

**WARWICK DISTRICT COUNCIL****ANNUAL GOVERNANCE STATEMENT 2013/14****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](http://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 and processes, and the 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 31<sup>st</sup> March 2014 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 and rising customer expectations and demand. FFF provides an organisational 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. Most of these are being developed jointly with the Council's 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) delivering a balanced budget; whilst
  - ii) maintaining or if possible improving the services we provide to customers; and
  - iii) 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 comprehensive governance framework is in place to manage the progress of FFF on an ongoing basis. Measures are used to track the Council's progress.

3.1.4 Delivering the cultural change envisaged in Fit For the Future (FFF). FFF has three strands, covering the financial challenge, service quality and cultural change (money, services and staff). Last year's 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.

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. [\(LINK\)](#)

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. Following Warwick District Council's adoption of the SCS a review of its own Corporate Strategy was undertaken. The culmination of the review was the production of FFF as described in 3.1 above. The subsequent refresh of the SCS will undoubtedly have an impact on FFF and the actions needed to deliver the revised Strategy will be spelt-out in the Service Area Plans for 2014/15 and beyond.

3.2.2 The above review has not touched on the Council's constitutional governance arrangements that 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 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). There is to be further focus on ensuring outcomes are achieved, rather than concentrating on process and meeting artificial targets.

3.2.4 The Group Leaders, with assistance of the Overview & Scrutiny Committee, have reviewed the appointments to outside bodies by this Council. This was to assist in ensuring the Council focused on its key role within the community

and help to reduce potential conflicts of interests for Councillors. This has seen a reduction in the numbers appointed to and will see further reductions in 2015. These will be confirmed following Annual Council on 14 May 2014.

### **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 such as '*no. of violent crimes*' and '*no. of drainage notices served*' 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: Simalto, annual Housing Services survey, Customer Service surveys, Community Forums, online polls and online consultations. (Simalto is a budget and prioritisation decision-making tool where participants make choices between different scenarios.)

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 recently been reviewed and updated. Training sessions have been provided by the Local Government Ombudsman for relevant frontline and investigating officers. The current complaints process is under review and is due for launch in summer 2014. 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 regularly 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 Council's Constitution, the Code of Conduct for Members and the Employees Code of Conduct are all in the process of being reviewed. This

has been delayed due to demands upon the service. However, the first parts of the review should be brought through for adoption by Council in May 2014. (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 Protocol and Codes of Conduct for Members and Officers. All new Members and Officers receive a copy of their respective Codes. Although the Officer Code was reviewed a couple of years ago it is currently undergoing a more fundamental review. At the conclusion of this process it will be presented to the Council's Employment Committee for approval.

3.5.2 During the year there were two investigations into complaints made about Warwick District Councillors. Both of these matters have been concluded.

3.5.2.1 One of the investigations ultimately resulted in a Councillor being sanctioned by the Hearing Panel. The sanction was that the Councillor should apologise to those who had made complaints against her. Unfortunately the Councillor refused to apologise and furthermore, despite the full Standards Committee reinforcing the decision of the Hearing Panel and requesting that the Councillor's Group Leader remove her from all Committees and Sub-committees for six months, this was rejected: The Group Leader had decided to make his own enquiries but felt there was no case to answer.

3.5.2.2 This series of events has serious repercussions for the Council as it exposes the "lack of teeth" the Council has to insist on reasonable and appropriate behaviours from its own elected Members.

3.5.3 An Internal Audit investigation took place during the year into travel claims submitted by Councillors. This revealed in a small number of cases some incorrect claims involving, in the main, relatively small sums of money. None was considered deliberate and all overpayments were repaid by the Councillors involved.

3.5.4 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.

3.5.5 There is an Anti-Fraud and Corruption Policy that each year is reviewed 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.

3.5.6 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.

- 3.5.7 The Authority agreed new Organisational Values in 2007 and these are now reflected in the Competency Framework that is a fundamental part of the staff appraisal and development process. The Organisational Values have been a key element in the development of FFF.
- 3.5.8 There is significant concern that during the year confidential information had been disclosed to the media. The source has not yet been identified. (Action 2)
- 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, both the Code of Financial Practice and the Code of Procurement Practice were updated in March 2013. Training is due to will be provided to officers on these Codes during 2014/15. (Action 3)
- 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, rather than by reacting to events as they arise as part of the Member Training Programme being developed for after the 2015 elections. (Action 4)
- 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.
- 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 have been updated to reflect FFF and to ensure risks are overtly considered and reported.
- 3.6.7 Committee Services has identified the need to set up a system to monitor the implementation of decisions. Appropriate software has been installed allowing this to happen but other work demands have left the initiative outstanding. CMT has identified the need to record more appropriately the comments of officers involved in the development of reports. The first developments towards this are currently in testing within Democratic Services. (Action 5)

- 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 have developed over time that some aspects of maintaining the SBRR may not be robust. Consequently, a review of the process for producing and monitoring the SBRR is to be undertaken. Areas to be reviewed include: the relationship between SMT and Executive in the review process; the vigour with which high-scoring risks are managed; and the recording of movements in risk scores. (Action 6)
- 3.6.11 Operational risks are recorded on service risk registers. A programme of review for service risk registers by Finance & Audit Scrutiny Committee is in place that has helped substantially to raise awareness of good risk management.

### 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 is 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.

### **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; 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 Despite recent changes to the budget monitoring process, there are still some large variations in outturn against budget and capital expenditure, with significant capital slippage being requested in recent years. This has reinforced the need for more effective budget setting and monitoring, bringing together intelligence from across the authority. A review of the current budget monitoring process has commenced and this is due to be completed early in 2014/15 when the final 2013/14 variances are confirmed. (Action 7)
- 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. Officers and members have agreed, however, that it is necessary to review the approach and framework used in estimating project costs so as to give members confidence in the estimated costs they are being asked to approve for future projects. (Action 8)
- 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 An investigation by Internal Audit into contracts managed by Housing and Property Services took place during the year that revealed widespread and significant failings in procurement practice within that service area. The results have been reported to the Executive and a comprehensive set of actions identified for improvement. Reports are to be issued to Executive on the progress in addressing the issues raised. (Action 9)
- 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 the 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 Member Development Group was set up to examine this and to draft remits for Councillors so that training needs could be identified. This action continues to be outstanding and is therefore carried forward again. The issue is related to that discussed within paragraph 3.6.3 and will therefore form part of Action 4.
- 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 In recent years the Council consulted the Citizen's Panel on its proposed budget, council tax and the allocation of resources. A couple of years ago a consultancy firm was commissioned using the Simalto modelling approach to obtain residents' views on future spending decisions. This research method involves face-to-face interviews.
- 3.11.4 The Executive considered the results of the consultation and has incorporated changes where possible within medium term financial projections. This includes increasing the allocations of travel tokens and retaining all one stop shops.
- 3.11.5 The Simalto consultation is not intended to be carried out annually and is next planned for 2015.
- 3.11.6 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 80% complete.
- 3.11.7 There is a view that there is room for improvement in the way that the Council's services are publicised and promoted. An overarching Communications Strategy has been produced and adopted in June 2013. The action plan is being implemented.
- 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 10)

### **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 The Code of Corporate Governance and the requirement to produce an Annual Governance Statement has led to responsibility for Corporate Governance, and the review of the Annual Governance Statement, being explicitly recognised in the terms of reference of the Standards 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 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.

4.7.4 The Internal Audit Section is subject also to regular inspection by the Council's external auditors who place reliance on the work that it carries out.

4.7.5 New Public Sector Internal Audit Standards came into force on 1 April 2013. The requirements and full impact of these were assessed and reported to Finance & Audit Scrutiny Committee.

4.7.6 The two main requirements of the new Standards are a closer working relationship between the chair of the 'audit committee' and the 'chief audit executive' and a 5-yearly peer review of the internal audit function.

## 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 December 2015. 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. The Council's Constitution, the Code of Conduct for Members and the Employees Code of Conduct to be reviewed and updated. (3.4.1) (Brought forward from last year).
2. Officers and Members to be reminded of the seriousness of disclosing confidential information. (3.5.8)
3. Training to be provided to officers on both the Code of Financial Practice and the Code of Procurement Practice. (3.6.2) (Brought forward)
4. Comprehensive training programme to be developed for Members. (3.6.3 and 3.10.5) (Brought forward)
5. A system to be developed to monitor the implementation of decisions and record the comments of officers involved in producing reports. (3.6.7) (Brought forward)
6. Review to be undertaken of the process for producing and monitoring the Significant Business Risk Register. (3.6.10)
7. Review of Budget monitoring and Capital slippage to be completed. (3.8.4)
8. A standard framework is drawn up and adopted in order that projects are managed realistically and to give Members confidence in the estimated costs associated with those projects. (3.8.5).
9. Actions set out in Executive report to be taken to address the failings in procurement practices identified within Housing & Property Services. (3.8.8)
10. The Code of Corporate Governance to be reviewed and updated. (4.4.1) (Brought forward)

- 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:**

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