

## **Appendix 2**

### **Annual Governance Statement 2016/17**

#### **Scope of Responsibility**

The Authority is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, 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.

In discharging this overall responsibility, the Authority is also responsible for ensuring that there is a sound system of internal controls which facilitate the effective exercise of the Authority's functions and which includes arrangements for the management of risk.

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. A copy of the code is on our website at:

<http://www.cambsfire.gov.uk/documents/FA - Code of Governance.pdf>

This statement explains how the Authority has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3) in relation to the publication of a statement of internal control.

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

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.

The system of internal controls 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 controls is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority'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.

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.

## **The Governance Framework**

The key elements of the Authority's governance arrangements include:

- A vision that clearly sets out our purpose and to which the Authority's objectives and priorities are directly related.
- The Authority's core objectives and priorities are set out in its Integrated Risk Management Plan (IRMP). The IRMP is focused over a period of three years and details an action plan after consideration of our vision, excellence statements and risks and opportunities. The actions within the plan are monitored and managed by the Programme Board and the Excellence Working Groups.
- The Authority's core objectives cascade through directorate and group plans to individual performance management plans. In addition, they set out the key activities and related targets for each group and the measure of success that will evidence achievement of these. For each activity target start and finish dates and lead officer are identified. This document becomes, in effect, the action plan for the work of that group. These plans are then further refined into station and team plans.
- Arrangements for establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.
- Programme and project management embedded throughout the Service to ensure effective implementation of strategic projects and efficiency gains are realised and recorded.
- Strategy Boards for property and ICT which oversee both areas owing to the significant on-going expenditure in both areas.
- An Annual Report/Statement of Assurance which looks back at the previous year to see how we performed and details priorities for the current year.
- A continuous performance cycle that focuses on objectives and the introduction of new business critical projects, whilst managing business as usual. The system seeks to manage conflicts of resources, whilst updating objectives to reflect the revised priorities.
- Having embedded arrangements for whistle blowing and for receiving and investigating complaints from the public.
- Ensuring the Authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- A partnership strategy designed to ensure all partnership activities are appropriate and will contribute to the Authority's key objectives.
- Performance management reviews undertaken quarterly highlighting performance against the agreed targets.

- A system of internal control which comprises a network of policies, procedures, reports and processes. These arrangements clarify the Authority's vision, objectives, priorities, risk management arrangements, performance management processes and financial controls and aim to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.
- An integrated risk management strategy and framework that ensure effective management of strategic, directorate programme and project risks.
- Identification of the Authority's business continuity function and responsibilities with regard to the Civil Contingencies Act and preparation of business continuity plans.
- Clear scheme of delegation that sets out the roles and responsibilities of the executive, non-executive, scrutiny and officer functions together with protocols for effective communication.
- Arrangements for developing, communicating and embedding codes of conduct, defining standards of behaviour for members and staff.
- The financial management of the Authority and the reporting of financial management to the Policy and Resources Committee.
- The performance management framework of the Authority and the reporting of performance management to the Overview and Scrutiny Committee. This receives regular performance indicator reports and undertakes the core functions of an audit committee, as identified in CIPFA's *Audit Committee- Practical Guidance for Local Authorities*.
- An internal quality assurance function that targets areas of risk and recommends improvement measures. This function also considers legislation compliance annually.
- Accreditation by the British Standards Institute for Business Continuity, Information Security, Health and Safety and Environmental Management.

More specifically, the Authority's internal financial control is exercised through:

- A written scheme of delegation from the Authority to officers.
- A scheme of financial management which includes financial regulations governing how officers conduct financial affairs and contract regulations which detail fully the responsibilities of officers in ensuring that contract procedures comply with legal requirements, achieve value for money, promote public accountability and deter corruption.
- A comprehensive budgeting system.
- An Overview and Scrutiny Committee, which has responsibility for performing scrutiny reviews on key projects and issues.

- The submission of quarterly budgetary control reports to the Policy and Resources Committee.
- The production of annual local performance indicators which are reviewed by Heads of Directorate and the Chief Officer Group.

### **Review of Effectiveness**

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 the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within the Authority who have responsibility for the development and maintenance of the governance environment and also by comments made by the external auditors in their annual audit letter and other reports, other review agencies and inspectorates.

In this regard the Authority retains, contractually, the internal audit services of Baker Tilly to provide an independent appraisal function to review and report on the effectiveness of the systems of internal controls within the Authority. The internal audit team works to defined professional standards, particularly those promulgated by CIPFA in its Code of Practice for Internal Audit in Local Government. The Internal Audit Plan is prepared on the basis of a formal risk assessment and the internal auditor reports directly to the Fire Authority via the Overview and Scrutiny Committee on both the proposed plan and the main outcomes of audit work.

The external auditor reports and delivers plans and an annual letter to the Authority via the Policy and Resources Committee.

A full review of the Authority's strategic risk strategy, process and register has been undertaken. The reviewed strategy and policy has been approved by the Policy and Resources Committee.

Our internal auditors have carried out sufficient audit work to draw a reasonable conclusion on the adequacy and effectiveness of the Authority's governance arrangements.

We have been advised on the implications of the result of the reviews of the effectiveness of the governance framework and a plan to address weaknesses and ensure continuous improvement of the system is in place.

### **Progress made against Governance Issues identified in 2015/16**

- The Service continued to maintain robust Business Continuity plans to ensure the Authority can exercise its functions should there be any business continuity event. This includes resilience contracts with key staff, along with business continuity simulations for specific scenarios.
- Integrated Risk Management Planning is now at the core of the planning process. There are now clear links through detailed performance measures between Finance, People and Business Development programme.

- The revised Leadership Charter was launched to all managers through the management seminar programme. The understanding of the revised Leadership Charter is now tested through the Performance Development Recording system.
- All key Internal and External Audit findings have been implemented.

### **Significant Governance Issues for 2017/18**

Actions to be taken to deal with governance issues identified are as follows:

- Implementation of key audit recommendations;
- Embed the revised planning framework to ensure the priorities contained within the IRMP are implemented;
- Prepare for the imminent introduction of the new Fire Inspectorate programme;
- Collaboration with key strategic partners continues to be an area of focus and it will be imperative that controls are robust to protect the Authority's interests.
- Continue to implement reductions in the budget as detailed within the efficiency plan, submitted to CLG in October 2016.

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.

Chris Strickland  
Chief Fire Officer and Chief Executive

Date:

Cllr K Reynolds  
Chairman Cambridgeshire and Peterborough Fire Authority

Date: