

WARWICK DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT 2015/16

1 RESPONSIBILITY FOR GOVERNANCE

- 1.1 Governance is about how an organisation is directed and controlled in order to achieve its objectives. It therefore comprises the systems, structures and values that an organisation has in place to achieve those objectives. Good governance requires that objectives be achieved not only efficiently and effectively but also ethically and in compliance with laws and recognised standards of conduct. It combines the 'hard' factors such as robust systems and sound structures with the 'softer' characteristics of effective leadership and high standards of behaviour. In short, governance is "Doing the right things, in the right way."
- 1.2 Responsibility for good governance at Warwick District Council lies with the Members of the Council and senior management. They are responsible for ensuring that:
- The Council's business is conducted in accordance with legal requirements and proper standards
 - Public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
- 1.3 To meet its responsibilities Warwick District Council has adopted a Code of Corporate Governance. The Code can be viewed on the Council's website: [insert hyper-link](#)

2 THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework is summarised in an appendix to this Statement. The appendix details in diagrammatical form the processes, structures and cultural values used by Warwick District Council to direct and control its activities, enabling it to engage, lead and account to the community. The framework enables the Council to monitor the achievement of its strategic objectives and to consider whether these have led to the delivery of appropriate, cost-effective, services.
- 2.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable, and not absolute, assurance of effectiveness. The system of internal control is based on an ongoing process designed to:
- identify and prioritise the risks to the achievement of the Council's policies, aims and objectives
 - evaluate the likelihood and potential impact of those risks being realised, and
 - manage them efficiently, effectively and economically.

- 2.3 The governance framework has been in place at Warwick District Council for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

Processes

- 2.4 Warwick District Council's priorities are reviewed annually and cascaded from its strategic plan through to individuals' personal objectives via service area plans.
- 2.5 Monitoring of performance against agreed plans and strategies is undertaken by heads of service in conjunction with their respective portfolio holder and managers. This will be duly discussed at one-to-ones and appraisals with CMT. Progress is reported periodically to the Executive and heads of service and their portfolio holders will discuss progress with the Overview and Scrutiny Committee.
- 2.6 Warwick District Council's Constitution contains the necessary approvals and rules for governance, including delegations to Committees and Officers. During 2015/16 the Chief Executive as the 'Head of Paid Service', one of the Deputy Chief Executives as the 'Monitoring Officer', and the Head of Finance as 'Responsible Financial Officer' (aka Section 121 Officer), each carried statutory responsibilities relating to the governance of the Council.
- 2.7 Executive decision making is carried out through the Executive Committee, the Planning Committee and senior management. The Finance & Audit Scrutiny Committee and the Overview & Scrutiny Committee has responsibility to review and scrutinise the activities of the Council and provide advice on the development of policies. The Finance & Audit Scrutiny Committee receives reports on governance-related topics including risk management and the work of internal and external audit.
- 2.8 Warwick District Council has approved a formal risk management strategy and regularly reviews and updates its strategic and operational risks. The Council continues to ensure that a risk management culture is embedded within service management with key risks being assigned to individuals for management.
- 2.9 The Council's Code of Financial Practice sets out the parameters for the financial management of the Council. Heads of service are responsible for the financial management of the services and activities delegated to them. Budget monitoring is carried out monthly at officer level, with quarterly reports to the Executive Committee.
- 2.10 The Council's Code of Procurement Practice is in place to ensure that the Council complies with all legal requirements when procuring goods and services, operates with a system of openness, integrity and transparency and achieves value for money when acquiring goods, works and services. The Code is kept under review to ensure that it is fit for purpose. Training is provided to officers on the Code, procurement and contract management.
- 2.11 Codes of Conduct are in place for both Members and Officers. These set out required standards of behaviour and the sanctions that will be applied in the event of any breaches.

- 2.12 Service Area Plans contain details of the key measures for each Service. These include both customer and operational measures. These measures are used to monitor performance as discussed in paragraph 2.5.

Structures

- 2.13 This is described in the diagram accompanying the Statement.
- 2.14 The structures outlined in the diagram, together with the processes described earlier, contribute to ensuring that published information is accurate and reliable and form a sound basis for decision making within the authority.

Cultural Values

- 2.15 The Council's cultural values are underpinned by the Fit for the Future strategy which has progressed to continue to engage with all staff. The strategy is based upon three key areas: Service, People, and Money. These are reinforced by five core values. The Core Values aspired to, together with the behaviours associated with them, are clearly identified and communicated throughout the organisation. The Core Values are: Honesty and Integrity, Openness and transparency, Fairness and Equity; Community Focus, and Environmental Sensitivity.
- 2.16 These are now an integral part of the performance management appraisal discussions and induction programme. The Council continues to develop and implement interventions that fundamentally change its shape. In some cases these have resulted in significant savings and allowed for different ways of working, greater empowerment and a consideration in how we manage effectively and efficiently with only limited impact on service delivery. Continued development and evaluation of structures are an ongoing part of Service Planning.
- 2.17 Following feedback from the Corporate Peer Challenge, Investors in People (IIP) and our own internal checks, the Senior Management Team (SMT) continues to work on determining the 'culture' that is needed at WDC and how it can be achieved.

3 REVIEW OF EFFECTIVENESS

- 3.1 Warwick District Council is required under legislation to conduct an annual 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.
- 3.2 The components involved in maintaining and reviewing the effectiveness of the governance framework are set out below.

3.3 **The Council**

- 3.3.1 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.
- 3.3.2 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 agreed a new Code of Corporate Governance during 2015/16.

3.4 **The Executive**

- 3.4.1 The Executive is responsible for the formulation of the Council's Corporate Strategy, Sustainable Community Strategy, Performance Plan, and such forward programmes and other steps as may be necessary to achieve those objectives. It also is responsible for the organisation and management processes of the Council and their effectiveness in contributing to the achievement of the Council's Corporate Strategy. In undertaking these roles, the Executive is reviewing the effectiveness of the governance framework.

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

- 3.5.1 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.
- 3.5.2 Each quarter the committee reviews the findings from Internal Audit assignments completed during that period, 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.
- 3.5.3 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 contract registers and service risk registers has improved risk management throughout the organisation and member championing of effective procurement has led to major improvements in procurement practice and the attainment of significant savings in the purchasing of goods and services.

3.6 **The Standards Committee**

- 3.6.1 The Standards Committee provides a significant contribution to effective governance by regulating and overseeing the conduct of Members. It deals with any cases of misconduct by Members and issues sanctions as appropriate.

3.7 Internal Audit

- 3.7.1 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 that is approved by Finance & Audit Scrutiny Committee and from which the audit assignments are identified.
- 3.7.2 A report of each audit is submitted to the relevant Service Area Manager. The report includes an action plan that comprises recommendations for improvements in control and management responses.
- 3.7.3 During the year Internal Audit gave moderate levels of assurance in respect of eight functions: Warwick Plant Maintenance Procurement, Building Cleaning Services, Customer Access Facilities, Castle Farm Recreation Centre & Abbey Fields, Data Protection, Local Land Charges and Outdoor Recreation Facilities. Recommendations to address the shortcomings identified in the reviews have been issued and their implementation will be monitored by Finance & Audit Scrutiny Committee.
- 3.7.4 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.
- 3.7.5 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.
- 3.7.6 Heads of Service are responsible for establishing and maintaining an adequate system of internal control within their own services. They are also required to sign off annual Service Assurance Statements where they will raise any items of concern. No major issues were identified by Heads of Service in 2015/16.

3.8 Other review/assurance mechanisms

- 3.8.1 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.
- 3.8.2 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.

3.8.3 The Council has been Investors in People-accredited since 1998. During 2015/16 it received Bronze accreditation. 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.

4 ROLE OF CHIEF FINANCIAL OFFICER

4.1 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.

4.2 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.

4.3 The Head of Finance has confirmed that the Council's financial management arrangements conform to the CIPFA Statement other than in 3 specific aspects:

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.

4.4 The Council's view is that the way it operates – the Head of Finance's regular attendance at Corporate Management Team/Executive 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.

4.5 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 and the operational work lies.

4.6 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.

5 SIGNIFICANT GOVERNANCE ISSUES

- 5.1 Although no significant governance issues have been identified from the processes involved in producing the Statement (e.g. the meeting with committee chairs) or from the sources of evidence supporting it (e.g. the service assurance statements), some areas for improvement, albeit not major, of a governance nature have been identified. These are set out below:
1. The call-in process to be examined in respect of Executive and Council decisions.
 2. Service Area Crisis Plans to be updated and kept under regular review.
- 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.

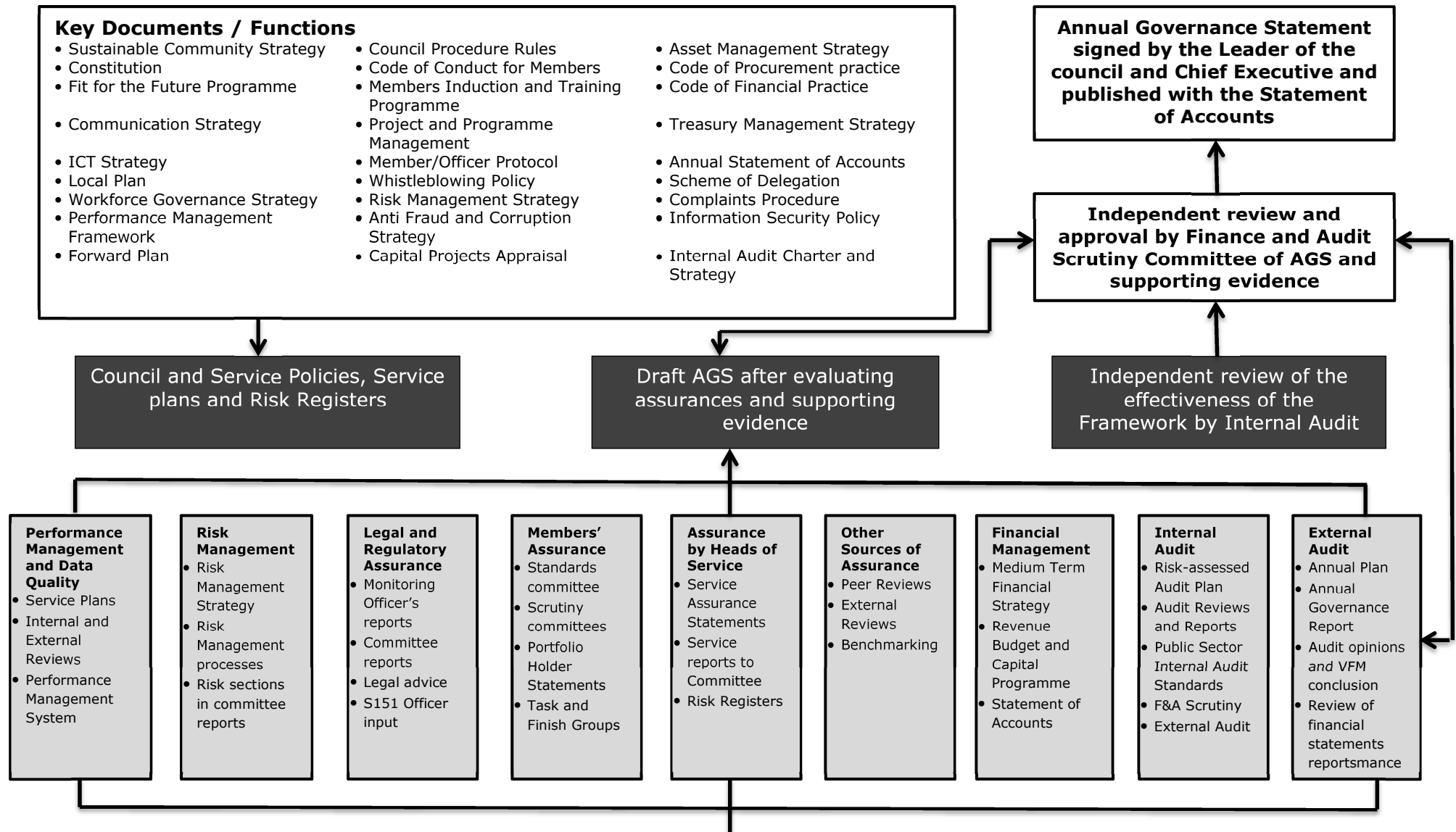
Signed:

Andrew Mobbs
Leader of the Council

Chris Elliott
Chief Executive

Dated:

WARWICK DISTRICT COUNCIL ANNUAL GOVERNANCE STATEMENT FRAMEWORK



Ongoing assurance on adequacy and effectiveness of controls