

Scope of Responsibility

Oadby & Wigston Borough Council (the 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 and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its' functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility the Council is responsible for putting in place proper arrangements for the governance of its' affairs and facilitating the effective exercise of its functions including arrangements for the management of risk.

The Council has previously 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 Authority's code can be obtained from Corporate Resources. This Statement shows how the Council has complied with the Code and also meets the requirements of Regulation 4(3) of the Accounts and Audit Regulations 2011 which requires the Council to prepare an Annual Governance Statement.

Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It reflects activities through which the Council meets the needs of the community. It includes arrangements to monitor the achievements of its strategic objectives and to consider whether those objectives have lead to the delivery of appropriate services and value for money.

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 risks of failure to achieve policies, aims and objectives and therefore 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 the Council's policies, aims and objectives. Evaluation of the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at Oadby & Wigston Borough Council for year ended 31 March 2014 and up to the date of the approval of the Statement of Accounts.

The Governance Framework

Vision and Priorities

The Council's Corporate Plan was updated in June 2011 with the Council's three main priorities being declared as:

- A good quality of life for all residents
- A clean, green and safe environment
- A successful economy.

These priorities were agreed with residents through the consultation process and the residents' forums.

In 2011 the Council set out a vision for 2011-15 represented by the following seven priorities:-

- Protect the good quality and consistent value for money frontline services provided to residents, particularly with the refuse and recycling collections
- Enhance the green environment of the Borough so the residents can take full advantage of it
- Revitalise the town centres through development and by retaining free shoppers car parking
- Work with the Police to create a safer Borough where people feel comfortable and at ease
- Better community engagement including listening to and delegating more to the three town forums
- Work smarter to deliver the efficiency, savings required to meet the continuing budget cuts
- Working with others to try and improve the health and wellbeing of the residents of the Borough.

These priorities will:

- Focus and drive forward the Council's strategic plan over the next four years
- Form the basis of the Council's Medium Term Finance Strategy
- Provide the direction for allocating resourcing and restructuring
- Set the parameters for the annual Service Delivery and Development Plans.

The vision on objectives of individual departments are outlined in the annual Service Delivery and Development Plans. The plans for 2013/14 were approved by relevant committees in July 2013.

The Council's financial strategy is outlined in the medium term financial strategy 2013 to 2016 which was approved by the Policy, Finance & Development Committee in March 2013. The document outlines 11 financial

objectives which the Council looks to achieve in order to meet the continuing pressure and available resources. Alongside this the Council has put in place the Housing Revenue Account (HRA) business plan which sets out how the Council will respond and operate under the new system of self-financing.

Quality of Services

Service plan targets and key performance indicators as set for each department within the Service Delivery and Development Plans. Progress against targets is monitored monthly by the management team and relevant committees. The Council's financial position is reported against budget to every Policy Finance and Development Committee meeting. Detailed budget information is provided to budget holders each month and dedicated project teams provide financial information for large projects or schemes. A full review of the budgetary control process was carried out during 2013/14. This aimed to ensure that budget information provides value for users and effectively informed decisions.

The Council ensures that its key priorities determine the allocation of resources to deliver its agreed activities. A robust Corporate Business Planning programme is used to identify projects against criteria including the Council's agreed policies, its priorities, the outcomes of public consultation, demonstration of continuous improvement and change in legislative need. New funding (investment) or funding from services downsize or de-prioritise is allocated to projects based on outcomes of this exercise. Agreed projects are then included in the relevant service plans as priorities for the Borough in 2013/14.

Achievements of the priorities for the Borough have been monitored throughout 2013/14 by the Council's Senior Management Team and reports to the relevant committees. This included brief details of key achievements against these priorities. The monitoring of delivery against the priorities ensures the Council's capacity to deliver against projects within the agreed cost, time and resources.

To further ensure that non-core resources are directed or re-directed towards the achievement of agreed objectives and priorities within the overall priorities for the Borough, there is an annual critical review of existing services and budgets. This process helps ensure the economic, effective and efficient use of resources and is undertaken within the framework of the Value for Money Strategy.

The financial elements of the Council's Corporate Business Planning process are set out in the Medium Term Financial Strategy and looks three years' ahead to ensure the Council's commitment to deliver its' priorities. The Council has a good track record of robust financial management and internal control but the Council's resources are necessarily limited and efficiencies year-on-year continue to be required. There is therefore increasing reliance on excellent partnership working to ensure the Council demonstrates value for money and the delivery of its' plans and actions.

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The Council continues to ensure the accounts are compliant with the Local Authority Accounting Code of Practice for 2013/14. Performance against it's' budget is monitored at committee meetings and by Senior Management Team and through the Corporate Business Planning process. It ensures that the level of reserves it holds is sustainable over the medium term. The Medium Term Financial Strategy will continue to take account of the current economic climate and the recent changes to Local Authority funding.

The Council has a Treasury Management Strategy that is reviewed each year and monitored on a regular basis. This ensures the Council has sound processes and controls over the Treasury function that minimises risk to the Council.

The Council communicates the Borough vision and achievements against its priorities by a quarterly publication that is delivered to the homes of it's' residents and on its website. The Council Tax information leaflet gives further information on the Council's performance, expenditure and efficiencies and is posted on the Council's website.

The Council, the Policy, Finance and Development Committee and the Service Delivery Committee take decisions on service and management matters. They are timetabled to meet four times a year. The Policy, Finance and Development Committee undertakes the role of the Audit Committee and provides ongoing monitoring and scrutiny of financial management, performance, policy and action plans. Further challenge is provided by Members through meetings with Committee Chairmen, Resident Forums and Member Workshops.

Scrutiny is provided at Officer level through the work of the Council's internal audit function which since May 2012 has been delivered by CW Audit Services. The annual risk based audit plan contributes to the review of the Council's key internal control systems, risk management processes and corporate governance arrangements. CW Audit supports the design and effectiveness of the Governance framework. Each internal audit review is given an assurance level. The definition of each of these assurance levels are provided in the table below.

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Table – Definition of Assurance Levels

Level of Significance	Criteria
Full	No significant risk issues identified
Significant	Exposure to levels of risk that may only impair the effectiveness of the system or process under review
Moderate	Exposure to levels of risk that render some elements of the system’s control environment undeliverable
Limited	Exposure to unacceptable level of risk that could have a serious impact upon the system or process under review
No	Exposure to unacceptable levels of risk that could have a serious impact upon the organisation as a whole

Regular monitoring meetings are held with the Chief Financial Officer as the Council’s Section 151 Officer and the Director of Services. This ensures the high standard of internal audit support is maintained. The annual audit plan is reviewed on a frequent basis to identify any amendments needed to reflect changing priorities, emerging risks or resourcing changes.

Further challenges are provided by the Senior Management Team.

It is important to ensure that Members and Officers work together to achieve a common purpose with clearly defined functions and roles. The Constitution includes a Scheme of Delegation and Terms of Reference for each of the Council’s committees. Responsibilities are recorded to make clear how the Council and its committees operate within the Council. The Constitution reflects the legislative arrangements for defining these functions. To emphasise the separation of these functions the Terms of Reference are divided into relevant sections.

The Scheme of Delegation defines the general power to that granted to the Chief Executive and Chief Officers within the areas of their service responsibility. The Constitution is published on the Council’s website.

The Members are responsible for ensuring that effective policy making, scrutiny and monitoring of activities occur. A clear committee structure assists such responsibilities to be effectively carried out. Members’ expertise and involvement is further enhanced by ongoing training and development of Members.

The Council has a statutory responsibility to have a Section 151 Officer and a Monitoring Officer. The interim Chief Financial Officer is the Section 151 Officer who has a duty to the Council’s tax payers to ensure that public money is being appropriately spent and managed. The Monitoring Officer is the Council’s Director of Services who acts as guardian of the Council’s Constitution to ensure lawfulness, probity and fairness of Council decision making. The Chief Financial Officer reports directly to the Chief Executive.

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The Chief Financial Officer ensures that appropriate advice is given on all financial matters. He is responsible for keeping proper financial records and the Council maintaining an effective system of internal control.

Officer decision making at a strategic level is led by the Senior Management Team comprising the Chief Executive, Interim Chief Financial Officer and Director of Services. They meet usually on a weekly basis and addressed at each meeting is finance, policy, governance, human resource issues and performance including delivery of the priorities for the Borough.

The Council's financial management arrangements conform with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

To ensure that a constructive working relationship exists between elected Members and Officer there is an agreed protocol which governs Members and Officers working relationships.

An Annual Governance Statement promotes governance values for the Council and demonstrates the values of good governance through upholding high standards of conduct and behaviour.

To ensure Councillors and any co-opted Members of the Borough Council behave in a way that exemplifies high standards of conduct and effective governance, the Standards Committee promoted and maintained high standards of conduct. The Council Officers are likewise expected to maintain such high standards of conduct. Following changes to the standards regime a new Member Code of Conduct was approved by Council in 2012. The Council has a staff Code of Conduct that is on the Council's Intranet, in the same way as all Council policies. Regular records of advice and Code issues are kept by the Monitoring Officer. The Standards Committee oversaw the number and types of complaints dealt with through the local referrals process.

Declaring interests under the Code of Conduct is a standard item on the agenda at every committee meeting and Council and declarations are minuted by the Clerk. A legal advisor attends all Council and Committee meetings to advise on code and other issues where this is requested or otherwise considered appropriate. A Planning Code of Conduct is in place and is adhered to by members who sit on the Development Control Committee. Members and Officers comply with a Gift and Hospitality Policy. They can also be called in at any time by the Monitoring Officer.

There is an Internet page explaining how complaints can be made against Councillors. This can be done by either downloading a complaint form or making a complaint on-line. The web page also has links to the Code of Conduct within the Constitution. The confidential Monitoring Officer e-mail inbox is available to receive complaints. A register of the Council's contracts is published on the Council website. In addition, details of the Council's spend above £250 (excluding VAT) is published on a quarterly basis. Another key element of the systems in process in the Council's Governance arrangements

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are to make informed and transparent decisions which are subject to effective scrutiny in managing risk.

Underpinning the Council's financial management arrangements is a regularity framework comprising Financial Regulations, Contract Procedure Rules, annual audits of key financial systems, audits of other systems undertaken on a risk-based basis and the role of the Statutory Section 151 Officer. Other processes and procedures such as the Procurement Strategy and Risk Management Strategy are monitored on a regular basis.

An annual review and update of Financial Regulations and Contract Procedure Rules is undertaken. These reviews are led by the Chief Financial Officer and involve relevant key officers. Key financial systems have supporting procedure notes and manuals which are regularly reviewed to show they remain current.

The Risk Management strategy was reviewed in 2013 and will be reviewed bi-annually unless changes are made which require the documents to be updated in the interim. In addition, the Policy, Finance & Development Committee receive reports on risk management which enables them to monitor as appropriate.

The Monitoring Officer has processes for the review of legislative changes which feed into the annual review of the Constitution. Consultation meetings and other forms of communication between the Monitoring Officer and Senior Managers as appropriate ensures that managers can contribute to revisions for the scheme of delegation and Terms of Reference. The Annual Review of the Council's Constitution which includes all Terms of Reference and Scheme of Delegation is discussed with Members who are on the Constitutional Task Group. The Monitoring Officer retains overall responsibility for monitoring the Constitution.

The Council's policies and procedures are drawn up and regularly reviewed to ensure compliance with current legislation and regulations. Legal Services assist with updating and amending relevant policies and advice on legal implications including legislative impacts or decisions put forward in committee reports. Equalities implications are also considered as part of the committee reports. Concerns regarding non-compliance with policies, procedures, laws and regulations can be reported through the Council's anti-fraud and confidential reporting (whistle blowing) policies. Concerns raised are investigated and acted on following clearly defined guidelines.

The Whistle Blowing Policy is published on the Council's Intranet and internet to raise awareness and outlines procedures in place to staff, contractors and the public and features in the induction of new staff. The Anti-Fraud and Corruption Policies are on the Intranet and are given to all new members of staff as part of the Council's comprehensive staff induction process. The Monitoring Officer after consultation with the Chief Executive and Section 151 Officer has statutory powers to report to Council in relation to any function, any proposal, decision or omission that he/she considers would give rise to

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unlawfulness or any decision or omission that has given rise to mal-administration. Such a report would have the effect of stopping the proposal or decision being implemented until the report has been considered.

The Policy, Finance & Development Committee receives regular reports from the Council's External Auditor and Internal Audit. Where appropriate, comment is made on non-compliance with legislation that has been identified as part of a routine audit. The Chief Financial Officer has direct access to this Committee as well as to External Auditors. All members of the Policy, Finance & Development Committee have received formal training in risk management so as to allow them to appreciate the nature of risks presented to the Council through its activities. Training on Internal Audit will also be given to augment the Committee's knowledge of this function.

Another key element of the systems and processes that comprise the Council's governance arrangements is to develop the capacity and capability of Members and Officers to be effective.

The Council's appraisal process not only identifies progress and performance but also skills gaps. Any identified gaps are then addressed through an individual's personal development plan. Personal development and delivery against agreed personal objectives are monitored in ongoing one-to-one discussions. This process ensures that the Council continually has in post individuals equipped to carry out their functions with due regard to law, policy and regulation.

As part of the business planning process each service plan includes learning and development needs linked to specific actions. This ensures that the skills sets required to deliver the key priorities and actions for the Council are identified and development planned and provided.

Changes to and development of training programmes are disseminated to relevant staff and published on the Intranet and more broadly using the Council's other internal communication mechanisms.

The Council fully supports the development of Members.

Engaging with local people and other stakeholders to ensure robust public accountability is a key element of the governance framework.

The Overview & Scrutiny Committee was as are all the Council's committees held in public to take into account the views and needs of local people. The scrutiny process allows Councillors from all political parties to challenge Council policy and actions democratically and in addition consider the performance of statutory partners dealing with Crime and Disorder matters. The Overview & Scrutiny Committee having reviewed policy recommendations could make representations to Council which reflect their own findings.

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The Council's corporate business planning process includes an annual timetable of formal consultation events ensuring statutory, voluntary and business partners have the opportunity to comment on budget proposals under consideration.

The Council has given delegated authority on budget provision to three Residents Forums. These can make recommendations to the Policy, Finance & Development Committee on various projects and how the funding can be allocated. The Forum's membership is open to people who live in the three areas and it has been found to be a very good source of communication and consultation of the Council's policy initiatives.

Reviewing the effectiveness is another important element of the governance framework.

The 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 the Senior Managers within the Council who have responsibility for the development and maintenance of the governance environment. The annual report from the Council's Internal Auditors (CW Audit Services) is a key mechanism for reviewing the effectiveness of the Council's arrangements on governance. Also, comments made by External Auditors and where relevant other review agencies and inspectorates are important.

The Senior Management Team chaired by the Chief Executive reviews the Council's governance framework and control environment and is responsible for the preparation of the Annual Governance Statement.

Each Head of Service and Corporate Manager, as appropriate, is responsible for producing their own service assurance statements and developing an improvement action plan to rectify any identified governance weaknesses within their service areas. The Chief Financial Officer reviews all of these documents. The Policy, Finance & Development Committee members are informed of progress on producing this Annual Governance Statement and will review it and evaluate the robustness of the underlying assurance statements and evidence.

No cases of mal-administration were found against the Council by the Local Government Ombudsman during 2013/14.

The Policy, Finance & Development Committee has reviewed progress against the Annual Governance Statement 2012/13 action plan that was implemented in 2013/14. The Council has taken action where improvements were needed to be made in response to audit recommendations. The results of this process are summarised in the tables at the end of this Annual Governance Statement.

Constitutional Matters

The key roles and responsibilities of Council committees, elected members, the Chief Executive, Monitoring Officer and Section 151 Officer are set out in the Council's constitution scheme of delegation.

The constitution includes the Contract Procedure Rules and Financial Regulations which detail the processes and improvements required for various levels of purchase and the internal control procedures required for managing the risk across the Council. The constitution scheme of delegation, Financial Regulations and Contract Procedure Rules were extensively updated during 2013 by the Policy, Finance & Development Committee.

Code of Conduct

The standards of behaviour expected from members and officers are set out in Member/Officer Codes of Conduct. A register of members' interest is maintained and the records of interest are declared at council and committee meetings. All members are required to complete Related Party Declarations at the end of the financial year in support of the statutory financial statements. Members' allowances are examined on an annual basis and a review of the allowance scheme was undertaken in 2013/14 by an independent remuneration panel.

The Constitution, Contract Procedure Rules, Financial Regulations, Whistle Blowing Policy and the Anti-Fraud and Corruption Policy set the rules and standards within which Council business is conducted and provide the mechanism for dealing with any failures in these procedures.

Chapter 7 of the Localism Act 2011 outlines that there is no longer a statutory requirement to have a Standards Committee. However each Council has to put in place arrangements dealing with complaints and standards issues. The Standards Committee decided its' preference was to adopt a common code in collaboration with other Local Authorities in Leicestershire and Rutland and was approved by the Council in April 2012.

The Standards Committee monitored performance of members, senior officers and the Council's Committees.

Standards

Councillors have to abide by this Constitution, which includes a Code of Conduct in order to ensure high standards in the way they undertake their duties. The Council promotes excellence, probity and transparency in public services and provides training and advice for Councillors governance matters including the Code of Conduct.

The Localism Act 2011 (the Act) brought about a number of key changes to the Standards Regime operating in Local Authorities. Under the Act, Local Authorities remain under a statutory duty to promote and maintain high

standards of conduct by their Councillors. In discharging this duty, the Council is still required to adopt its own Code of Conduct (previously the content of the Code was prescribed by legislation). Oadby and Wigston Borough Council adopted the common Code of Conduct for Leicestershire Authorities which is set out in Part 5 of this Constitution together with the procedure for dealing with complaints about a Councillor's conduct.

The Act repealed the statutory requirements for the Council to have a Standards Committee. At the Council meeting on 25 February 2014 the Council agreed to disband the existing Standards Committee in view of the fundamental changes to the national Standards Regime. The Policy, Finance and Development Committee will take on the responsibility for promoting and maintaining high standards of conduct and where a panel of Councillors is required to hear a complaint this will be allocated from the membership of the Policy, Finance and Development Committee on a rotational basis; the procedure for investigations will be carried out in accordance with the process set out in Part 5 of this Constitution.

Scrutiny

Oadby and Wigston Borough Council operates a committee style arrangement and therefore is not required by law to have a separate Scrutiny Committee to support and monitor the work of the Committees and Council. At the Council meeting on 25 February 2014 it was agreed that each Committee will scrutinise its own decisions as they are being debated and made in the public arena. If necessary a Task Group may be convened by the Council to deal with any specific matter.

Corporate Plan

The Council's decision making practices are guided by the values as set out in the 2013/14 Corporate Plan which is attached as an appendix and purely consolidates in a focus document the Council's previously agreed priorities and governance arrangements.

There will be a complete review of the Corporate Plan in 2014/15, including consultation ready for and to coincide with the election of the new Council in May 2015 when it will start its term of office and set out its vision for its four year administrative period of what it wants to achieve.

Audit Committee Functions

In 2013/14 the Policy, Finance and Development Committee and Internal Audit undertook the core functions identified in CIPFA publication: Audit Committee - Practical Guidance for Local Authorities. The Committee receives reports from the internal audit service and then ask questions at each meeting and can call upon Service Heads to attend meetings as appropriate. Reports from External Auditors are also received at these meetings.

Policies, Procedures, Laws and Regulations

The Council's statutory officers are the Chief Executive, the Section 151 Officer and the Monitoring officer. They are responsible for ensuring the Council acts within the law and in accordance with established policies and procedures. No report can be presented to Council or Committee for approval without first being reviewed by these officers or their delegated representative(s). These Officers are responsible for ensuring that legislation and policy relating to service delivery, health and safety are implemented in practice.

Risk Management

The Strategic Risk Management Group is an operational management group and co-ordinate risk management arrangements across the Council. Following recommendations from Internal Audit and the Strategic Risk Management group the Council's insurers, Zurich Municipal, were engaged to update the Council's Risk Management Strategy, Procedures and Strategic Risk Register.

Risk management workshops are held on a regular basis with Members and Senior Management to provide training on risk management and to identify the key risks facing the Council's objectives. A revised Risk Management Strategy, Strategic Risk Register and further development plan were presented to Committee in October 2013. Further work will be performed in 2014/15 informed by the development plan to further embed the appropriate processes, procedures and culture within the authority.

During 2013/14 the Strategic Risk Register was reported quarterly to the Committee. This register identified major risks and commented on their likelihood and impact on the Council's objectives. Each risk is allocated a responsible officer who is responsible for identifying an action plan and provides an update on residual risk for each quarter. Risk management is embedded in processes such as Capital Appraisals and Service Development Plans.

Whistle blowing and Complaints

The Council's Whistle Blowing Policy is available to all employees and those contracting with the Council. A corporate complaints procedure is in place which includes staged levels of escalation depending on the seriousness of the complaint.

Training and Development

An induction programme is provided for all new Members and Officers. Member training is provided. A Member training programme exists throughout the Leicestershire & Rutland Improvement Partnership. In-house training is provided for Members which includes covering significant changes in Council business such as new legislation.

The skills and resources required by Statutory Officers are set out in Person Specifications. Rigorous recruitment processes are followed to appoint these key posts. Responsibilities are reinforced through the Council's Constitution and development needs identified through employee development interviews.

Communication and Consultation

Local people and stakeholders are engaged through the community strategy, resident forums, youth, senior citizens and multi-cultural groups. A programme of meetings is in place for these groups with agendas largely being set in conjunction with residents and other stakeholders. A number of public consultations have taken place in year on pertinent issues including Open Spaces, Blaby Road Park and residents of Boulter Crescent.

All meetings are held in public. There is a high level of interest in matters considered at the three Resident Forum meetings as evidenced by the high level of attendance. Minutes are produced of all meetings with action lists of issues raised to be reported back to the next meeting.

The Council communicates to residents through the Letterbox Newsletter which is circulated to all residents each quarter. Key documents such as the Corporate Plan, Statutory Accounts and Council Budget Book are published setting out achievements, performance and planned activity. Regular staff communication is achieved through the staff and management notice boards and regular briefings held by the Senior Management Team.

Partnerships

The Council aims to fully exploit the opportunities for partnership working to ensure joined up service delivery and efficiency savings. Key partnerships involving the Council include the Community Safety and Crime and Disorder reduction partnerships for Oadby and Wigston. At County level the Council is involved in Leicestershire Together and works with other public sector providers to improve the wellbeing of residents of Leicestershire.

From an operational perspective the Council continues to pursue opportunities for joint work with other Councils. Some joint arrangements however have been terminated as they did not prove as effective as when they were originally introduced.

Review of Effectiveness

The 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 the effectiveness is informed by the work of the Senior Management Team and the results of the work of Internal Audit/External Audit and comments received from other review agencies/review inspectorates. The sections below set out how the Governance Framework

has been maintained and reviewed up to the date of the approval of the Statement of Accounts.

A review of the Council's Governance structure was presented to the Policy, Finance & Development Committee during 2013 and included a number of suggested amendments to the current organisation. These changes were partly implemented during 2013 with the remaining changes to be completed during 2014.

Current Governance Structure

Oadby and Wigston has retained a Committee system. The vast majority of Councils operating use a cabinet system where a small group of councillors have been given the power to make the majority of decisions on behalf of all other councillors.

The benefits of the Committee system are that all councillors sit on a range of Committees and every member has a vote that counts every time. This is the cornerstone on which this Council is built in order that councillors do not feel marginalised from decision making. All decisions are debated and made during open committee in full public view. All Councillors and constituents can hear the full debate including the views of Ward councillors, only urgent decisions are delegated to the Chair/Vice Chair which are then reported back to the full Committees at the earliest opportunity so all members are engaged. In addition to the statutory requirement to have a separate Council and distinct Development Control and Licensing Committees, the Council has two main Committees:

- The Policy, Finance and Development Committee which has overall responsibility for setting the long term aims of the Council and moving it forward in line with these objectives.
- The Service Delivery Committee which has the direct responsibility for the day-to-date operation of all services.

The Council's principal Committees have considered the following key areas in 2013/14.

Council

- Budget proposals and budget monitoring
- Council Tax Base
- Council Tax Setting
- Council Tax Support
- Evolving Council Governance
- Delegated reports from Forums and Committees
- Equality and Diversity
- Voluntary Sector Funding
- Licensing Policy
- Pay Policy

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- Members Allowances
- Members' Code of Conduct
- Constitutional Review (Including Contract Procedure Rules and Financial Regulations)

Policy Finance and Development Committee

- Individual internal audit reports and the annual report and plan
- Reports from the external auditor including annual plan and report on the Statement of Accounts
- Budgetary Control and financial updates
- Treasury Management and Prudential Indicators
- Welfare Reform and Council Tax Support
- Pooling of Non Domestic Rates
- Risk management reports and strategy
- Procurement Strategy
- Updating of Council policies and Strategies
- Medium Term Financial Strategy and Housing Business Plan and regular updates
- Review of Financial Regulations
- Leisure Procurement and Strategy

Service Delivery Committee

- Greening the Borough
- Tenants Charter
- Choice Based Lettings
- Refuse and Recycling Operations
- Housing Business Plan
- Council Tax Support and Welfare Reform
- Disabled Facilities Grant
- Service Charters

Senior Management Team

The Senior Management Team consisting of the Chief Executive, Director of Services and Chief Financial Officer are responsible for ensuring proper standards of internal control within the Council. At the end of each financial year Heads of Service complete a declaration to confirm that they have reviewed the systems within their areas of responsibility and have identified all areas where improvements are necessary.

Officer Governance arrangements were reviewed during 2013 and a new structure was developed and implemented during 2013/14.

External Audit

The Council's external auditors are KPMG.

The external auditors review the Council's arrangements for:

- Preparing accounts and compliance with statutory and other relevant requirements
- Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
- Managing performance to secure economy, efficiency and effectiveness in the use of resources.

The Council has taken action where appropriate to respond to external audit recommendations.

Internal Audit

Internal audit is responsible for the review of the systems of internal control and for giving an opinion on both corporate and service specific standards. From May 2012 following a competitive tender exercise the Coventry and Warwickshire Audit Services (CWAS) were awarded the internal audit contract.

The annual audit plan for 2013/14 has been completed apart from a few minor audits which were agreed by Senior Management Team to be deferred until 2014/15. Details of the findings for each individual audit have been reported to the Council's Senior Management Team and then to the Policy, Finance and Development Committee.

The Chief Financial Officer/Section 151 Officer reviewed the effectiveness of internal audit through the quality of recommendations and audit reports and subsequent comments made by the Committee on audit findings. The Annual Audit Plan for 2013/14 was approved by the Policy, Finance and Development Committee in March 2013.

The Internal Audit Report for 2013/14 provided a year end opinion on the Council's internal control framework. The report stated that "The overall opinion is that significant assurance can be given that there is generally a sound system of internal control designed to meet the organisation's objectives and that controls have generally been applied consistently."

The basis for forming the internal audit opinion is as follows:

- An initial assessment of the design and operation of the underpinning risk management framework and supporting processes
- An assessment of the range of individual opinions arising from risk based audit assessments contained within internal audit risk based plans that have been reported throughout the year. This assessment

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has taken account of the relative materiality of these areas of the management's progress in respect of addressing control weaknesses

- Any reliance that has been placed on third party assurances.

During the course of the year Internal Audit undertook work to provide assurance over financial governance and operational systems:

- During the year Internal Audit undertook reviews of the Council's core financial systems (including financial management including ledger and financial transactions) and gave full or significant assurance with regard to the management of risk in these areas
- Internal Audit also undertook work on areas of principal risk. In general internal audit were able to conclude that these systems are robust and operating in good controlled environments.

It is the view of Internal Audit taking an account of the respective levels of assurance provided for each audit review, an assessment of the relevant weighting of each individual assignment and the extent to which agreed actions have been implemented that the Council generally has sound systems of internal control.

However Internal Audit highlighted some significant control issues in the following area which needs to be disclosed in the Annual Governance Statement:

- Housing Responsive Repairs

Management requested that Internal Audit carry out reviews on this area to inform and advice a service improvement plan. Internal Audit identified a range of areas, some of these in Internal Audit's view being high risk issues in which improvement and control were needed and provided limited assurance as our overall assurance opinion. Management put in place the improvement plan which reflected these matters and Internal Audit were requested to carry out re-visit audits to assess the level of progress and the implementation of the actions agreed by management. These re-visits formed part of internal audit's work during April and May 2013. However, progress was still limited and Internal Audit undertook a further follow-up audit during February and March 2014. Most of the recommendations have now been completed or are near completion, although some audit recommendations have still not been fully implemented. These are shown in the table at the end of this Statement. Gas Safety performance at the time of writing this report is as follows:-

We are now in a position of being 100% compliant and this compares very well to a period earlier in the year when the work was happening very close to the expiry date of the old certificate.

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Significant Governance Issues

The results of this process have been summarised below:

Significant Control Issue	Sources	Action Plan
<u>Prior Year Follow Up Actions</u>		
<u>Housing Repairs</u> <u>Housing Repairs Contractors</u> Management should review the use of existing contractors and consider market testing to ensure that it is getting value for money from their services	Internal Audit Report 2012/13	<u>December 2014</u> All these contractors have at some point been approved within the Council's systems to join this list and be put on Orchard. The current team has widened use within the list and made limited (mainly specialist) additions. It has also removed contractors who have gone out of business.
<u>Housing Repairs</u> <u>Tenders/Quotations</u> Consideration should be given to setting up a list of approved contractors from which tenders/quotations can be obtained	Internal Audit Report 2012/13	<u>December 2014</u> Partly implemented.
<u>Housing Repairs</u> <u>Gas Safety Performance and Contract Management</u> Management should ensure that robust performance and contract management arrangements are put into place for the gas servicing contract with Lovells. The level of service, compliance with contractual conditions and overall costs should all be monitored as part of these.	Internal Audit Report 2012/13	<u>End April 2014</u> At the meeting Lovell's acknowledged a high proportion of the services were being completed anything from a few days to a month late. They also acknowledged that there was a large spike in the number of services due in April tailing off a bit in May before numbers then become much lower over the summer. They committed to increase resources and number of services complemented per operative per day to get back on track by the end of April.
<u>Housing Repairs</u> <u>Gas Safety - No Access Letters</u> Management should ensure that evidence is retained on file of all attempts made to notify the tenant of access being required in order to undertake a gas safety	Internal Audit Report 2012/13	<u>April 2014</u> The spreadsheet will be completed fully from 1 April 2014 and procedures followed more closely once all teams up to full strength.

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<p>inspection. In addition adequate cover should be in place to deal with the daily information sent by the contractor in relation to properties where access cannot be made.</p>		
<p><u>Housing Repairs</u> <u>Gas Safety Testing</u></p> <p>(a) Management should ensure that adequate contract and performance monitoring arrangements are in place over the gas safety contract with Lovells.</p> <p>(b) Where access has not been possible, the housing officers should escalate attempts to access properties in line with Council procedures.</p> <p>(c) The gas safety administrator should advise housing officers of any changes on a weekly basis.</p>	<p>Internal Audit Report 2012/13</p>	<p><u>End April 2014</u></p> <p>The spreadsheet will be completed fully from 1 April 2014 and procedures followed more closely once all teams up to full strength.</p>
<p><u>Housing void property management housing options and allocation</u></p>	<p>Outturn Report Service Assurance Statement</p>	<p>Management has satisfactorily inspected agreed sections of Internal Audit's documentation and Audit no longer consider that significant issues remain. All actions implemented.</p>



Mark Hall
Chief Executive



John W. Boyce
Leader of the Council

Date: 23 September 2014