

<b>The report is Not Exempt</b>
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<b>The report is for Decision</b>
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<b>REPORT TO: FIRE AUTHORITY</b>
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<b>MEETING DATE: 10 December 2018</b>
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<b>SUBJECT: Code of Corporate Governance – Assurance Statement 2016/17</b>
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<b>SUMMARY:</b>
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<p>The Accounts and Audit (Wales) Regulations 2014 do not make reference to an Annual Governance Statement (AGS). However, in its guidance on the Accounts and Audit (Wales) Regulations 2014, the Welsh Government anticipates that relevant bodies will prepare an annual governance statement on internal control and consider that CIPFA's Delivering Good Governance in Local Government: Framework best represents proper practices in relation to the statement of internal control which requires an AGS to be produced.</p>
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<p>The AGS for the year ended 31st March 2017 was reported to Performance, Audit and Scrutiny Committee on 24th July 2017. Due to the delay in producing the 2016/17 financial statements the AGS has been updated and is included at Appendix A.</p>
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<b>RECOMMENDATIONS:</b>
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<p>That Fire Authority approve the Annual Governance Statement for year ended 31<sup>st</sup> March 2017 for signature by the Chair of the Authority and the Chief Fire Officer.</p>
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<b>REPORT APPROVAL</b>
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<b>Clerk:</b>	<b>Comments: Approved</b> <b>Date: 03.12.18</b>
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<b>Director:</b>	<b>Comments: Approved</b> <b>Date: 03.12.18</b>
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<b>Finance/Treasurer:</b>	<b>Comments: Approved</b> <b>Date: 03.12.18</b>
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<b>Chief Fire Officer</b>	<b>Comments: Approved</b> <b>Date: 03.12.18</b>
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<b>BACKGROUND PAPERS USED IN PREPARATION OF THIS REPORT:</b>
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<p>The Authority's Code of Corporate Governance Accounts and Audit (Wales) Regulations 2014 CIPFA's Delivering Good Governance in Local Government: Framework CIPFA's Code of Practice on Local Authority Accounting in the UK Internal and external audit reports</p>
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<b>Presenting the Report:</b>	T/Deputy Chief Fire Officer R Quin
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<b>Report Author(s) and Designation</b>	Area Manager Iwan Cray – Corporate Head of Resources
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<b>Date original report written</b>	11/10/2018
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**Mae'r Adroddiad Heb ei eithrio**

**Mae'r Adroddiad AR GYFER PENDERFYNIAD**

**ADRODDIAD I'R: AWDURDOD TÂN**

**DYDDIAD Y CYFARFOD : 10 Rhagfyr 2018**

**TESTUN: Cod Llywodraethu Corfforaethol – Datganiad Sicrwydd 2016/17**

**CRYNODEB:** Nid yw Rheoliadau Cyfrifon ac Archwilio (Cymru) 2014 yn cyfeirio at y Datganiad Llywodraethu Blynyddol. Fodd bynnag, yn ei chanllawiau ar Reoliadau Cyfrifon ac Archwilio (Cymru) 2014, mae Llywodraeth Cymru yn rhag-weld y bydd cyrff perthnasol yn paratoi datganiad llywodraethu blynyddol ar reolaeth fewnol ac yn ystyried bod Fframwaith CIPFA: Llywodraethu Da mewn Llywodraeth Leol yn cynrychioli'r arferion priodol yn y modd gorau mewn perthynas â'r datganiad o reolaeth fewnol, sy'n golygu llunio Datganiad Llywodraethu Blynyddol.

Daeth Datganiad Llywodraethu Blynyddol y flwyddyn i ben ar 31 Mawrth 2017, ac adroddwyd arno i'r Pwyllgor Archwilio a Chraffu ar Berfformiad ar 24 Gorffennaf 2017. O ganlyniad i'r oedi o ran llunio datganiadau ariannol 2016-17, mae'r Datganiad Llywodraethu Blynyddol wedi cael ei ddiweddarau a'i gynnwys yn Atodiad A.

**ARGYMHELLION:**

Bod yr Awdurdod Tân yn cymeradwyo'r Datganiad Llywodraethu Blynyddol ar gyfer y flwyddyn a ddaeth i ben ar 31 Mawrth 2017, a'i fod yn cael ei lofnodi gan Gadeirydd yr Awdurdod a'r Prif Swyddog Tân.

**CYMERADWYO'R ADRODDIAD**

<b>Clerc:</b>	<b>Sylwadau: Cymeradwywyd Dyddiad: 03.12.18</b>
<b>Cyfarwyddwr:</b>	<b>Sylwadau: Cymeradwywyd Dyddiad: 03.12.18</b>
<b>Cyllid/Trysorydd:</b>	<b>Sylwadau: Cymeradwywyd Dyddiad: 03.12.18</b>
<b>Prif Swyddog Tân / Dirprwy Brif Swyddog Tân</b>	<b>Sylwadau: Cymeradwywyd Dyddiad: 03.12.18</b>

**PAPURAU CEFNDIR A DDEFNYDDIWDYD WRTH BARATO'I'R ADRODDIAD HWN:**

Cod Llywodraethu Corfforaethol yr Awdurdod  
Rheoliadau Cyfrifon ac Archwilio (Cymru) 2014  
Fframwaith CIPFA: Llywodraethu Da mewn Llywodraeth Leol  
Cod Ymarfer CIPFA ar gyfer Cadw Cyfrifon Awdurdodau Lleol yn y Deyrnas Unedig  
Adroddiadau archwilio mewnol ac allanol

Yn cyflwyno'r Adroddiad:	Dirprwy Brif Swyddog Tân/DD R Quin
Awdur(on) yr Adroddiad a'u Swyddi	Rhelowr Ardal Iwan Cray – Pennaeth Corfforaethol Adnoddau
Dyddiad yr ysgrifennwyd yr adroddiad gwreiddiol	23/11/2018

**FIRE AUTHORITY**  
**10<sup>th</sup> DECEMBER 2018**  
**CODE OF CORPORATE GOVERNANCE – ASSURANCE STATEMENT**

**1 Summary**

The Accounts and Audit (Wales) Regulations 2014 do not make reference to an Annual Governance Statement (AGS). However, in its guidance on the Accounts and Audit (Wales) Regulations 2014, the Welsh Government anticipates that relevant bodies will prepare an annual governance statement on internal control and consider that CIPFA's Delivering Good Governance in Local Government: Framework best represents proper practices in relation to the statement of internal control which requires an AGS to be produced.

The AGS for the year ended 31st March 2017 was reported to Performance, Audit and Scrutiny Committee on 24th July 2017. Due to the delay in producing the 2016/17 financial statements the AGS has been updated and is included at Appendix A.

**2 National/Wales Position**

- 2.1 This annual review is considered to be good practice and is undertaken by all Fire Authorities and Local Authorities in Wales. There has been an updating of certain aspects of the Framework and this Authority has responded accordingly. The recommendations from the Wales Audit Office audit, a national (Wales) thematic review, have been incorporated into this Authority's Code.

**3 Mid and West Wales Fire and Rescue Service Current Position**

- 3.1 As above.

**4 Proposal**

- 4.1 The AGS for the year ended 31<sup>st</sup> March 2017, for approval, is included at Appendix A

**5 Financial/Procurement Implications**

- 5.1 As detailed in the AGS at Appendix A.

**6 Risk Assessment/Legal Implications**

- 6.1 The process by which this Code of Corporate Governance is maintained effects a reduction in risk for the Authority

**7 Equality and Diversity Including Welsh Language**

- 7.1 The Code of Corporate Governance involves the majority of the Authority's strategies and governance arrangements and as such will have been equality impact assessed in their production.

## **8 Human Resource and People Development**

8.1 Considered not relevant.

## **9 Information and Communications Technology (ICT)**

9.1 Considered not relevant.

## **10 Estates**

10.1 Considered not relevant.

## **11 Service Delivery**

11.1 Considered not relevant.

## **12 Fire Authority Governance**

12.1 This forms part of the Governance arrangements that allows the Section 151 Officer, Chief Fire Officer and Chair of the Fire Authority to sign the Statement of Assurance and the Statement of Accounts.

## **13 Consultation & Communication**

13.1 Audits will have been undertaken in consultation with many relevant officers. Some audits will have commented on the extent of the Authority's consultation and engagement with our communities. As recommended by the Wales Audit Office (WAO), staff have had extensive involvement in the Corporate Assurance process.

## **14 Evaluation**

14.1 Considered not relevant.

## **15 Well-being of Future Generations (Wales) Act 2015**

15.1 Considered not relevant.

## **16 Data Protection and Privacy Issues**

16.1 The AGS has been prepared having regard for Data Protection and Privacy issues.

## **17 Recommendations**

17.1 That Fire Authority approve the Annual Governance Statement for year ended 31<sup>st</sup> March 2017 for signature by the Chair of the Authority and the Chief Fire Officer.

**ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2017**

**Mid and West Wales Fire and Rescue Authority**

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 Framework”. This Annual Governance Statement explains how the Authority has complied with the new framework and its seven core principles of good governance to ensure that resources are directed in accordance with agreed policy and priorities.

**Scope of Responsibility**

Mid and West Wales Fire and Rescue Authority is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, and that public money is safeguarded and appropriately accounted for, and used economically, efficiently and effectively.

In discharging this accountability, Members and Senior Officers are responsible for putting in place appropriate arrangements for the governance of the Fire and Rescue Authority’s affairs and the stewardship of the resources at its disposal.

Operating within a framework laid down by the UK National and Welsh Government legislation the Fire Authority discharges its functions by means of partnership working with the Fire Authority and its Members and Fire Officers operating under the guidance of the Chief Fire Officer.

Strategic and political leadership is given by and discharged through Fire Authority and its various committees, panels and working groups which enable members to decide issues affecting the running of the Fire Authority in accordance with the principles of openness and democratic accountability.

The day to day management and delivery of the Fire Service’s functions is carried out by Fire Service Officers under the overall control and guidance of the Chief Fire Officer who discharges these functions in accordance with the policy framework and the determinations of the Fire Authority and its committees. In so doing, the Chief Fire Officer is assisted by the Executive Board of Directors and the Executive Leadership Team.

To this end, Mid and West Wales Fire and Rescue Authority has approved and adopted a code of corporate governance, which is consistent with these principles and reflects the requirements of the CIPFA/SOLACE Framework ‘*Delivering Good Governance in Local Government*’. A copy of the code can be found on our website [www.mawwfire.gov.uk](http://www.mawwfire.gov.uk) or can be obtained from Mid and West Wales Fire and Rescue Authority, Fire and Rescue Service Headquarters, Lime Grove Avenue, Carmarthen SA31 1SP.

This Statement demonstrates how the Authority has complied with its Code and meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2015, which requires the Authority to prepare an Annual Governance Statement.

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

The governance framework comprises the systems, processes, culture and values by which the Authority is directed and controlled, and by which it accounts to and engages with its communities. It enables the Authority to monitor the achievement of its corporate objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the 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 risks related to the achievement of the Authority's policies, aims and objectives, evaluate the likelihood and impact should risks be realised, and efficiently, effectively and economically manage such risks.

This Statement gives assurances on compliance with Mid and West Wales Fire Authority's governance framework for the year ending 31 March 2017 and up to the date of approval of the Statement of Accounts.

## **Well-being Statement**

We are committed to the Wellbeing of Future Generations (Wales) Act 2015 and embrace our duties and role as a statutory partner on our six Public Service Boards. Our Corporate Plan 2019-2024 outlines our five-year Strategic Aims and our Improvement and Well-being Objectives for 2019/2020. The plan has been developed in accordance with the requirements of the Act and ensures we consider the long-term impact of our decisions on our communities. Throughout the plan, we highlight how our Improvement and Wellbeing Objectives contribute to the Act's seven Well-being Goals.

In delivering our Objectives, we will also ensure that we consider and incorporate, where appropriate, the sustainable development principle and its five ways of working. As a statutory partner on each of our six Public Service Boards, we have played a key role in the formation of the Well-being Plans, which represent the communities of Mid and West Wales. Representatives from the Service also Chair a number of delivery and implementation groups across each of the six Public Service Boards, ensuring that the objectives we have all identified as priority partnership areas are successfully delivered.

The significance of the objectives contained within each of the six Public Service Board's Wellbeing Plans, is reflected in our own Service Improvement and Wellbeing Objectives, which ensure that working with our partners to deliver better outcomes for our communities remains a priority. Not only have we considered the Well-being of Future Generations (Wales) Act 2015 in the formation of this plan, we have also embedded a number of new ways of working within the day to day running of the organisations. The 'golden thread' of the Service is greatly influenced by the Well-being of Future Generations (Wales) Act 2015. From our individual development plans, departmental strategies, through to our Corporate Plan 2019-2024, the ethos of the Wellbeing of Future Generations (Wales) Act 2015 is at the forefront of our minds.

Whether its forming new partnerships; adopting a horizon scanning approach as part of our future planning processes; or embedding the Well-being of Future Generations (Wales) Act 2015 project framework within the delivery of our own corporate projects, you can be assured that the needs of the present will be met, without compromising our future generations.

The Constitution and the key roles of those responsible for developing and maintaining the Governance Framework

<b>Constitution</b>	The purpose of the Constitution is to set out in clear language how the Fire Authority works and how it makes decisions.
<b>Fire Authority</b>	Approves the Corporate Plan. Approves the Constitution (including Standing Orders and Financial Regulations). Approves key policies and budgetary framework. The main decision-making body of the Authority. Comprises twenty-five Members (including the Chair)
<b>Performance Audit and Scrutiny Committee</b>  <b>Resource Management Committee</b>	Provides independent assurance to the Fire Authority on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment. Promotes high standards of member conduct. Makes recommendations to the Fire Authority on the approval of the Annual Statement of Accounts and Annual Governance Statement. Scrutinises performance.
<b>Executive Board</b>	Implements the policy and budgetary framework set by the Fire Authority and provides advice to the Fire Authority on the development of future policy and budgetary issues. Oversees the implementation of policy and service delivery.
<b>Section 151 Officer</b>	Ensuring lawful and financially prudent decision making. Administration of financial affairs. Accountability for developing and maintaining the Fire Authority's governance, risk and control framework. Contribute to the effective corporate management and governance of the Fire Authority.
<b>Monitoring Officer</b>	To report on contraventions or likely contraventions of any enactment or rule of law. To report on any maladministration or injustice where the Local Government Ombudsman has carried out an investigation. To establish and maintain registers of member interests and gifts and hospitality. To advise Members on the interpretation of the Code of Conduct for Members and Co-opted Members. Contribute to the effective corporate management and governance of the Fire Authority.
<b>Internal Audit</b>	Provides independent assurance and annual opinion on the adequacy and effectiveness of the Fire Authority's governance, risk management and control framework. Delivers an annual programme of risk-based audit activity, including counter fraud and investigation activity. Makes recommendations for improvements in the management of risk.
<b>Managers</b>	Responsible for developing, maintaining and implementing the Fire Authority's governance, risk and control framework. Contribute to the effective corporate management and governance of the Fire Authority.

## **Key Elements of Mid and West Wales Fire and Rescue Authority's Governance Framework**

The Authority's Constitution is updated throughout the year and sets out how the Authority operates. The key elements of the governance arrangements at the Authority during 2016-17 are summarised in the table overleaf.

Having adopted a Code of Corporate Governance the Authority demonstrates over the following pages how it is complying with six core principles which underpin the Code:

- Focusing on the organisation's purpose and on outcomes for citizens and service users.
- Performing effectively in clearly defined functions and roles.
- Promoting values for the whole organisation and demonstrating good governance through behaviour.
- Taking informed, transparent decisions and managing risk.
- Developing the capacity and capability of the governing body to be effective.
- Engaging stakeholders and making accountability real.

For each of these, the Authority has identified the actions necessary to meet such principles and the processes / documentation that are required to demonstrate compliance. This means the Authority can review the effectiveness of its governance arrangements.

To undertake this responsibility Mid and West Wales Fire and Rescue Authority is committed to upholding the three fundamental principles of Corporate Governance, as set out in the guidelines published by CIPFA/SOLACE.

### **Openness and Inclusivity**

Openness is required to ensure that stakeholders can have confidence in the decision making and management processes of Mid and West Wales Fire and Rescue Authority, and in the approach of the individuals within it. An inclusive approach will also ensure that all stakeholders and potential stakeholders can engage effectively with the decision-making processes and actions of the Mid and West Wales Fire and Rescue Authority.

### **Integrity**

This comprises both straightforward dealing and completeness. The Mid and West Wales Fire and Rescue Authority will always act with honesty, selflessness and objectivity, maintaining high standards of propriety and probity in the stewardship of public funds and management of its affairs. An effective control framework encompassing decision making procedures, service delivery, quality of financial and performance reporting is imperative in conjunction with personal standards and professionalism of both staff employed within the service and Members of the Mid and West Wales Fire and Rescue Authority.

### **Accountability**

Mid and West Wales Fire and Rescue Authority have established processes whereby Members and Staff employed are responsible for their decisions and actions, including stewardship of public funds and all aspects of performance, and are therefore submitted to appropriate external scrutiny. This is achieved by all parties having a clear understanding of those responsibilities and having clearly defined roles within a robust structure.



**Principle 1:  
Focusing on the organisation's purpose and on outcomes for citizens and service users**

<b>The principles of good governance that we have adopted are:</b>	<b>What we will do to meet them:</b>	<b>How we demonstrated compliance:</b>
<p><b>To focus on the purpose of the Authority and on outcomes for the community and its citizens, and to create a vision for MAWWFRS:</b> By:</p> <ul style="list-style-type: none"> <li>• Exercising leadership by clearly communicating the Authority's vision and intended outcomes for service users.</li> <li>• Ensuring users receive a high-quality service, directly or in partnership with other bodies.</li> <li>• Ensuring that the Authority makes best use of its resources and demonstrates value for money.</li> </ul>	<ul style="list-style-type: none"> <li>• Make, and regularly review a clear statement of the Authority's purpose and vision as a basis for service planning.</li> <li>• Publish on an annual basis, a plan of intended activities and outcomes to improve services and the means by which performance against these objectives is to be measured.</li> <li>• Publish a report on the Authority's activities, achievements and performance, including its financial performance and position.</li> <li>• Develop and implement a forward financial plan in line with Welsh Government requirements to ensure adequate resources are available to meet its intended plans and to deliver value for money.</li> <li>• Develop plans to maintain optimum services in the event of disruption to service continuity.</li> <li>• Develop clearly defined arrangements for working in partnership with other organisations to deliver improved services.</li> </ul>	<ul style="list-style-type: none"> <li>• Published a clear statement of the Authority's Vision, Mission, Values and Priorities in our Corporate Plan.</li> <li>• Published an Annual Report and Improvement Plan, with quarterly performance updates available via the internet.</li> <li>• We did not publish the annual Statement of Accounts for 2016-17 due to a delay with finalising the 2015-16 Statement of Accounts. This is covered in more detail within the Governance Statement section.</li> <li>• We published quarterly budget monitoring reports to Resource Management Committee.</li> <li>• Operated a process for recording and responding to complaints and comments and reporting thereon.</li> <li>• Maintained and regularly tested service continuity plans based on a risk assessment of threats to the Authority including exercises such as Red Kite</li> <li>• Published a partnership strategy.</li> <li>• Evaluated partnerships process and regularly performance monitored.</li> <li>• Published all external assessments of performance.</li> </ul>

**Principle 2:  
Performing effectively in clearly defined functions and roles**

<b>The principles of good governance that we have adopted are:</b>	<b>What we will do to meet them:</b>	<b>How we demonstrated compliance:</b>
<p><b>To work to achieve the stated objectives within clearly defined Member and Officer roles and functions:</b> By:</p> <ul style="list-style-type: none"> <li>• Being clear about the functions and roles of the Authority and its committees and officers.</li> <li>• Ensuring constructive and effective working relationships between Members and Officers and ensuring that responsibilities are undertaken to a high standard.</li> <li>• Ensuring that relationships between the Authority and the public are clear and that each knows what to expect from the other.</li> </ul>	<ul style="list-style-type: none"> <li>• Set out a clear statement of the respective roles and responsibilities of Members and officers which clarify the delegations to officers.</li> <li>• Establish a protocol to ensure effective communication between Members and officers.</li> <li>• Clarify the terms and conditions of employment, including the remuneration of members and officers and establish an effective mechanism for managing the process.</li> <li>• Ensure that effective mechanisms for monitoring service performance are established.</li> <li>• Ensure that the legal status and purpose of any partnerships are clear and that the roles and responsibilities of all partners are clear.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintained committee terms of reference for all committees.</li> <li>• Maintained a scheme of delegation to the Chief Fire Officer and Clerk.</li> <li>• Maintained a scheme of standing orders and a Member/Officer protocol to manage member/officer interaction.</li> <li>• Maintained a system of Member briefing as part of the committee cycle.</li> <li>• Ensured all staff have up to date and relevant job descriptions.</li> <li>• Reported performance to management via real time system with quarterly reports to Members via the Performance Audit and Scrutiny Committee.</li> <li>• Operated a partnership risk management process to evaluate all significant partnerships prior to inception.</li> </ul>

**Principle 3:  
Promoting values for the whole organisation and demonstrating good governance through behaviour**

<b>The principles of good governance that we have adopted are:</b>	<b>What we will do to meet them:</b>	<b>How we demonstrated compliance:</b>
<p><b>Promote and demonstrate the values of the Authority through our behaviour:</b> By:</p> <ul style="list-style-type: none"> <li>• Ensuring that Members and officers behave in ways which exemplify the Authority's values.</li> <li>• Ensuring that these values are put into practice and are effective.</li> </ul>	<ul style="list-style-type: none"> <li>• Establish and articulate the Authority's values to the public, its staff and stakeholders.</li> <li>• Demonstrate the application of these values in decision making and general behaviour.</li> <li>• Adopt codes of conduct defining the standards and behaviour expected when working for or with the Authority.</li> <li>• Maintain arrangements to ensure Members and senior managers are not influenced by personal interests, bias or prejudice when making decisions.</li> <li>• Maintain arrangements for reporting, investigating and dealing with occasions where standards fall below those expected.</li> <li>• When working with partners, agree those values by which all parties to the partnership will operate.</li> </ul>	<ul style="list-style-type: none"> <li>• Published our vision, mission, values and priorities in key publications including the Corporate Plan.</li> <li>• Published and operated codes of conduct for Members and Officers.</li> <li>• Annually required Members and Senior Officers to complete declarations of interest and related party transaction returns.</li> <li>• Maintained a standards committee to oversee Member standards and hear any complaints.</li> <li>• Maintained a disciplinary process to deal with any breaches of the code of conduct for Officers.</li> <li>• Maintained Authority and Financial Procedure Rules and protocols up to date.</li> <li>• Maintained and published a "whistle blowing" protocol to enable concerns about behaviour to be reported in confidence.</li> <li>• Maintained an Anti-Fraud and Corruption Procedure.</li> <li>• Maintained a complaints and comments procedure and reported results at least annually.</li> <li>• Established working arrangements within significant partnerships which reflect these values.</li> </ul>

**Principle 4:  
Taking informed, transparent decisions and managing risk**

<b>The principles of good governance that we have adopted are:</b>	<b>What we will do to meet them:</b>	<b>How we demonstrated compliance:</b>
<p><b>Take informed and transparent decisions which are subject to effective evaluation and managed risks:</b> By:</p> <ul style="list-style-type: none"> <li>• Being rigorous and transparent about how decisions are taken and listening and acting on all constructive comments and concerns.</li> <li>• Ensuring good quality information, advice and support to ensure decisions are delivered effectively and meet the needs of the community.</li> <li>• Ensuring the effective management of the risks facing the Authority, including those which might prevent the realisation of opportunities to improve services.</li> <li>• Operating within the legislative framework in place and using those powers conferred by law for the benefit of the community.</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain arrangements for recording the decisions of the Authority and the basis on which those decisions were made.</li> <li>• Maintain arrangements for identifying and recording conflicts of interest by Members and Senior Officers and ensure that these do not affect the decision-making process.</li> <li>• Maintain arrangements whereby Members, staff, contractors, stakeholders and the public can raise concerns about the behaviour of anyone connected with the work of the Authority.</li> <li>• Maintain effective arrangements for the independent internal audit of the Authority.</li> <li>• Maintain an effective Standards Committee.</li> <li>• Ensure that decision makers have sufficient appropriate information to take effective decisions, including professional financial and legal advice.</li> <li>• Ensure that risk management is embedded into the culture of the Authority and that Members and officers take account of risks in decision making.</li> <li>• Work within the legislative framework available and make full use of its legal powers to benefit the community.</li> <li>• When working in partnership, ensure that the same standards of good governance are applied to the partnership's activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Published Authority minutes and reports on the web site.</li> <li>• Maintained a publication scheme and complied with FOI requests within the stipulated timescales.</li> <li>• Maintained a register of interests of Members and senior managers.</li> <li>• Maintained a "whistle blowing" protocol to enable concerns about behaviour to be reported in confidence.</li> <li>• Reported on annual internal audit plan and annual report to senior management and the Performance Audit and Scrutiny Committee.</li> <li>• External Audit overview of Internal Audit arrangements.</li> <li>• Published Standards Committee minutes and reports.</li> <li>• Published and operated a risk management policy and strategy.</li> <li>• Comment/impact of key risks on all key policy reports to Members.</li> <li>• Regularly reported on the status of strategic and business risks to Committee.</li> <li>• Included commentary on all policy reports about the legal status of such proposals.</li> <li>• Reported annually on all partnership activity including risk and governance issues.</li> </ul>

<b>Principle 5: Developing the capacity and capability of the governing body to be effective</b>		
<b>The principles of good governance that we have adopted are:</b>	<b>What we will do to meet them:</b>	<b>How we demonstrated compliance:</b>
<p><b>Develop the capacity and capability of Members and Officers to be effective and to deliver services effectively:</b> By:</p> <ul style="list-style-type: none"> <li>• Making sure members and Officers have the skills, knowledge, experience and resources to perform well in their roles.</li> <li>• Developing the capacity of people individually and in groups and evaluating their performance.</li> <li>• Encouraging under-represented groups to join the Authority to ensure representation from all sections of the community.</li> </ul>	<ul style="list-style-type: none"> <li>• Assess the skills required by Members and Officers, including the statutory Officers, and continually develop these to enable individual roles to be undertaken effectively and efficiently.</li> <li>• Regularly review the performance of Committees and Senior Officers and implement plans for further development and training where necessary.</li> <li>• Maintain arrangements to encourage all sections of the community to work for and with the Authority and contribute to the development of its policies and activities.</li> <li>• When working with partners, ensure that the same principles are applied to the work of the partnership.</li> </ul>	<ul style="list-style-type: none"> <li>• Operated a staff individual development review scheme incorporating personal development and training requirements.</li> <li>• Implemented an annual Member training and induction programme and record attendance.</li> <li>• Operated the national IPDS system for operational staff.</li> <li>• Published a communication and consultation strategy and reported the results of such processes to Members.</li> <li>• Established public and staff consultation to consider and comment on policy proposals.</li> <li>• Promoted the Fire Service as a career opportunity.</li> <li>• Produced an Annual Equality Report marking performance against set objectives.</li> </ul>

**Principle 6:  
Engaging stakeholders and making accountability real**

<b>The principles of good governance that we have adopted are:</b>	<b>What we will do to meet them:</b>	<b>How we demonstrated compliance:</b>
<p><b>Engage with the community we serve to ensure robust local public accountability:</b> By:</p> <ul style="list-style-type: none"> <li>• Engaging local people and stakeholders, including partners.</li> <li>• Taking an active and planned approach to consultation with the public and stakeholder groups to ensure effective and appropriate service delivery.</li> <li>• Taking an active and planned approach to meet responsibilities to staff.</li> </ul>	<ul style="list-style-type: none"> <li>• Set out clearly the Authority's key accountabilities and the means by which these will be reported.</li> <li>• Maintain arrangements for communicating and consulting with all sections of public and key stakeholders about the Authority's policies and services.</li> <li>• Maintain processes to consult with staff and their representatives.</li> <li>• Ensure that feedback from the consultation process is incorporated into the development of future performance plans.</li> <li>• Publish an annual performance plan with quarterly performance updates setting out plans and performance, including financial performance.</li> <li>• Ensure that all Authority meetings and reports are accessible to the public except where legislation requires confidentiality to be preserved.</li> <li>• When working with partners ensure that the same principles are applied to the work of the partnership.</li> </ul>	<ul style="list-style-type: none"> <li>• Published and delivered the corporate communications plan.</li> <li>• Met regularly with union representatives to consult on both key policy and service delivery changes.</li> <li>• Identified in Authority reports where the results of consultation have influenced policy decisions.</li> <li>• Copies of annual reports and the Corporate Plan made available on the web site and libraries.</li> <li>• All Authority meetings were open to the public, and all reports and minutes are available via the internet. Other documents to be made available under FOI provisions.</li> <li>• Included clear accountability and communication provisions within all partnership agreements.</li> </ul>

## Review of Effectiveness

The principal ways of reviewing and assessing the effectiveness of the Authority's governance arrangements are set out in the following paragraphs:

In preparing the Annual Governance Statement for 2016/17, the assurance gathering processes have been applied to review the effectiveness of the Authority's governance framework. The outcomes of the review are considered by PASC before being presented to Fire Authority.

### Internal Audit

In accordance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Auditing Standards, the Audit Manager is required to provide an opinion on the overall adequacy and effectiveness of the Authority's risk management, control, counter fraud and governance processes.

The Audit Manager has provided a general opinion following the internal audit processes and is satisfied that the operational systems at Mid and West Wales Fire Authority were found to be good and there were no fundamental areas of concern identified by the review.

The Authority's risk management, control, counter fraud and governance processes, in operation during the year to 31 March 2017, were found to be generally in accord with proper practice and are fundamentally sound, although there are opportunities to improve the arrangements to enhance the Authority's governance framework. Full details of the assurance provided by the Audit Manager is detailed within the Internal Audit Annual Report for 2016/17.

[http://w3.mawwfire.gov.uk/SiteCollectionDocuments/Fire\\_Authority\\_Committees/PASC/2017/23.10.17/Agendaltem6.pdf](http://w3.mawwfire.gov.uk/SiteCollectionDocuments/Fire_Authority_Committees/PASC/2017/23.10.17/Agendaltem6.pdf)

It is considered that the Authority has effective arrangements in place for the provision of the Internal Audit Service, however in line with the opportunities to improve, a revised 3-year audit programme has been agreed that will allow for enhanced robustness going forward. An action plan has been developed per the Auditor's findings and full details of the areas for improvement are included within the Internal Audit Annual Report.

Detailed internal audits have been undertaken, examining some of the areas of higher risk, as prioritised by the Director of Resources. These have included a Procurement and Partnerships audit, the examination and assessment of the Business Continuity arrangements within the organisation, the examination and assessment of the Business Risk arrangements within the organisation and the annual audit of the Authority's payroll, creditors and debtor's systems. These audits have been positive, showing no fundamental weaknesses, and have been reported to the Authority's Performance, Audit and Scrutiny Committee (PASC).

Each year internal audits have been undertaken to ensure that systems and processes are working effectively and that they are being monitored. Particular emphasis has been placed on the Partnership Risk Management processes and governance issues, the publishing and operation of the Code of Conduct for Members and Officers, the maintenance of up to date Financial Procedure rules and protocols, the maintenance of a register of interests for Members and senior managers and the delivery of the Annual Equality Report. The overall conclusion by auditors has been that the monitoring and reporting procedures are effective. The Code is continually updated, monitored and reviewed by the Corporate Communications and Members Support Team.

This year, in addition to the audits of financial systems, the internal audit service undertook a detailed audit of the implementation and current operation of VAT processes. There were some

recommendations which are being followed up which are in line with Departmental Action Plans to improve VAT recording and reclaiming processes. The implementation has been challenging, but Departmental changes including staff movements and restructuring, together with regular dialogue with HMRC, have supported progression of the action plans and associated development needs.

In June 2018 the Authority was notified by HMRC “that the organisation has met all the suspension conditions” and the suspended penalty had been cancelled.

Internal Audit has reported each of its audits to the PASC. The annual Internal Audit report was presented to Members at the PASC meeting in October 2017, and included the following:

*“It is my opinion that the Authority has a good control environment in operation in respect of fundamental financial systems. There are clear Governance arrangements with defined Management responsibilities and Committee Structures in place, Risk Management and the control framework is generally sound and operated reasonably consistently. The Authority has an established Constitution, has developed Policies and approved Financial Procedure Rules that provide advice and guidance to all staff and members.*

*Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement.”*

Examination by internal audit of the management information, financial procedure rules and financial instructions, contract standing orders, administrative arrangements (including segregation of duties) and management supervision have in the main given general assurance regarding the control and proper administration of the Authority’s financial affairs.

The Authority is fully compliant with the principles that define the core activities and behaviours that belong to the role of the Head of Internal Audit in local government.

### External Audit

The Wales Audit Office’s Annual Improvement Report (AIR) 2016/17 was issued in January 2018 and reported to PASC on 23<sup>rd</sup> April 2018. The AIR concluded that “based on, and limited to, the work carried out by the Wales Audit Office and relevant regulators, the Auditor General believes the Authority is likely to comply with the requirements of the Local Government Measure (2009) during 2017/18.”

Wales Audit Office undertook an audit of financial resilience in the organisation for 2015/16 which was issued in March 2016 and reported to PASC on 25<sup>th</sup> April 2016. The work focused on answering the following question:

*Q. Is Mid and West Wales Fire and Rescue Authority managing budget reductions effectively to ensure financial resilience?*

*A. The Authority’s arrangements for achieving financial resilience are sound.*

The shortcomings highlighted via the delay in the submission of VAT returns have now been addressed and training on the level of expertise in VAT has been increased within the Finance Department. These issues are being addressed via a series of action plans that have been implemented to ensure that the necessary expertise is available. A period of transition has occurred within the Resources Directorate following the retirement of the Head of Finance and the Director of Resources. The positions were initially filled on a temporary basis to safeguard that qualified and competent individuals were available to ensure proper administration of the governance requirements of the Authority. A permanent Head of Finance has now been appointed.



WAO's audit of the 2015/16 accounts was a qualified opinion due to a lack of sufficient appropriate evidence to support some of the classifications in the financial statements and there remains a risk that some matters may remain unresolved for 2016-17. The Auditor General however recognised that a new team was now in place and also recognised improvements in the accounts preparation including too the quality assurance procedure.

### Strategic and Service Director Assurances

The Authority has responsibility for conducting an annual review of the effectiveness of its governance framework. The review of effectiveness is informed by the work of the Senior Managers responsible for the development and maintenance of the governance environment, Corporate Communications and Business Development Team and by comments made by the External Auditors and other review agencies.

The CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016) demands that assurance is provided on several governance arrangements relating to the organisation including financial control, reporting, approach to decision making, compliance with relevant codes and the influence of the Chief Finance Officer within the organisation. These have been considered within the context of this Statement and it has been established that the Authority's arrangements conform to the CIPFA requirements.

The shortcomings highlighted via the delay in the submission of VAT returns have been addressed and training on the level of expertise in VAT has been increased within the Finance Department. These issues have been addressed via a series of action plans that have been implemented to ensure that the necessary expertise is available. The specific actions were set out by HMRC following a report on the 3-year period where the Authority were late in submitting claims for VAT to HMRC. The suspension conditions set out by HMRC required assurance across three areas. The three areas detailed in the plan related to:

- Training,
- Control checks,
- Performance monitoring and review.

The Authority complied fully with these requirements and the suspension conditions have since been completely lifted by HMRC.

The Authority's Vehicle Tax advisors identified in 2017 that the following items were incorrectly included/excluded from P11D benefit calculations:

- Use of the list price not the market value
- Not including insurance in the calculation
- Not including fuel
- Including home to work mileage as business

The advisors carried out a review of a sample of the calculations for 2016/17 to determine whether, in fact, a liability to tax/NIC arose. A formal disclosure was made to HMRC and HMRC accepted the findings of the sample and agreed to an extrapolated liability computation based on it. The advisors also disclosed the PAYE/NIC failures related to the payment of private mileage and agreed a settlement with HMRC on the Authority's behalf in respect of such. HMRC suspended the penalty on the 17th August 2018 as the Authority had agreed to meet the conditions that were set.

A potential miscalculation of Pensionable Pay with regard to Temporary Promotions as part of final salary pensions calculations has been highlighted following changes to Pension Scheme

Regulations in 2013. Any potential miscalculations and remedies remain part of on-going discussions between Auditors / Legal Advisers representing the Service.

A Pension Ombudsman determination relating to certain allowances and their treatment as pensionable pay or otherwise was received by the Fire Authority in October 2018. The impact of the decision remains subject to potential Appeal to the High Court.

The Authority has in place, via Internal Audit, a comprehensive assurance assessment process to ensure that the electronic data is secure and configured to current best practice to protect the organisation. The results of these assurances provide a positive opinion, but there are opportunities for improving the internal control environment to further mitigate risks.

The enhanced Internal Audit programme referred to in earlier paragraphs obtained assurances from the Executive Directors around the arrangements for managing their recognised core risk areas. This reflects the Executive Directors responsibilities for both the management of risk and the effectiveness of controls. These discussions were also informed by the regular assurance reports presented to PASC including the Section 151 Officer and Monitoring Officer.

**2016/17 Action Plan**

<b>Governance</b>	<b>Action Taken</b>	<b>Responsible Officer</b>
Internal Audit Plan	<p>The Internal Audit Plan delivered by Carmarthenshire County Council Internal Audit Section was historically set at 35 days but a recent review of Finance Department practices identified a need for an increase in days on the financial audit for 2017-2020 and the need also to add an element of ICT audit. The Internal Audit Plan for 2017-2020 is considered robust and fit for purpose allowing for a rolling programme of audit over a 3 year period.</p>	Corporate Head of Resources
Reviewing of the updated financial statements.	<p>During 2017 additional capacity was created in the Finance Team with the addition of an Accountant post. A new Head of Finance with capital accounting experience and a new Deputy Head of Finance with revenue experience were appointed in August and October respectively.</p> <p>The work for closure of accounts work is now distributed through the team where as previously it had been completed solely by the then Head of Finance.</p> <p>Finance team training for Closure of Accounts:</p> <ul style="list-style-type: none"> <li>• Cipfa event in February 2017</li> <li>• WAO event in October 2017</li> </ul> <p>Those involved with closure of accounts attended the training events during the year and were also involved with the training provided by Cipfa for the introduction of the Big Red Button (BRB) software.</p> <p>Although the Cipfa BRB software was not implemented for 2015/16 the introduction of the system has increased members of the Finance Team exposure to Closure of Accounts. This has improved both knowledge and understanding of the SoA.</p>	Head of Finance

	<p>Finance Department staff will evaluate the 2015/16 &amp; 2016/17 Audits to improve closure process for 2017/18. Post project learning will be used to identify areas for improvements and inform the closure plan.</p> <p>Key areas:</p> <ul style="list-style-type: none"> <li>• Whole Team approach</li> <li>• Knowledge &amp; understanding</li> <li>• Wider organisation engagement</li> <li>• WAO requirements</li> <li>• Quality Control</li> <li>• Quality Assurance</li> </ul>	
Quality-control exercises	<p>Management Review of the assets to reduce risk of the omission of assets. The Fixed Asset Register (FAR) of land and buildings and the 2015 Valuation report have been extensively reviewed by Finance, Estates and Executive Leadership Board. In addition, a meeting was held with the Valuer in October 2017 to discuss areas of concerns. Because of these reviews the valuation report was amended and changes reflected in the FAR.</p> <p>Responsibilities for SoA core elements &amp; disclosure notes delegated.</p> <p>To spread knowledge and improve understanding responsibility for elements of the SoA has been delegated to team members. This action will create resilience within the team.</p> <p>The SoA has been drafted by the Finance Team who have peer reviewed the work to ensure entries in the primary statements, narrative and notes are consistent. A Finance Team member not involved with the SoA preparation now independently cross-cast the financial tables.</p> <p>Draft SoAs are circulated to the Chief Fire Officer, Director of Resources and the Corporate Head of Resources to review. Their observations and comments are addressed and where necessary the SoA amended. A final “page turn” review is then completed by the aforementioned officers and Head of Finance.</p>	Corporate Head of Resources
Review of the evaluation of fire safety arrangements (following 2015-16)	<p>The Authority has a range of evaluation processes in place to monitor prevention interventions in order to shape future strategy and deliver relevant and effective engagement. At a National level, the National Issues Committee (NIC) an all Wales Home Safety Group has a Delivery Plan for 2016-2019 that includes an action. “To research future methods of evaluation of service delivery outcomes and to progress the identification of success criteria in home safety delivery.”</p> <p>This work will continue until March 2018, but existing improvements include quantitative and qualitative mapping of referrals and vulnerability groups to ensure all risk types are covered. The Welsh Fire Authorities are looking into the feasibility of reflecting the social return on investment across campaigns and partnerships as part of the All Wales Fire and Rescue Service community safety approach. Equalities information is collected as part of the Service’s People we serve</p>	Corporate Head of Prevention and Protection Mydrian Harries

	questionnaire which is provided at appropriate intervention opportunities.	
Pensionable Pay / Temporary Promotion	A potential miscalculation of Pensionable Pay with regard to Temporary Promotions as part of final salary pensions calculations has been highlighted following changes to Pension Scheme Regulations in 2013. Any potential miscalculations and remedies remain part of on-going discussions between Auditors / Legal Advisers representing the Service.	Head of Human Resources
Chief Fire and Rescue Adviser (CFRA) Thematic Review	A Gap analysis was completed upon receiving the report from the CFRA. This gap analysis report is reported on progress made monthly and falls across several departments within the Operational Support and Improvement (OS&I) directorate. The main conduit for the collection of risk critical learning is the Operational Learning System that enables learning to be identified, collected and tasks associated with dissemination delegated. Approaches to double loop learning are now being instigated within the Service and a Quality Assurance Framework has been established around the operational learning group to ensure compliance.	Corporate Head of Operational Support and Development
VAT suspension conditions	Ensure continued monitoring and compliance of the requirements set out by HMRC to meet the specific conditions of the VAT suspension.	Head of Finance

## The Governance Statement

The Authority considers that its governance arrangements for 2016/17 continue to be regarded as fit for purpose. The Authority's Code of Corporate Governance sets out in detail the Authority's Governance Framework, which is consistent with the Delivering Good Governance in Local Government 2016. A copy of the Authority's Code of Corporate Governance for 2016/17 is available on the Authority's website. The Authority has assessed and can confirm that the arrangements detailed within the Code are in place. The Authority has undertaken an annual assessment against its governance framework since the introduction of new requirements in 2008/09.

It is the view therefore of the Clerk and the Section 151 Officer, the review of the governance arrangements for the financial year 2016/17 has in the main been satisfactory. We believe that the above checks have demonstrated that the Corporate Governance in this organisation is effective, existing arrangements are fit for purpose, and the Authority is well placed to meet its corporate aims, to achieve its intended outcomes for citizens and service users. The organisation operates in an economical, effective, efficient and ethical manner.

Mid and West Wales Fire and Rescue Authority recognises its responsibility as a public service organisation to both provide a vision for the community it serves and to lead by example in its decision making and other processes and actions, with Members and Officers acting in accordance with high standards of conduct.

**Certification**

We have been advised on the implications of the review of the effectiveness of the governance framework by Senior Management and PASC. Actions identified to further develop the Authority’s Governance arrangements to ensure continuous improvement of the Authority’s systems are in place.

We pledge our commitment that over the coming year we will take steps to further enhance our governance arrangements. We are satisfied that we will address the need for any improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: .....

Councillor R Rees-Evans, Chair of the Fire Authority

Signed: .....

C Davies, Chief Fire Officer