

**PREPARING THE  
ANNUAL GOVERNANCE STATEMENT  
(Report by the Assistant Director (Finance & Resources))**

**1. Purpose**

- 1.1 To note the action taken to review the Code of Corporate Governance and comment upon the significant issues to be included in the annual governance statement in respect of the year ending 31 March 2013.

**2. Code of Corporate Governance**

- 2.1 An informal meeting of the Panel was held on 1 July. It was attended by Councillors Churchill, Harlock, Mitchell and West who considered the Council's current position against the requirements and supporting principles of the Code of Corporate Governance.
- 2.2 When considering the current position, the following items were noted:
- 1 The themes and aims of the Leadership Direction were not sufficiently evident in service delivery plans or performance measures or employees performance targets. There was a lack of any meaningful performance measures being reported to Members, other than in respect of financial matters.
  - 2 The Council's Consultation and Engagement Strategy is currently being reviewed by an Overview & Scrutiny Panel working group, and is anticipated to be tabled to Overview & Scrutiny Panels and Cabinet later in the year. It is understood that the Strategy will deal with the 'how to' elements of consultation of engagement, and not the 'when to'. It was considered that the strategy should cover both issues.
  - 3 Customer surveys had been carried out in the previous year in a number of service areas. Concerns were expressed that two of the largest customer facing services – planning and household waste collection – had not undertaken any surveys. How was the quality of service measured in these two areas?
  - 4 The Internal Audit Manager had not undertaken a self-assessment against the CIPFA publication "Role of the Head of Internal Audit". It was agreed that the report the Panel received in May on internal audit effectiveness against the Public Sector Internal Audit Standards was sufficiently challenging. They noted that an independent external review of internal audit was planned during 2013/14.

- 5 Whilst progress had been made in improving financial competences of budget holders, the financial position of the Council meant that there had to be ever improving accuracy in budgetary control. This would allow financial savings to be identified earlier in the financial year.
- 6 The Corporate Team Manager was identified as the Lead Officer for a number of the supporting principles. This position was established in 2011, yet the Panel were unclear as to the overall role and responsibilities of the Corporate Team Manager and the impact of the corporate team on the Council's governance arrangements.

The Managing Director intends to review operational structures and the role of the Corporate Team will be included in that review.

- 7 Prior to finalising any out-sourcing of services, the Corporate Governance Panel to be informed of the governance arrangements that are to be introduced and the procedures for obtaining assurance required to support statements included in the annual governance statement.
- 8 The Council does not publish one document that contains information relating to its overall governance, performance (delivery against the Leadership Direction, strategic plans or finances), achievements or satisfaction of service users. The public and service users should not be required to have to search the Council's website for this information. Consideration should be given to publishing an annual report.

2.3 Following further discussion of the matters listed above, it was felt that items 1, 5 and 8 were significant enough to be included in the annual governance statement.

2.4 The meeting also felt that the supporting principle to the Code that dealt with the use of resources and excellent value for money could not be supported at the present time. Whilst it was a laudable aim, providing excellent value for money was difficult to achieve when service levels were having to be reduced. The requirement to provide 'excellent' value for money should be deleted from the Code and replaced with 'good'. Good value for money is defined by the National Audit Office as the "optimal use of resources to achieve the intended outcomes".

### **3. Other Significant issues identified throughout the year**

3.1 Issues of concern that had been discussed by the Panel during the year were also considered. It was felt that the following items were significant enough to be included in the annual governance statement.

- i. The corporate guide to managing projects be reviewed, approved by Chief Officers Management Team and adopted (Panel meeting 25 September 2012).

- ii. The Overview & Scrutiny Panel's effectiveness review highlighted the lack of opportunity to directly engage with the public. (Panel meeting 22 May 2013).

#### **4. Annual Governance Statement**

- 4.1 The basis of the annual governance statement has been discussed at the Chief Officers' Management Team and an initial draft is under preparation. This will be influenced by the annual opinion of the Internal Audit Manager and any other issues arising from this meeting's agenda.
- 4.2 It is proposed that the draft statement will be circulated to the Panel and the external auditor by the 9 August followed shortly afterwards by an informal meeting of the Panel at which they have the opportunity to review and comment upon the statement. This will allow the final statement to be presented to the Panel in September that reflects their comments.

#### **5. Recommendation**

- 5.1 It is recommended that the Panel:
  - a. Consider whether the following governance issues should be recorded as being 'significant' in the annual governance statement
    - i. Develop the themes and aims in the Leadership Direction through service plans and performance measures
    - ii. Improving budgetary control
    - iii. Reinvigorate engagement with stakeholders
    - iv. Introduce a project management methodology
    - v. Prepare an annual report for the 2013/14 financial year
  - b. Approve the replacement of the word 'excellent' with 'good' in the supporting principle "Ensure that the Council makes best use of resources and that tax payers and service users receive ~~excellent~~ good value for money".

**ACCESS TO INFORMATION ACT 1985**  
Code of Corporate Governance

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