

Report to	<b>Audit Committee</b>
Report no	<b>AC/2017/07/07</b>
Date	<b>10 July 2017</b>
Lead Officer	<b>DCFO Dawn Docx</b>
Contact Officer	<b>Head of Finance</b>
Subject	<b>Annual Governance Statement</b>



## **PURPOSE OF REPORT**

- 1 To bring to the Audit Committee the Authority's Annual Governance Statement for comment, prior to it being presented to the Authority.

## **EXECUTIVE SUMMARY**

- 2 The Annual Governance Statement is a statutory document which explains the processes and procedures in place to enable North Wales Fire and Rescue Service (NWFRS) to carry out its functions effectively. The purpose of the Statement is to explain how NWFRS has complied with the Code of Corporate Governance.

## **RECOMMENDATIONS**

- 3 Members are requested to approve the content of the Annual Governance Statement for 2016/17.

## **BACKGROUND**

- 4 From 2010/11 all Local Government Authorities have been required to prepare an Annual Governance Statement which is to be published as part of the Statutory Accounts. This replaces the Statement of Internal Control (SIC) in the Statement of Accounts.

## **INFORMATION**

- 5 The purpose of the Annual Governance Statement is to report publicly, on an annual basis, the extent to which an Authority complies with its own Code of Corporate Governance. It includes an explanation as to how the Authority has monitored the effectiveness of its governance arrangements in that year and on any planned changes in the coming period.

- 6 North Wales Fire and Rescue Authority's Annual Governance Statement is produced by the Head of Finance under the direction of the Deputy Chief Fire Officer and the Clerk. Following the recommendation of the auditors, the statement takes into account improvements identified by other department managers within the Service.
- 7 The Authority's Code of Corporate Governance, approved in 2011, is the framework against which the Head of Finance has checked compliance and the findings are summarised in the attached Annual Governance Statement.

## IMPLICATIONS

Wellbeing Objectives	Taken into consideration and incorporated within the plan.
Budget	No additional cost pressures, budget set for 17/18 incorporates training requirements; AGS ensures value for money considerations made to projects undertaken within the Service.
Legal	AGS complies with the Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an AGS. The content does not have any other legal implications.
Staffing	Improved working conditions for staff
Equalities/Human Rights/ Welsh Language	No implications
Risks	Risks highlighted and control measures put in place within the plan.



Gwasanaeth Tân ac Achub  
Fire and Rescue Service

# Annual Governance Statement 2016/2017

NORTH WALES FIRE AND RESCUE AUTHORITY ANNUAL GOVERNANCE  
STATEMENT 2016/17

**1 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 and Rescue Authority (the Authority) 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 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.
- 2.2 In discharging this overall responsibility, the Authority 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 Authority 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 Authority has complied with the code and also meets the requirements of the Accounts and Audit (Wales) Regulations 2011.

**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 2017 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 principles from the *International Framework: Good Governance in the Public Sector* (CIPFA/IOFAC, 2014).
- 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 – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law**

Public sector organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

<b>Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)</b>	<b>Improvements that can be made and future considerations.</b>	<b>Self-assessment score</b> 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice
<p><b>Behaving with integrity</b></p> <p>Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</p>	<p>Codes of conduct</p> <p>Member’s code of conduct individually signed when they join the FRA. Officers’ code of conduct regularly reviewed and updated.</p> <p>Induction for new members and staff on standard of behaviour expected. Induction pack - consistent approach taken across the organisation</p> <p>Performance appraisals</p>		<p>2</p> <p>1</p> <p>1</p> <p>1</p>
<p>Ensuring members and officers take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)</p>	<p>See Code of Conduct above.</p> <p>Communicating shared values with members, staff, the community and partners</p>		<p>2</p> <p>1</p>



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Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)	Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)	Improvements that can be made and future considerations	Self-assessment score 0 Insufficient evidence or systems/processes) 1 Sufficient 2 Best Practice
<p>Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively</p>	<p>Anti-fraud and corruption policies are working effectively  <a href="http://www.nwales-fireservice.org.uk/media/1668/antifraud_corruption_policy_2014.pdf">http://www.nwales-fireservice.org.uk/media/1668/antifraud_corruption_policy_2014.pdf</a></p> <p>The Authority's Monitoring Officer maintains a <b>Register of Members Personal and Business Interests</b>, in accordance with the Code of Conduct.</p> <p>Annual declaration from members and officers regarding Related Party Transactions</p> <p>Annual register of gifts and hospitality</p> <p>Weekly brief</p> <p>The Authority maintains a <b>Whistleblowing</b> Policy, whereby Members and staff can raise concerns about behaviour of anyone connected with the work of the Authority. It has been widely communicated within the Service and is regularly reviewed.</p> <p>Members of the public can access information on the website via the contact us tab, as to how they can make a complaint about the Service. The Authority has an established <b>Complaints Management</b> policy specifying the procedures relating to the management and monitoring of complaints from external sources.</p>	<p>Currently this is only available internally and in future will be published on the website for members of the public, partners and contractors.</p>	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>1</p>



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	<p>Disciplinary policy to deal with any breaches of the code of conduct for Officers</p> <p>Equalities Officer's post has been in existence since 01/08/02</p> <p>Through its <b>Equality and Diversity Policy</b> and <b>Strategic Equality Plan</b> the Authority is committed to delivering equal opportunities in employment across the organisation. It is policy to ensure that all applicants and employees are treated fairly and with care and promote a harmonious working environment for all staff, free from harassment and victimisation.</p> <p>Strategic Equality Plan - forms part of regular budget/ departmental planning meetings  <a href="http://www.nwales-fireservice.org.uk/about-us/equality-and-diversity/strategic-equality-plan-2016-2020/">http://www.nwales-fireservice.org.uk/about-us/equality-and-diversity/strategic-equality-plan-2016-2020/</a></p>		<p>2</p> <p>2</p> <p>2</p>
<p><b>Demonstrating strong commitment to ethical values</b>                      Seeking to establish, monitor and maintain the organisation's ethical standards and performance</p>	<p>Audit Committee - Scrutiny of ethical decision making</p>		<p>1</p>
<p>Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation</p>	<p>LearnPro Module - provision of ethical awareness training</p>		<p>1</p>



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<p><b>Respecting the rule of law</b> Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</p>	<p>The Clerk to the Fire and Rescue Authority is the designated '<b>Monitoring Officer</b>' 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. The Authority's established <b>anti-fraud and corruption</b> arrangements provide a deterrent, promote detection, identify a clear pathway for investigation and encourage prevention. These include procedures designed to combat money-laundering.</p> <p>Statutory provisions</p> <ul style="list-style-type: none"> <li>• Statutory guidance is followed</li> </ul> <p>Constitution</p> <p>Awareness training in employment law, whistleblowing, Bribery act 2010, Data Protection and Freedom of Information was delivered throughout the Service during 2015/16.</p>	<p>Consider period for revision of the training</p>	<p>2</p> <p>2</p> <p>1</p>
<p>Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</p>	<p>Job description/specifications</p> <p>Compliance with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016)</p>		<p>1</p> <p>2</p>

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Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	Record of legal advice provided by officers is available through the minutes of the meetings		2
Dealing with breaches of legal and regulatory provisions effectively	Monitoring Officer  Established <b>anti-fraud and corruption</b> arrangements  Local Pension Board – training provided to members on breaches of the law and a policy is in place. <a href="http://www.nwales-fireservice.org.uk/fire-and-rescue-authority/local-pension-board/">http://www.nwales-fireservice.org.uk/fire-and-rescue-authority/local-pension-board/</a>		1  1  2
Ensuring corruption and misuse of power are dealt with effectively	This is provided through the disciplinary policy		1

**Principle 2 Ensuring openness and comprehensive stakeholder engagement**

Public sector organisations are run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders

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<p><b>Openness</b> Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness</p>	<p>The Authority acknowledges that it needs to communicate with the people who live in, work in or visit the region, to educate and inform people about its prevention, protection and responding activities. The <b>Corporate Communications Department</b> has day to day responsibility for co-ordinating internal and external communications, media relations, the Welsh language policy and translation. Positive publicity in the media enhances the reputation of the Service and promotes the aim of making North Wales a safer place to live, work and visit.</p> <p>Annual report</p> <p>Freedom of Information Act publication scheme</p> <p>Authority website and online FRA information</p> <p>Authority's goals and values</p>		<p>2</p>

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Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	Record of decision making and supporting materials – All FRA agenda items and reports available on website		2
Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	Meeting reports show details of advice given  Agreement on the information that will be provided and timescales  Calendar of dates for submitting, publishing and distributing timely reports is adhered to  All reports available via the website to the public prior to the meetings Minutes of meetings available on the website	A review of the format of FRA papers should be undertaken to improve the presentation.	1
Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action	The Authority's stakeholders are annually consulted in regard to determining the priorities needed to realise the vision set out in the Combined Improvement and Risk Reduction Plan. The report published in March of each year outlines how the Authority will make improvements and reduce risk as well as setting improvement objectives for the forthcoming financial year and the following year.  Wellbeing strategy (public service board) and statement (local authority)  Use of consultation feedback		2

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	Complaints policy and use of complaints		
<p><b>Engaging comprehensively with institutional stakeholders</b> Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</p>	<p>The Authority has established a <b>Corporate Communications Strategy 2014-19: <i>Putting People First</i></b>, which sets out the principles and approach to be followed to ensure continuous improvement in the work to communicate with key stakeholders. In addition the Authority is part of an <b>All Wales Memorandum of Understanding: <i>Our Strategic Direction</i></b>, which has been produced by the All Wales Communications Group. Its purpose is to assist the three Welsh FRAs adopt a common and generic approach to public engagement and consultation</p> <p>The Deputy Chief Fire Officer and other Senior Officers meet with members of the Authority's Representative Bodies on a regular basis to consult on both key policies and Service delivery changes.</p> <p>Chiefs and Chairs of FRAs have regular meetings with the relevant Cabinet Secretary and civil servants to discuss fire and rescue matters.</p>		2

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Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	Collaboration with constituent authorities, North Wales Police and Welsh Ambulance Service Trust and work undertaken through the National Issues Committee		2
Ensuring that partnerships are based on: trust <ul style="list-style-type: none"> <li>• a shared commitment to change</li> <li>• a culture that promotes and accepts challenge among partners</li> <li>• and that the added value of partnership working is explicit</li> </ul>	Wellbeing strategy  Partnership protocols  Collaboration projects		2
<b>Engaging stakeholders effectively, including individual citizens and service users</b> Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes	Record of public consultations  Partnership framework  Public service boards' terms of reference		2
Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	Communications strategy agreed by the full Fire and Rescue Authority each year prior to the consultation on the <b>Combined Improvement and Wellbeing Plan</b> .		1



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Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account	Communications and engagement strategy states that feedback will be via reports to the Executive Panel and the full Fire and Rescue Authority		1
Taking account of the interests of future generations of tax payers and service users	Under the wellbeing objectives and statement and via the public service boards		1

**Principle 3. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

The long-term nature and impact of many of public sector responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)	Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)	Improvements that can be made and future considerations.	Self-assessment score 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice
<p><b>Defining outcomes</b> Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions</p>	<p>The annual Authority's <b>Combined Improvement and Wellbeing Plan</b> sets out its vision, mission statement and values. The plan is compiled in accordance with specific duties arising from the Local Government (Wales) Measure 2009 and the Fire and Rescue National Framework for Wales 2008-11. Three different purposes are covered within the plan:</p> <ul style="list-style-type: none"> <li>• The provision of information about the Authority and Service, and the context within which they operate;</li> <li>• Recording of the highest priorities of the Authority and tracing its progress towards achieving specific goals;</li> <li>• Recording of historical performance spanning three financial years.</li> </ul> <p><a href="http://www.nwales-fireservice.org.uk/about-us/performance-and-improvement/improvement-planning/?lang=en">http://www.nwales-fireservice.org.uk/about-us/performance-and-improvement/improvement-planning/?lang=en</a></p> <p>The report, published in March of each year, outlines how the Authority will make improvements and how to reduce risk for the next financial year as well as setting its own improvements objectives.</p>		2

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	<p>In accordance with Section 15 of the Local Government (Wales) Measure 2009, the Authority annually publishes an assessment of its performance via 'How did we do?' This assessment demonstrates how the Authority has discharged its general duty to improve and progress against the objectives it set itself for the year. It also summarises its collaborations and its performance against specified national and local performance indicators and measures of success.</p>		2
<p>Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</p>	<p>Collaboration and partnership working has been enhanced with participation on all four regional <b>Public Service Boards (PSBs)</b>. The Well-being of Future Generations (Wales) Act 2015 established statutory Public Sector Boards (PSBs) which replaced the voluntary Local Service Boards in each local authority area. The key objectives of the PSBs are:</p> <ul style="list-style-type: none"> <li>• Assess the state of economic, social, environmental and cultural well-being in its area;</li> <li>• Set objectives that are designed to maximise the PSBs contribution to the well-being goals.</li> </ul> <p>Wellbeing statement and objectives</p> <ul style="list-style-type: none"> <li>• Vision used as a basis for corporate and service planning</li> </ul>		2

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Delivering defined outcomes on a sustainable basis within the resources that will be available	Throughout the year, Principal Officers are accountable for ensuring that the Authority's priorities are delivered. Performance against key targets is regularly monitored via the <b>performance management</b> framework and is reported to Members on a quarterly basis as well as at the end of the financial year.		2
Identifying and managing risks to the achievement of outcomes	Performance trends are established and reported upon  Risks are managed via the risk register		1
Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available	Service users expectations are informed through the consultation on the Improvement and Wellbeing Plan  At the end of each year in accordance with legislation, the Authority publishes its annual <b>Statement of Accounts</b> giving clear information about its financial position and performance during the year. Included within the financial statements is the <b>WAO Audit opinion</b> . For year ending 31 March 2016 the audit opinion reported that the statements provided a true and fair view of the financial position of the Authority for the year. In addition, a clear and easy to read summary of the Authority's performance during the year is produced and available on the Authority's website for members of the public to access.		2  2

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<p><b>Sustainable economic, social and environmental benefits</b> Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision</p>	<p>Legislative requirements – Well-being of Future Generations (Wales) Act 2015.</p> <p>The Authority has in place robust arrangements for effective <b>financial control</b> through its 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 Authority’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. The Authority’s <b>Treasury Management</b> arrangements follow professional practice and are subject to regular review and include reports presented to Members on a quarterly basis.</p> <p>Capital investment is structured to achieve appropriate life spans and adaptability for future use so that resources are spent on optimising social, economic and environmental wellbeing: capital programme.</p>	<p>Contract standing orders to be reviewed and published.</p>	<p>2</p>

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Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	<p>Corporate plans take account of medium and long-term service plans</p> <p>Discussion between members and officers on the information needs of members to support decision making</p> <p>Record of decision making and supporting materials</p>		2
Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	<p>North Wales Fire and Rescue Authority annually reports on the progress we have made towards achieving our equality objectives and promoting the priorities identified within <b>our Strategic Equality Plan</b> as part of a continuous process. Together with Wrexham County Borough Council and its partners, Coleg Cambria, AVOW, Glyndwr University, North Wales Police and Betsi Cadwaladr University Health Board, we will be working to:</p> <ul style="list-style-type: none"> <li>• Eliminate discrimination, harassment and victimisation;</li> <li>• Advance equality of opportunity; and</li> <li>• Promote good relations between different groups of people and communities.</li> </ul> <p>Public service board wellbeing plan</p> <ul style="list-style-type: none"> <li>• Record of decision making and supporting materials</li> <li>• Protocols for consultation</li> </ul>		2

**Principle 4. Determining the interventions necessary to optimise the achievement of the intended outcomes**

Public sector organisations achieve intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that public sector organisations to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised

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<p><b>Determining interventions</b> Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided</p>	<p>FRA receiving objective and rigorous analysis through the Improvement Planning Working Group and regular reports to the Executive Panel, Audit Committee and the full FRA.</p>		<p>2</p>
<p>Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</p>	<p>Financial strategy  See consultation strategy</p>		<p>1</p>
<p><b>Planning interventions</b> Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</p>	<p>Calendar of dates for developing and submitting plans and reports that are adhered to Regular budget meetings with departmental heads.</p>		<p>2</p>

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Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	Communication and engagement strategy  Public service board wellbeing plans		2
Considering and monitoring risks facing each partner when working collaboratively including shared risks	Partnership framework, terms of reference of the Joint Emergency Services Board and use of individual risk registers		1
Establishing appropriate local performance indicators (as well as relevant statutory or other national performance indicators) as part of the planning process in order to identify how the performance of services and projects is to be measured	Local performance indicators have been established and approved for each service element and included in the service plan and are reported upon regularly  In addition to that, we have local performance indicators that have been devised on an all-Wales basis through the National Issues Committee.		1
Ensuring capacity exists to generate the information required to review service quality regularly	Reports include detailed performance results and highlight areas where corrective action is necessary.  Corporate Planning and Finance Departments and SLAs with constituent authorities		1
Preparing budgets in accordance with organisational objectives, strategies and the medium-term financial plan	Evidence that budgets, plans and objectives are aligned		2



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<b>Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)</b>	<b>Improvements that can be made and future considerations.</b>	<b>Self-assessment score</b> 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice
Informing medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	Budget guidance and protocols  Medium-term financial plan  Corporate plans		2
<b>Optimising achievement of intended outcomes</b> Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	Taking into account the National Framework, the Authority sets its medium term financial strategy and from that its annual budgets based on Service priorities set by the Authority and taking into account national guidance.		1
Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	As above		1
Ensuring the medium-term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	As above		1

**Principle 5. Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

Public sector organisations need appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A public sector organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in public sector entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities

<b>Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)</b>	<b>Improvements that can be made and future considerations.</b>	<b>Self-assessment score 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice</b>
<p><b>Developing the entity’s capacity</b> Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness</p>	<p>Performance Standards department undertake regular reviews of activities, outputs and planned outcomes</p>		<p>2</p>
<p>Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority’s resources are allocated so that outcomes are achieved effectively and efficiently</p>	<p>Use of peer assessments, benchmarking and working through the National Issues Committee in order to increase organisational development and improve efficiency</p>		<p>1</p>
<p>Recognising the benefits of partnerships and collaborative working where added value can be achieved</p>	<p>Effective operation of partnerships which deliver agreed outcomes</p>		<p>2</p>
<p>Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</p>	<p>Resourcing Strategy from which we have succession planning, organisational development and pathways</p>		<p>2</p>

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Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)	Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)	Improvements that can be made and future considerations.	Self-assessment score 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice
<p><b>Developing the capability of the entity's leadership and other individuals</b></p> <p>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</p>	<p>In addition to job descriptions and the code of conduct there are regular meetings between the Chair and Chief Fire Officer, Deputy Chair and Deputy Chief Fire Officer in order to maintain a shared understanding of roles and objectives.</p>		1
<p>Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</p>	<p>Scheme of delegation reviewed at least annually in the light of legal and organisational changes</p> <p>Standing orders and financial regulations which are reviewed on a regular basis</p>		1
<p>Ensuring the chair of the FRA and the Chief Fire Officer have clearly defined and distinctive leadership roles within a structure, whereby the Chief Fire Officer leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority</p>	<p>Clear statement of respective roles and responsibilities and how they will be put into practice</p> <p>Job descriptions in place for Chair, Deputy Chair, Members and the CFO.</p>		1

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Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)	Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)	Improvements that can be made and future considerations.	Self-assessment score 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice
<p>Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> <li>• ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>• ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</li> <li>• ensuring personal, organisation and system-wide development through shared learning, including lessons learnt from both internal and external governance weaknesses</li> </ul>	<p>Access to courses/information briefings on new legislation</p> <p>Member development strategy</p> <ul style="list-style-type: none"> <li>• Members' induction and ongoing training and development programme</li> </ul> <p>During FRA meetings members have the ability to: scrutinise and challenge. The CFO and members:</p> <ul style="list-style-type: none"> <li>• recognise when outside expert advice is required</li> <li>• promote trust</li> <li>• work in partnership</li> <li>• lead the organisation</li> <li>• act as a community leader</li> <li>• efficient systems and technology used for effective support</li> </ul> <p>Arrangements for succession planning</p>		1
<p>Ensuring that there are structures in place to encourage public participation</p>	<p>Communication and engagement strategy</p>		2

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Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)	Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)	Improvements that can be made and future considerations.	Self-assessment score 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice
Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	<p>Training and development plan</p> <p>Staff development plans linked to appraisals</p> <p>Implementing appropriate human resource policies and ensuring that they are working effectively</p> <p>Peer reviews undertaken by the other fire and rescue authorities in Wales and by the Fire Advisor.</p>		2
Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	<p>Human resource policies</p> <p>Access to Care First</p> <p>Health, Safety and Wellbeing Plan Also a Health Safety and Wellbeing Group has been established.</p>		2

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Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)	Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)	Improvements that can be made and future considerations.	Self-assessment score 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice
<b>Principle 6 Managing risks and performance through robust internal control and strong public financial management</b>			
<p>Public sector organisations need to ensure that the governance structures are implemented, and can sustain an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.</p> <p>A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.</p> <p>It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>			
Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)	Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)	Improvements that can be made and future considerations.	Self-assessment score 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice
<p><b>Managing risk</b> Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</p>	<p>Examples of these are:</p> <ul style="list-style-type: none"> <li>• Risk management strategy</li> <li>• Business Continuity Plans</li> <li>• Corporate risk register</li> </ul>		2
<p>Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</p>	<p>Risk management strategy/policy formally approved, adopted, reviewed and updated on a regular basis</p>		1
<p>Ensuring that responsibilities for managing individual risks are clearly allocated</p>	<p>Risk management strategy</p>		1

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Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)	Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)	Improvements that can be made and future considerations.	Self-assessment score 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice
<p><b>Managing performance</b> Monitoring service delivery effectively including planning, specification, execution and independent post-implementation review</p>	<p>Performance map showing all key activities have performance measures</p> <p>LearnPro and PDRPro</p> <p>Benchmarking information</p> <p>Cost performance</p> <p>Calendar of dates for submitting, publishing and distributing timely reports that are adhered to</p>	<p>Improvement on post implementation review of projects would be desirable.</p>	<p>1</p>
<p>Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</p>	<p>Discussion between members and officers on the information needs of members to support decision making</p> <p>Publication of agendas, reports and minutes of meetings</p> <p>Agreement on the information that will be needed and timescales</p>		<p>2</p>
<p>Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made, thereby enhancing the organisation's performance and that of any organisation for which it is responsible</p>	<p>The role and responsibility for scrutiny has been established and is clear</p> <ul style="list-style-type: none"> <li>• Agenda and minutes of scrutiny meetings</li> <li>• Evidence of improvements as a result of scrutiny</li> <li>• Terms of reference</li> <li>• Training for members</li> <li>• Membership</li> <li>• Public service boards are developing an effective scrutiny mechanism</li> </ul>		<p>1</p>

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<b>Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)</b>	<b>Improvements that can be made and future considerations.</b>	<b>Self-assessment score</b> 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice
Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	Calendar of dates for submitting, publishing and distributing timely reports are adhered to. Regular reports are presented to the Executive Panel, Audit Committee and the Fire and Rescue Authority.		2
Ensuring there is consistency between specification stages (such as budgets) and post-implementation reporting (eg financial statements )	Financial standards, guidance  Financial regulations and standing orders		1
<b>Robust internal control</b> Aligning the risk management strategy and policies on internal control with achieving objectives	Risk management strategy <ul style="list-style-type: none"> <li>• Audit plan</li> <li>• Audit reports</li> </ul>		2
Evaluating and monitoring risk management and internal control on a regular basis	Risk management strategy/policy has been formally approved and adopted and is reviewed and updated on a regular basis.		2
Ensuring effective counter fraud and anti-corruption arrangements are in place	Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)  IT infrastructure		1
Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	Annual governance statement  Effective internal audit service is resourced and maintained		1



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Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)	Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)	Improvements that can be made and future considerations.	Self-assessment score 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice
Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon	Audit committee complies with best practice – see Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013) <ul style="list-style-type: none"> <li>• Terms of reference</li> <li>• Membership</li> <li>• Training</li> </ul>		2
<b>Managing data</b> Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	Document retention policy in place Data management framework and procedures  LearnPro Modules for all employees Designated data protection officer  Data protection policies and procedures  Document retention policy		1
Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	Data sharing agreement <ul style="list-style-type: none"> <li>• Data sharing register</li> <li>• Data processing agreements which comply with WASPI</li> </ul>		1
Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	Data quality procedures and reports <ul style="list-style-type: none"> <li>• Data validation procedures</li> </ul>		1

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Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)	Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)	Improvements that can be made and future considerations.	Self-assessment score 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice
<p><b>Strong public financial management</b> Ensuring financial management supports both long-term achievement of outcomes and short-term financial and operational performance</p>	<p>Financial management supports the delivery of services and transformational change as well as securing good stewardship.</p>		<p>2</p>
<p>Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</p>	<p>Regular budget monitoring reports to the Fire and Rescue Authority with detailed variance analysis in order that members understand the financial risks and controls.</p>		<p>2</p>

**Principle 7 Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

<b>Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)</b>	<b>Improvements that can be made and future considerations.</b>	<b>Self-assessment score 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice</b>
<p><b>Implementing good practice in transparency</b> Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</p>	<p>Care is taken to ensure that all public reports are an understandable style and available in full in both Welsh and English. These documents are available on the website.</p>		1
<p>Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</p>	<p>Care is taken that the Combined Improvement and Wellbeing Plan and the 'How did we do in..?' reports are both readable and accessible.</p>		2
<p><b>Implementing good practices in reporting</b> Reporting at least annually on performance, value for money and the stewardship of its resources</p>	<p>'How did we do in..? An assessment of the Authority's performance'  Annual financial statements</p>		2
<p>Ensuring members and senior management own the results</p>	<p>Appropriate approvals</p>		1

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<b>Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)</b>	<b>Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)</b>	<b>Improvements that can be made and future considerations.</b>	<b>Self-assessment score 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice</b>
Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	Annual governance statement		2
Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	Annual governance statement		
Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	The statement of accounts document has been developed to be consistent with the other two FRAs in Wales to enable direct comparison.		2
<b>Assurance and effective accountability</b> Ensuring that recommendations for corrective action made by external audit are acted upon	Recommendations have informed positive improvement		2
Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	Compliance with CIPFA's Statement on the Role of the Head of Internal Audit (2010)  Compliance with Public Sector Internal Audit Standards		2

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Sub-principles and behaviours and actions that demonstrate good governance in practice (How we meet these principles)	Examples of systems, processes, documentation and other evidence demonstrating compliance (assurance received)	Improvements that can be made and future considerations.	Self-assessment score 0 Insufficient evidence or systems/processes 1 Sufficient 2 Best Practice
Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	Recommendations have informed positive improvement		2
Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	Annual governance statement		1
Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	Public service boards' terms of reference and wellbeing plans  Public service boards engage with scrutiny		2

## 5.0 Review of Effectiveness

- 5.1 The Authority 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 other senior 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.
- 5.2.1 A statement of assurance has been discussed and approved by the Audit Committee as to the effectiveness of the governance arrangements for which it is responsible, including the system of internal control. The statement of assurance covers all the principles set out in the Authority's Code of Corporate Governance. The statement of assurance reveals no areas of weakness in the Authority's corporate governance arrangements; the arrangements are in all cases at least adequate and in the majority of areas good.
- 5.2.2 In maintaining and reviewing the effectiveness of the Authority's governance arrangements the following have been considered:-
- i) the Internal Audit function performs regular reviews of the financial systems and controls to provide assurance to the Authority through its Audit Committee;
  - ii) WAO consider the overall control environment to be generally sound, with robust systems of internal financial control and financial management arrangements in operation;
  - iii) 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;
  - iv) the annual assessment of Internal Audit by the Authority's external auditors, concludes that, Internal Audit complies with CIPFA's 'Code of Practice for Internal Audit in Local Government in the United Kingdom 2006';
  - v) the work of the Authority's committees;
  - vi) the opinions and recommendations of the Authority's external auditors and other inspection and review agencies;
  - vii) regular monitoring of performance against the **Combined Improvement and Wellbeing Plan** and service plans and of key targets and reporting of this to Authority Members.

**6 Recommendations for Improvement- Annual Governance Action Plan**

6.1.1 In respect of those ‘significant control issues’ included in the Statement on Internal Control for the previous financial year (2015/16), progress in 2016/17 was as follows:

Issue	Action	Outcome	Lead officer	Completion Date
There is a budget gap as identified in the Medium Term Financial Plan	Effective process used for managing budgets and monitoring and achieving identified savings	16/17 outturn in line with budget and forecasts. Action plan yet to be determined by the FRA to address the budget gap for future years.	Deputy Chief Fire Officer	To be determined by the new Fire and Rescue Authority post June 2017
Improved collaboration required between Emergency Service partners.	To reduce the risk of injury and death by fire by ensuring improved collaboration between Emergency Service partners by sharing common information technology platforms (initially Frequentis LifeX) to allow a more timely exchange of information to more ably manage resources to provide a more effective response to the communities of North Wales.	NWFRS has migrated its Control onto a new software package which will enable NWFRS to concentrate on developing a shared communication platform with North Wales Police in the Autumn 2017.	Head of Control	March 2018
A requirement to enhance project management in order to enhance the effective delivery of service objectives.  Improve Programme Management	WASPI – create central register of Information Sharing Protocols (ISPs) and Data Disclosure Agreements (DDAs).	WASPI has been used as a tool in order to improve data exchange between partners. In addition, a project management system has been implemented which reports into the Executive	DCFO	Completed.

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		Group as the overall programme board for the programme of transformation.		
WFGAct 2015 - Ensure appropriate arrangements for introduction of the Wellbeing of Future Generations Act 2015.	Interpret the guidance and make recommendations.	This has been successfully completed and informed our work on the public service boards.	Corporate Planning Manager	Completed
Improve knowledge, conduct and behaviour within the organisation in relation to Health, Safety and Wellbeing.	Develop and publish guidance documents and H & S plan on the intranet.	This has been undertaken through the Health Safety and Wellbeing Group and is now considered business as usual.	Senior Professional and Service Standards Manager	Completed

6.2 The Authority has effective controls and governance but is not complacent. This Annual Governance Statement as well as a recent audit carried out on the Authority's governance arrangements has identified areas where further improvements need to be made.



**6.3 Annual Governance Statement 2016/17 Action Plan - New Actions for 2017/18:**

Objective	Aim	Outcome	Who Responsible	Expected completion date
To develop the knowledge of the new administration	Authority members to be fully briefed on relevant issues. Officers and members to be aware of, and conform to the member/officer protocol. There will be a full members' induction – this will be repeated as necessary and there will be an expectation that members will attend	Effective transition of Leadership from the old administration to the new	Chief Fire Officer assisted by Clerk and Treasurer	September 2017
Potential of a significant number of new members	Effective training delivered to all members; clarity of roles and responsibilities to be provided	As above	Chief Fire Officer	From September 2017 to April 2022
Revising the format of Authority papers	To improve clarity and the process of impact assessing policy	Improved presentation and consistent Authority papers	Corporate Planning Manager	March 2018
Enhance post implementation review of projects	To enhance learning	Improved delivery of projects	DCFO	March 2018

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**7.0 Assurance Summary**

- 7.1 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 2016/17, 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.
- 7.2 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)**

**2017**

**Signed:**  
**(Chair NWFRA)**

**2017**