and plan to address weaknesses and ensure continuous improvement of the system is in place.

11.4 In respect of those 'significant control issues' included in the Statement on Internal Control for the previous financial year (2011/12), progress in 2012/13 was as follows:

- staff awareness of the Whistleblowing policy was undertaken.
- enhancements have been made to the information reported to the Audit Committee in relation to the Internal Audit findings have been made, with the introduction of written summaries in conjunction with verbal updates;
- the year-end timetable has been formalised thereby ensuring that the Whole of Government Accounts L-pack is submitted to the external auditors with adequate time for review in order to meet the Welsh Government's deadline;
- a five year ICT strategy is currently being developed on an All Wales basis;
- there is extensive collaboration with the other FRS in Wales under the National Issues Committee to enhance and align formats of the medium term revenue plans;
- there are improved governance arrangements for when the Service works in collaboration or in partnership,
- sustainable development and equalities considerations have been further integrated into service planning and policy making processes

12 Recommendations for Improvement

12.1 The Service has effective controls and governance but is not complacent. This Annual Governance Statement has identified areas where further improvements need to be made.

Annual Governance Statement 2012/13 Action Plan - New Actions for 2013/14

Code of Governance Review	Review/update the Authority's Code of Governance and Annual Governance Statement in line with the National Issues Committee.	Finance Manager
Establish a Consultation and Engagement Strategy	Consider how we currently consult and engage with the public; investigate ways of improving the process.	Equalities Advisor
Improve benchmarking	Use of a like for like comparator; further collaboration with the two other FRAs in Wales.	Corporate Planning Manager
Improve internal, role specific competences	Roll out the provision of PDR competency framework to support staff, and monitor the effectiveness.	Head of Training

- 12.2 Good governance is the foundation for the delivery of good quality services that meet all stakeholders' needs and it is fundamental to showing that public money is well spent. Based on the review, assessment and on-going monitoring work undertaken during 2012/13, we have reached the opinion that good governance arrangements are in place, key systems are operating soundly and that there are no fundamental control weaknesses in evidence. However, no system of control can provide absolute assurance against misstatement or loss. Based on the various assurances given, this statement is intended to provide reasonable assurance that satisfactory corporate governance arrangements are in place and working effectively.
- 12.3 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:.....
(Chief Fire Officer)

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Signed:
(Chair NWFRA)

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