

WARWICK DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT 2014/15

1 SCOPE OF RESPONSIBILITY

- 1.1 Warwick District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. Warwick District Council also has a duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and arrangements for the management of risk.
- 1.3 Warwick District Council 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 www.warwickdc.gov.uk or can be obtained in hard copy form on request from the Audit and Risk Manager.
- 1.4 This statement explains how Warwick District Council has complied with the Code and meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011.

2 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems, processes, culture and values by which the Authority is directed and controlled and the 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.
- 2.2 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 only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Warwick District Council'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.
- 2.3 The governance framework has been in place at Warwick District Council for the year ended 31st March 2015 and up to the date of approval of the statement of accounts.

3 THE GOVERNANCE FRAMEWORK

The key elements of the systems, processes and activities that comprise the Authority's governance arrangements are as follows:

3.1 Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users

3.1.1 In October 2010 the Council adopted Fit for the Future (FFF), its strategic response to dealing with the challenges of reduced income, rising customer expectations and demand. FFF provides a framework to help the Council make progress towards its organisational purpose "To make Warwick District a great place to live, work and visit". It sets out a range of activities, interventions and projects falling into two broad areas:

- a) Activities that are designed to improve community outcomes. These are developed by the Council's Service Areas or jointly with partners and relate to one or more of the priority or cross cutting themes of the Sustainable Community Strategy (SCS). A review of the SCS was undertaken during 2013 that led to a refreshed Strategy focusing on five priority themes with the first among equals being Prosperity.
- b) Activities that are designed to improve our organisation and the services provided by the Council. These activities aim to bring about the following improvements:
 - i) Money - delivering a balanced budget; whilst
 - ii) Service - maintaining or if possible improving the services we provide to customers; and
 - iii) People - helping develop our organisation and culture so that we are better able to improve continuously.

3.1.2 FFF was formulated following an extensive period of consideration and consultation that took account of:

- Warwick District Council's values
- The political ambitions of the Council's ruling Administration
- The Warwick Partnership Sustainable Community Strategy (for Warwick District)
- A Systems Thinking approach to service design
- An organisational design focusing on People and Place
- The state of public finances
- Information on the quality of life in Warwick District
- Information from the most recent Citizens' Panel Survey
- Strategy rationalisation
- Views of Members, staff, unions and various stakeholders and partners

3.1.3 A performance management system is in place to manage the progress of FFF. A wide range of measures are used to track the Council's progress and results are reported quarterly to Senior Management Team.

3.1.4 FFF has three strands covering the financial challenge, service quality and cultural change (money, services and people). A 2013 review of the Council's

governance arrangements reported that, whilst robust plans are in place to address the first two, the organisation needed to make progress in addressing the third. Cultural change was regarded as essential in achieving the first two strands and in achieving the Council's objectives overall.

- 3.1.5 Consequently, a plan of action to drive cultural change has been developed with the Senior Management Team (SMT) and was rolled out as part of the Chief Executive's annual presentation to employees in March 2013. Following on from this a consultant was engaged to kick start work on staff engagement in October 2013. This has resulted in a staff engagement action plan being created and implementation is underway. Activities within 2014/15 have included:

Communication of FFF reviewed and refreshed to ensure it is meaningful to all staff.

A Staff Council has been created, Staff Voice with 25 staff representatives from all service areas covering all sites.

Core Brief has been revamped with a focus on ensuring articles are engaging and relevant to the audience, including highlights from management team meetings.

Senior Officer Meetings are planned in more detail, with a focus on what the presenter wants Senior Officers to know and take back to their teams. They are interesting, lively and interactive.

Jabber has been rolled out to all staff. It is a tool enabling staff to check others' availability instantly, to send quick messages without using e-mail, enables group conversations and desk top sharing to encourage collaborative working.

Rumour Mill was launched in February 2014. It is an anonymous communication tool, giving all staff the opportunity to ask questions, or make comments directly to the leadership without anyone knowing who asked the question.

'How we do it here' – An audit tool to allow the organisation to verify that staff have read and agreed to comply with corporate policies.

Where relevant this is linked with E-Learning to ensure learning has also been achieved.

CX Talk has a more informal approach to encourage interaction and engagement.

A review of the Engagement plan took place in Dec 14 with clear support from both Senior Management and Members regarding the approach we are taking to ensure we are in line with the People strand of FFF

The People Strategy Action Plan is now being reviewed for 2015-18 to include actions from the Investors in People Review and Peer review of 14/15.

- 3.1.6 The Council's Portfolio Holders each publish an annual Service Area Plan identifying and communicating the Council's priorities for the year. The statements are approved by Executive and published on the Council's website.
- 3.1.7 Progress in achieving the Council's objectives is communicated to the local community via a variety of media including the Council's website and local newspapers.

3.2 Reviewing the Authority's vision and its implications for the Authority's governance arrangements

3.2.1 The SCS has a vision of improving the quality of life for all the residents of Warwick district by making the district a great place to live, work and visit. The review of the SCS in 2014/15 fed into the development of the Service Area Plans for 2014/15. It is possible that the Strategy will need revisiting once again following the elections in May 2015.

3.2.2 The 2013 review did not touch on the Council's constitutional governance arrangements. These can be summarised as follows:

- Council is the ultimate decision making body for those matters that have not been delegated to Executive, specific officers or are required to be taken at Council level by law.
- Executive will make decisions in respect of the majority of Council matters or make recommendations to the Council.
- Overview and Scrutiny Committee will have oversight responsibility for policy development and performance monitoring whilst Finance and Audit Scrutiny Committee will oversee the adequacy of the Council's risk management and control frameworks, especially that of financial control.

3.2.3 A great deal of progress has been made in engaging the Scrutiny Committees in a new approach to scrutiny, particularly in the area of Partnerships, Service Area Plans and, most especially, Risk Registers (service and corporate) and Contract Registers.

3.2.4 The Group Leaders, with assistance from the Overview & Scrutiny Committee, review annually the terms of reference and work of Members appointed to outside bodies. This helps ensure the Council is focused on its key role within the community and helps to reduce potential conflicts of interests for Councillors. This has seen a reduction in the numbers appointed and will likely lead to further reductions in 2015.

3.3 Measuring the quality of service for users, for ensuring they are delivered in accordance with the Authority's objectives and for ensuring that they represent the best use of resources

3.3.1 Performance monitoring and reporting mechanisms ensure performance management is embedded into the core management structures of the organisation. The Council has moved away from performance targets as it is considered that these act as a barrier to the ethos of continuous improvement. In their place the Council is using key performance measures to track service delivery progress. Key customer performance measures are identified in the Service Plans.

3.3.2 The Council is committed to actively consulting and involving the public in improving services. It measures regularly the experience of users of its services and gathers citizens' opinions on a variety of subjects. To this end, it employs various devices including an annual Housing Services survey, Customer Service surveys, Community Forums, online polls and online consultations.

- 3.3.3 The Council has adopted an approach that does not use targets as a basis for monitoring. We measure things to learn about how well we are delivering our purpose and what matters to customers and to enable us to understand what we need to do to improve continuously. To this end, service areas gather data against measures identified during the Service Area Planning process.
- 3.3.4 Where service falls below customer expectations it often manifests itself in complaints. The Complaints Policy has been reviewed and is due to be formally approved and introduced in the next 12 months. There will also be consideration of the resources given to supporting this as part of the current support services review. The trends for complaints are monitored through the corporate measures process.
- 3.3.5 Benchmarking is seen as a key tool for managing performance through comparing process and cost with others. Finance services such as accountancy, internal audit, treasury management, payroll and debtors are periodically benchmarked against other local authorities in terms of price and performance.
- 3.4 **Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and other functions, with clear delegation arrangements and protocols for effective communication**
- 3.4.1 The Constitution sets out the respective responsibilities of Members and Officers through Codes and Protocols. It sets out the terms of reference for the Council and all of the Council's Committees. The Executive reviews the Constitution on an ongoing basis and ensures the levels of delegation are appropriate. The review of the Council's Constitution is well underway. The Code of Conduct for Members, the Code of Conduct for Employees, the Member/Officer protocol, the Council Procedure Rules, the Responsibilities of Housing Appeal Review Panels and the Code of Procurement Practice have all been reviewed and adopted by Council. The Code of Financial Practice, Officer Scheme of Delegation, Public Speaking at Council and the Call-in procedure are due to be completed by the end of the Municipal year. This will leave just a few Constitution-related documents to be updated, the majority of which will be to ensure they reflect the other decisions taken on the Constitution. These will be completed by early winter 2015. (Action 1)
- 3.4.2 A management matrix shows the relationship between Portfolio Area and Service Area. This has been communicated to all service managers and is used as part of the induction programme for new staff.
- 3.5 **Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**
- 3.5.1 The constitution contains a Member/Officer Protocol and Codes of Conduct for Members and Officers. All new Members and Officers receive a copy of their respective Codes and reference is often made to them in reports that are submitted to Committees.
- 3.5.2 There is a regular review of Member interests (detailed on the Council's website) by the Standards Committee and a six-monthly review by SMT of officer interests and declarations of gifts and hospitality. Staff are reminded

annually through their payslip of the need to make declarations for conflicts of interest.

- 3.5.3 There is an Anti-Fraud and Corruption Policy that is reviewed annually by Finance & Audit Scrutiny Committee. All new staff receive training on the Policy as part of the induction process and it is brought to the attention of all staff annually through the Council's Intranet.
- 3.5.4 The Council's Information Security & Conduct Policy (ISCP) defines the Council's standards of behaviour when using ICT equipment or managing information. In addition, the ISCP also includes 'acceptable use' policies. The ISCP is communicated to staff during the induction process and when a major revision has occurred. Individual aspects of the policy are also highlighted to staff via the 'Core Brief' or the Council's Intranet.
- 3.5.5 The Authority agreed Organisational Values in 2007. These are now reflected in the revised Appraisal and Competency Framework where the emphasis on 'How's work' forms part of a more flexible and tailored approach to the importance of the appraisal conversation. The Organisational Values have been a key element in the development of FFF.
- 3.5.6 There is significant concern that during the year yet more confidential information has been disclosed to third parties. It has been very difficult to identify the source of the "leak" but the damage is done as soon as the disclosure occurs. Both the Chief Executive and the Council's Leader have brought the matter to Council's attention on a number of occasions and the Monitoring Officer has written to Councillors advising of the legal implications of disclosure.
- 3.6 **Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which define clearly how decisions are taken and the processes and controls required managing risks**
 - 3.6.1 The Code of Financial Practice and the Code of Procurement Practice form part of the Council's Constitution.
 - 3.6.2 Following thorough reviews, the updated Code of Procurement Practice was agreed by Council in January 2015, and the updated Code of Financial Practice was reviewed by Executive in March 2015 for agreement by Council in April. "e-Training" has been provided on the code of Financial Practice to all officers during 2014/15. Training on the Code of Procurement Practice has started to be rolled out to staff since January as part of broader Procurement workshop training. This training will continue to be provided during 2015 and will be supplemented by a further workshop that considers specifications and contract management. (Action 2)
 - 3.6.3 Training on the Code of Procurement Practice was offered two years ago to Members but take-up was not as comprehensive as required. Discussion with Members on this issue highlighted a need for Member training to be organised in a proactive, planned fashion. A Procurement training session is planned for members as part of the Member Training Programme being developed for after the 2015 elections. (Action 3)

- 3.6.4 A Procurement Strategy has been agreed by the Council and an annual Procurement Action Plan is monitored by Finance & Audit Scrutiny Committee. The Plan is overseen by the Procurement Manager who champions procurement issues across the Council.
- 3.6.5 Finance & Audit Scrutiny Committee has taken a keen interest in procurement, forming a Procurement Working Party of three members that has helped raise the profile of the function throughout the organisation. Finance & Audit Scrutiny Committee is reviewing all the Services' contract registers as part of a rolling programme.
- 3.6.6 A uniform report template sets out the standard information required for a Committee decision to be taken, and a protocol is in place for officer attendance at Committees. There are guidance notes for officers on writing reports. The template and associated guidance were updated during 2014.
- 3.6.7 A system has been set-up to monitor the implementation of Executive decisions. The Deputy Chief Executive now reviews the decisions on a three-month rolling basis.
- 3.6.8 The Council's Risk Management Policy Statement and Strategy is updated annually and reported to Finance & Audit Scrutiny Committee. This explains the methodology that provides a comprehensive framework for the management of risk throughout the Council. A cross-departmental Risk Management Group meets quarterly to help embed risk management across the Authority.
- 3.6.9 High level corporate risks are set out in the Significant Business Risk Register (SBRR) which is reviewed quarterly by SMT and then by Executive via Finance & Audit Scrutiny Committee. Risks relating to the FFF programme are incorporated within the SBRR.
- 3.6.10 Concerns had developed that some aspects of maintaining the SBRR may not be robust. Consequently, a review of the process for producing and monitoring the SBRR has been undertaken leading to much fuller engagement by SMT and ongoing oversight by the Council's Leader.
- 3.6.11 Operational risks are recorded on service risk registers. Services are required to review their risk registers on a regular (at least quarterly) basis with their portfolio holders. It is recognised that not all services adhere to this. (Action 4)
- 3.6.12 A programme of review of service risk registers by Finance & Audit Scrutiny Committee is in place that has helped greatly to raise awareness of good risk management.
- 3.6.13 Business continuity plans are in place across the council to help services react to emergency events. It is recognised, however, that several plans are in need of updating. (Action 5)
- 3.7 **Undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees – Practice for Local Authorities***

- 3.7.1 The core functions of an audit committee are delivered by the Authority's Finance & Audit Scrutiny Committee. These are set out in its terms of reference approved by the Executive.
- 3.7.2 The main purposes of the Finance & Audit Scrutiny Committee are to provide independent assurance of the adequacy of the risk management framework and the associated control environment; independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment; and to oversee the financial reporting process.
- 3.7.3 In addition to the main purposes of the Finance & Audit Scrutiny Committee it also:
- Approves (but not directs) Internal Audit's strategy and annual plan and reviews its performance
 - Reviews summary Internal Audit reports and the main issues arising and seeks assurance that action has been taken where necessary
 - Considers the reports of external audit and inspection agencies
 - Considers the effectiveness of the Authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements
 - Seeks assurances that action is being taken on risk-related issues identified by auditors and inspectors
 - Satisfies itself that the Authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it
 - Ensures that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted
 - Reviews the financial statements, external auditor's opinion and reports to members and monitors management action in response to the issues raised by external audit.
 - Review the robustness of business cases
 - Promote value for money and good procurement practice
 - Make recommendation on good financial management practices
 - Keep the treasury management performance under review
 - Make recommendation to the Council regarding the approval of the Statement of Accounts in accordance with regulation 10 of the Accounts and Audit Regulations 2003.
 - Review specific Executive items and past decisions.

3.8 Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

- 3.8.1 Compliance with law and regulation is assisted by recruiting suitably qualified staff and having job descriptions and personal specifications for all posts. All senior managers receive a local government briefing to alert them to changes in the external regulatory framework and major changes are identified for reports to the Executive or Council as appropriate. As part of the service planning process the impact of new laws is addressed.

- 3.8.2 SMT will monitor compliance with internal policies from time to time. Examples include: the annual review of appraisals undertaken; compliance with health and safety policy; monitoring of our Equality and Diversity annual report. Internal Audit will identify any key policies that might need to be tested as part of any audit.
- 3.8.3 To ensure expenditure is lawful the Council agrees detailed budgets. Managers responsible for the budgets are required to sign acceptance of them. The Code of Financial Practice and Code of Procurement Practice set out procedures to ensure lawful expenditure. Both Finance staff and the Chief Financial Officer are required to sign off Committee reports to ensure relevant financial issues have been addressed. Where appropriate, reports are considered by the Council's shared Legal Service. All Executive reports are considered by the Council's Monitoring Officer.
- 3.8.4 Budget monitoring takes place across the Council throughout the year, with regular reports being considered by SMT (monthly) and Executive (quarterly), with intelligence from across the authority informing the process. The budget monitoring process has continued to be reviewed, with specific consideration during 2014/15 of the capital budget and slippage of revenue and capital schemes, resulting in much greater scrutiny of these aspects. Services recognise, however, that there is still some scope for improvement in budget monitoring, including how the Property Management system ('ActiveH') and main financial system ('Total') are used together for budget monitoring. (Action 6)
- 3.8.5 There have been a limited number of projects in the last couple of years where the original project budget has proved to be insufficient. This has resulted in reports to members to seek additional funding. The reasons for the need for additional funding vary for each project. In view of this the Executive agreed that for all new building projects and professional services contracts from 1 April 2015, the Council adopts the RIBA staged process and for all other projects the Prince2 approach. By adopting this approach, it is intended that members should be able to have greater confidence in any estimates being presented for new schemes.
- 3.8.6 Establishing a shared Legal Service with the County Council has meant that arrangements have been put in place whereby there is a responsibility for the relevant Head of Service to satisfy themselves as to the legality of any recommendation and if there is any doubt seek advice.
- 3.8.7 The Council publishes a Forward Plan on a monthly basis that contains details of all decisions to be made by the Executive.
- 3.8.8 Following the report to members in March 2014 highlighting failing in procurement processes in parts of the organisation, the authority's approach to procurement has been reviewed. A more centralised approach is now adopted, requiring the Council's procurement team to be central to all procurement opportunities and providing instructions to officers. Alongside this, a comprehensive set of actions was identified, with these actions being monitored and reported to members during 2014/15.
- 3.9 **Whistle-blowing and arrangements for receiving and investigating complaints from the public**

- 3.9.1 An Anti-Fraud and Corruption Strategy and a Whistle-blowing Policy and Procedure are in place. Both documents are reviewed annually by Finance & Audit Committee and publicised widely, including on the Council's website.
- 3.9.2 The Anti-Fraud and Corruption Strategy comprises a series of measures and procedures that are designed to frustrate any attempted fraudulent or corrupt acts. This includes:
- Establishing the appropriate culture
 - Appointing statutory officers
 - Maintaining a Council committee structure which reviews decisions, examines specific issues and promotes high standards, as well as investigating alleged breaches of the code of conduct
 - Recruiting and retaining high calibre staff
 - Establishing relevant procedures and codes that form the Council's overall control framework
 - Exchanging information with other bodies
 - Undertaking a comprehensive approach to the preparation of the Annual Governance Statement.
- 3.9.3 The Strategy also describes the arrangements for investigating allegations of wrongdoing.
- 3.9.4 The Whistle-blowing Policy provides a channel for those that have serious concerns about any aspect of the Council's work to come forward and express those concerns anonymously and safely.
- 3.9.5 The Policy aims to:
- Encourage employees to feel confident in raising serious concerns and to question and act upon concerns about practice
 - Provide avenues for employees to raise those concerns and receive feedback on any action taken
 - Ensure that employees receive a response to their concerns and that they are aware of how to pursue them if they are not satisfied
 - Reassure employees that they will be protected from possible reprisals or victimisation if they have reported their concerns in good faith.
- 3.9.6 The policy gives examples of the possible concerns that may exist, how these should be raised and how the Council will respond. In the event of dissatisfaction, other avenues for raising concerns are also set out within the policy.
- 3.9.7 This includes the Council's confidential telephone helpline 'In Touch'.
- 3.9.8 The Council has a Complaints Policy that describes how members of the public can make a complaint. All investigating officers have attended the LGO training course on effective complaint handling. If a complainant is dissatisfied with the outcome of the initial investigation they can request that the complaint be investigated again. This will be by an officer outside of the service to which the complaint relates. If the complainant is still dissatisfied

they have the right to have the complaint referred to the Local Government Ombudsman for investigation and resolution.

3.10 Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

3.10.1 There is a Members' Development Programme agreed by the Members' Development Group and Employment Committee.

3.10.2 Training for senior officers is identified through the induction programme and on an ongoing basis through the competency and personal development framework process that requires a review of development needs.

3.10.3 CMT attends appropriate training courses organised by the Society of Local Authority Chief Executives (SOLACE), West Midlands Employers (WME) and the Local Government Association (LGA) whilst all senior managers are encouraged to attend relevant professional seminars and conferences.

3.10.4 As identified earlier, training for senior officers and members is required in the areas of contract and financial management.

3.10.5 The review of governance arrangements two years ago confirmed a need to provide training for Portfolio Holders and Shadow Portfolio Holders to help them fulfil their role effectively. A short remit for these roles has been agreed and training on this is included within the member induction programme for 2015. (Action 7)

3.11 Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

3.11.1 Locality Working, which has extended the remit of the local neighbourhood policing forums to cover the totality of local government working (District, County and Parish/Town) along with the Primary Care Trust and Voluntary and Community Sector, is now active in all parts of the District through the operation of 7 Community Forums. Forum attendees identify community priorities and allocate resources provided by the District and County Councils to specific projects.

3.11.2 The Community Engagement Strategy was developed on behalf of the Warwick Partnership Group as a means of enabling a dialogue between communities and public sector organisations. The Warwick Partnership led on the Community Engagement Strategy for Warwick District. As a result of the changes in the partnership landscape, however, the Community Engagement Strategy is no longer required. The focus is now on the adoption of a set of principles and values that will govern the community engagement work. In addition, the link with the Engaging Communities Co-ordination Project overseen by Warwickshire Community and Voluntary Action (WCAVA) provides a means for the Council to engage with communities of interest.

3.11.3 A Channel Strategy based on understanding customer behaviour and their needs was adopted in April 2012. The channels our customers use vary from more traditional ones like face-to-face and telephone to newer channels like social media and mobile web access. The strategy ensures we are focusing our

resources on the channels and services that are important to our customers. The associated action plan is now largely complete.

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- 3.11.5 A programme of work to improve service requests through the Council's website will commence during 2015. The programme, Digital by Default, will enable high-volume requests to be delivered fully electronically to ensure the customer receives an improved and efficient service.
- 3.11.6 An overarching Communications Strategy, containing an action plan with proposed improvements, was adopted in June 2013. This identifies the different ways the Council will deliver messages to its audiences in an organised and targeted way. Progress in implementing the action plan is reported quarterly to the Senior Management Team
- 3.12 **Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the Authority's overall governance arrangements.**
- 3.12.1 The Council has updated its policy for managing its partnership arrangements. The governance arrangements for all partnerships have been reviewed with all lead officers being required to complete a Partnership Checklist to identify any governance weaknesses. All new partnerships must be approved by Executive with a partnership checklist accompanying the report presented to the Executive.
- 3.12.2 The Scrutiny Committees also have a role for reviewing the effectiveness of partnerships. This work has enabled Scrutiny Committees to play a valuable role in ensuring that the Council's partnerships remain effective and are value for money.
- 3.12.3 Last year's review of governance arrangements found that formal agreements such as a memorandum of understanding or service level agreement are not applied consistently to all shared service arrangements. No new shared service arrangements have been created in recent years although current agreements are kept under review.

4 REVIEW OF EFFECTIVENESS

- 4.1 Warwick District Council 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 senior managers within the Authority who have responsibility for the development and maintenance of the governance environment;
 - the Audit & Risk Manager's annual report; and

- comments made by the external auditors and other review agencies and inspectorates.

4.2 The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is as follows:

4.3 **The Council**

4.3.1 The Council is responsible for agreeing the changes to the Constitution that have been developed during the year. This Annual Governance Statement is also reported to the Council when it approves the financial statements.

4.4 **The Executive**

4.4.1 The Code of Corporate Governance brings together in one document all the governance and accountability arrangements which the Council currently has in place and highlights areas where more work is required. The Executive last agreed the Code of Corporate Governance in March 2008. Although it is endorsed by Standards Committee each year it is never-the-less due for a thorough review. (Action 8)

4.5 **The Finance & Audit Scrutiny Committee and the Overview and Scrutiny Committee**

4.5.1 The Council has delegated to Finance & Audit Scrutiny Committee responsibility for discharging the functions of an audit committee. Its main purposes are to provide independent assurance of the adequacy of the risk management framework and the associated control environment; independent scrutiny of the authority's financial and non-financial performance; and oversee the financial reporting process.

4.5.2 Each quarter the committee reviews the findings from Internal Audit assignments completed during those periods, whilst annually it receives a report on the effectiveness of Internal Audit. It also considers reports from external audit and other review agencies as and when they are issued.

4.5.3 The rigour applied by these Committees in carrying out their scrutiny role has contributed to an effective governance framework and to the Council achieving its objectives. For example, the ongoing review by Finance & Audit Scrutiny Committee of service risk registers has improved risk management throughout the organisation and member championing of effective procurement has resulted in major improvements in procurement practice and the attainment of significant savings from the commissioning of goods and services.

4.6 **The Standards Committee**

4.6.1 Following a review of the remit of the Standards Committee, responsibility for approving the Annual Governance Statement has moved to the Finance & Audit Scrutiny Committee operating, in effect, as the Council's Audit Committee.

4.7 **Internal Audit**

- 4.7.1 Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate a three-year plan which is approved by Finance & Audit Scrutiny Committee and from which the audit assignments are identified.
- 4.7.2 A report of each audit is submitted to the relevant Service Area Manager. The report includes an action plan comprising recommendations for improvements in control and management responses.
- 4.7.3 During the year Internal Audit gave moderate levels of assurance in respect of three key areas: Corporate Procurement, Shared Legal Services and Section 106 Agreements. It is important that recommendations relating to these reviews are acted upon in accordance with the required timescales. (Action 9)
- 4.7.4 Quarterly reports are issued to Members on progress in achieving the annual plan. The reports also contain copies of all action plans issued to managers in the quarter, details of any outstanding responses and, where the level of assurance given is less than substantial, copies of the audit reports.
- 4.7.5 The Internal Audit Section complies with the Public Sector Internal Audit Standards that came into force on 1 April 2013 and is subject to regular inspection by the Council's external auditors who place reliance on the work that the Section carries out.

4.8 **Chief Financial Officer**

- 4.8.1 To comply with the CIPFA Code of Practice on Local Authority Accounting, a specific statement is required to be reported in the Annual Governance Statement on whether the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2010) to ensure an effective system of internal control is maintained and operated in connection with the resources concerned.
- 4.8.2 The governance requirements in the Statement are that the CFO should be professionally qualified, report directly to the Chief Executive and be a member of the Leadership Team, with a status at least equivalent to other members. The Statement requires that if different organisational arrangements are adopted the reasons should be explained publicly in the authority's Annual Governance Report, together with how these deliver the same impact.
- 4.8.3 The Head of Finance has confirmed that the Council's financial management arrangements conform to the CIPFA Statement other than in 3 specific matters:
 - Head of Finance reporting directly to Chief Executive.
 - Head of Finance being a member of Leadership Team
 - Head of Finance having responsibility for Asset Management.
- 4.8.4 The Council's view is that the way it operates – the Head of Finance's regular attendance at CMT/Exec meetings, budget planning meetings, and numerous ad-hoc meetings – enables the officer to have unhindered access to the most senior officer as well as senior members. The Head of Finance reports to the Deputy

Chief Executive/Monitoring Officer. This way of operating has subsisted for several years without any apparent problems; consequently, the Council considers that the risk of there being a detriment to the authority is low.

4.8.5 With regard to asset management, responsibility for this comes under the Head of Housing & Property Services and the Council considers this is the appropriate place for it to be as that is where the expertise lies.

4.8.6 Naturally the Council will need to keep all reporting and responsibility arrangements under review and would be prepared readily to discuss any perceived shortcomings with the Council's external auditors if and when they arise.

4.8 Other review/assurance mechanisms

4.8.1 The Scrutiny Committees, the Standards Committee and External Audit contribute to the review of the Authority's compliance with policies, procedures, laws and regulations. Occasional use has been made of other review agencies such as peer assessors from the West Midlands Local Government Association, this latterly being in 2012, with a review update planned for summer 2014.

4.8.2 The Council is audited annually to ensure it meets a set of mandatory information assurance requirements set by central government called the Code of Connection (CoCo). CoCo requires local authorities to provide a compliance statement that documents how their information technology meets baseline requirements that are adopted from ISO 27001. The effective use of ICT Resources is critical in the efficient delivery of Council services to its citizens. ICT Governance is undertaken by the Council's ICT Steering Group and this group is responsible for ensuring that ICT resource allocation is directly aligned to Council priorities and appropriate reporting and monitoring arrangements have been put in place.

4.8.3 The Council has been Investors in People accredited since 1998 and received Bronze accreditation in 2011. A further review is planned for March 2015 in conjunction with a staff survey co-ordinated by the Staff Voice. A number of services are externally accredited against specific standards. Food Safety's ISO9000 quality management system was re-accredited during the year. In addition, Housing & Property Services achieved the Telecare Services Association's Platinum Standard and Cultural Services' leisure centres continue to be Approved Training Centres for the Institute of Qualified Lifeguards. The Plain English Campaign awarded the Council website its Internet Crystal Mark standard. The Council also received during the year the 'Positive about Disability' Award for its employee recruitment and selection processes. The Council's website was also awarded Digital Accessibility Centre Accreditation.

5 SIGNIFICANT GOVERNANCE ISSUES

5.1 Governance issues that are identified for improvement are set out below. The actions have been identified from the processes involved in producing the statement (e.g. meeting with committee chairs) and from the sources of evidence supporting it (e.g. service assurance statements).

1. All constitution-related documents that have not been reviewed in the previous twelve months to be reviewed. (para. 3.4.1 above)
2. Service-specific contract management training to be delivered to relevant managers. (para. 3.6.2)
3. Procurement training to be provided to new Members. (para. 3.6.3)
4. Service risk registers to be reviewed by service management teams and portfolio holders on at least a quarterly basis. (para. 3.6.11)
5. Business Continuity Plans for services to be updated. (para. 3.6.13)
6. Budget monitoring systems to continue to be improved. (para. 3.8.4)
7. Training to be provided to Portfolio Holders and Shadow Portfolio Holders to help them fulfil their role effectively. (para. 3.10.5)
8. The Code of Corporate Governance to be reviewed and updated. (Brought forward from last year.) (para. 4.4.1)
9. To ensure that the necessary management actions emanating from the internal audit reviews of Corporate Procurement, Shared Legal Services and Section 106 Agreements (which all received moderate assurance opinions) are acted upon in accordance with the required timescales. (para 4.7.3)

5.2 We propose over the coming year to take steps to address the above matters to enhance further 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:

Andrew Mobbs
Leader of the Council

Chris Elliott
Chief Executive

Dated:
