

## **ANNUAL GOVERNANCE STATEMENT 2012/13**

### **1. SCOPE OF RESPONSIBILITY**

East Cambridgeshire District 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, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Council has approved and adopted a Local 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 Council's Code can be obtained from our website. This statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit (England) Regulations 2011, Regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

### **2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

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 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, to evaluate the likelihood and impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2013 and up to the date of approval of the 2012/13 Statement of Accounts.

### **3. THE GOVERNANCE FRAMEWORK**

The Council has a responsibility for ensuring that a sound system of governance is in place to meet statutory requirements for public authorities to adhere to proper practices in reviewing the effectiveness of their system of internal control, and preparing a Statement on Internal Control. The governance statement meets that requirement and sets out brief details of the arrangements the Council has in place regarding the key systems and

processes comprising the Council's governance framework. This forms part of the Council's overall assurance framework, which incorporates the Local Code of Corporate Governance adopted by the Council, covering the six core principles and accompanying supporting principles contained in the CIPFA/SOLACE Framework for delivering good governance in local government. The following paragraphs describe the key elements of the systems and processes that comprise our governance arrangements.

Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area.

- Two Corporate Objectives were agreed by the Annual Council meeting in May 2012. The first objective reiterates the importance of the Council achieving a balanced budget with the appropriate level of reserves to deal with uncertainties of the future. The second objective sets out the Council's priorities to achieve growth and jobs, and making improvements in the quality of life and the environment for those living, working and visiting the District. A suite of 12 key corporate priorities, linked to the Corporate Objectives were also agreed and monitored during the year. Performance against these priorities was reported to Scrutiny Committee in April 2013.
- There Council published its annual accounts as required under the Accounts & Audit Regulations 2011 for the Council to publish its annual accounts. The format follows the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) as set out in its Code of Practice on Local Authority Accounting in the United Kingdom. Financial statements are prepared using the International Financial Reporting Standards (IFRS), which brings benefits in consistency and comparability between financial reports across the whole economy, and follows best practice in the private sector.
- The Council has continued its programme of comprehensive service reviews. The reviews during the financial year 2012/13 included Customer Services and Discretionary Rate Relief.

Members and officers working together to achieve a common purpose, with clearly defined functions and roles.

- As the Head of Paid Service, our Chief Executive leads the officers and chairs the Council's Management Team. The Monitoring Officer and S151 Officer report to the Deputy Chief Executive and are both members of the Management Team.
- Regular meetings are held between the Leader of the Council and Chief Executive in order to maintain a shared understanding of roles and objectives.
- The Council has developed appropriate protocols to ensure that there is effective communication between members and officers.
- There is a scheme of delegation in place for officers and members and this is included within our Constitution.

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- The Council has established a robust financial planning process which includes a Medium Term Financial Strategy, monthly budget monitoring reports to Heads of Service and other budget holders, quarterly budget monitoring reports to policy committees and regular financial reporting to Management Team.
- The Council ensures compliance with established policies, procedures, laws and regulations through a number of channels. The Chief Executive is responsible and accountable to the Council for all aspects of operational management. The Head of Finance is responsible for ensuring that appropriate advice is given on financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal control. The Head of Legal & Democratic Services is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.
- The Council has in place an Anti-Fraud & Corruption Strategy which specifies the process by which allegations will be investigated and reported. Our Whistle-Blowing Policy covers the arrangements for staff to report concerns anonymously. The Council's Complaints Scheme and how to complain to the Ombudsman are included within the Constitution. The Council has a dedicated resource in place to manage the complaints process.

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

- The Council has adopted a Constitution. This sets out how the Council operates, how decisions are taken and the procedures which should be followed.
- The Council revised its committee structure during the year to make the decision making process more effective. Meetings are open to the public except where there are confidential matters to discuss.
- The Council has in place a Risk Management Strategy. The Chief Executive has overall responsibility for the management of corporate risks. The Principal Auditor maintains the operational risk register but individual officers are responsible for managing the risks.
- The Principal Auditor reports in his own name and includes in the Annual Audit Report and Opinion an executive summary of any audit reviews where a limited or no assurance opinion is given. As the Principal Auditor has not attained a full recognised qualification, the Council is required to publically state this in the Annual Governance Statement. The post holder does however have considerable internal audit experience at manager level.

#### Developing the capacity and capability of members and officers to be effective.

- There is a member induction and training programme in place. Members are also required to undertake specific training before performing certain duties such as planning and licensing. Additional member seminars are also arranged throughout the year to deal with specific issues as they arise.
- There is an induction programme for all new employees, which consists of a mix of one-to-one meetings covering specific aspects of employment and group meetings that deal with more common areas including Health & Safety, Data Protection, Freedom of Information.
- All officer posts within the Council have a detailed job description and person specification.
- The development needs of officers are determined through an annual performance appraisal, a key outcome of which is a Personal Development Plan, with any professional training requirements identified being submitted to the Council's Management Team for consideration and approval.
- The Head of Finance, the Council's S151 Officer is a qualified accountant with suitable experience and is supported by a team of appropriately qualified staff.

#### Engaging with local people and other stakeholders to ensure robust public accountability.

- There is public access to all Committee meetings except where items for discussion are of a confidential nature. The Council is committed to ensuring that members of the public are involved in the decision making process. There are specific schemes in place to allow members of the public to speak at both Planning and Licensing Committee meetings, and the Council has also issued general guidance on public question time at other meetings. All meeting agendas, minutes and decision lists are published on the Council's website.
- Through five Neighbourhood Panels across the District, the Council. Together with other key service providers, works to ensure that the community can have a say in how services are delivered. Each Panel is made up of Parish, District and County Councillors along with community representatives invited to become panel members. Members of the public are also welcome to attend meetings and raise their own local issues.
- The Council undertakes regular consultation exercises, ranging from small focus groups of customers to large scale questionnaires and face-to-face surveys. As part of the councils work on equalities, a Consultation Register is held which gives individuals, community groups and associations the opportunity to consider new or revised policies, strategies or functions and to express their opinions, concerns and make suggestions. To encourage as wide a participation as possible, an invitation

for further individuals to join the register is included in the Equality & Diversity section of the Council's website.

- Regular media releases are used as a means of keeping residents of the District informed of current and upcoming issues and Council decisions. The Council endeavours to ensure that all communications with the public are accessible to all by providing a translation service, large print and Braille.
- In April 2012 a new web-based community engagement tool called 'ShapeYourPlace' was launched in the District. This allows local people to start and join in conversations about how they can improve their local area. In the first year of operating ShapeYourPlace has engaged with 9,675 members of the public who visited the five sites covering the District over 24,000 times. Looking forward ShapeYourPlace, along with other engagements tools, will be crucial to engage with our communities in order to deliver our corporate objectives and priorities.
- In terms of transparency, the Council publishes on its website details of all staff earning above £50,000 in our Statement of Accounts, details of expenditure over £500 and our Pay Policy Statement.

#### **4. 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 effectiveness is informed by the work of senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Internal Audit Annual Report and Opinion, and also by comments made by the external auditors and other review agencies and inspectorates.

The process for reviewing the effectiveness includes:-

- The Council's financial management arrangements conform to the legislative and professional requirements of the CIPFA Statement on "The role of the Chief Financial Officer in Local Government 2010".
- The Monitoring Officer reviews the operation of the Council's Constitution to ensure that its aims and principles are adequate.
- The Council operated a Scrutiny Committee during the financial year 2012/13, providing a strategic overview of decisions made, or to be made, so that it can make suitable recommendations to enhance the decision-making process and assist policy development.
- The Finance & Governance Committee has overseen the audit functions for the Council and corporate governance arrangements including risk management. Amongst other things it also reviews the Medium Term Financial Strategy and Annual Statement of Accounts.

- A Finance & Governance Hearings Sub-Committee considers complaints against Councillors where there is an allegation that the Councillor has failed, or may have failed, to comply with their Code of Conduct.
- The Council's Management Team is responsible for the delivery of the overall planning, performance and direction of the Council. The Management Team consists of the Chief Executive, Deputy Chief Executive and all Heads of Service. Management Team meetings are usually held every two weeks.
- The Council's external auditor published its Annual Governance report for the financial year 2011/12 by 30<sup>th</sup> September 2012, which contained the opinion on the accounting statements and value for money conclusion. The Annual Audit Letter was issued in November 2012 summarising the findings from the 2011/12 audit.
- Internal Audit is responsible for monitoring and reporting on the effectiveness of systems of internal control. It is managed by the Principal Auditor who reports to the Head of Finance (the Council's Section 151 Officer). At the completion of each audit a report is produced for management detailing the work undertaken. Recommendations are made to improve controls and they are given a priority rating ranging from High down to Low according to the significance of the weakness identified. Internal Audit is required to comply with the Public Sector Internal Audit Standards from 1<sup>st</sup> April 2013.
- The overall opinion on internal control is reported to the Finance & Governance Committee in the Internal Audit Annual Report each year. The opinion for the financial year 2012/13 is that there is "significant assurance that the systems of internal control within the areas examined were operating satisfactorily".

## **5. SIGNIFICANT GOVERNANCE ISSUES**

### Review of significant governance issues raised in 2011/12

The approved Annual Governance Statement for the financial year 2011/12 identified three significant governance issues and the following action has been taken to address them.

- Fees & Charges – the recommendations contained in the Internal Audit Report have been implemented. A Fees & Charges Register was presented for approval by Full Council alongside the 2012/13 budget.
- Contract Procedure Rules – see significant governance issues 2012/13 below.
- Housing Benefit – Bed & Breakfast Claimants – the action plan to address the issues raised in this audit report were superseded by the wider review of the Homelessness service undertaken during the financial year 2012/13.

## Significant governance issues 2012/13

We have been advised on the results of the review of the effectiveness of the governance framework, and plan to address the following weaknesses and ensure continuous improvement of the system in place.

### **Internal Audit Reports**

The following Internal Audit reports issued during the financial year 2012/13 resulted in either a Limited or No Assurance opinion being issued.

- Housing Services (Homelessness) – No Assurance

This review looked in detail at the financial controls and procedures in place covering the administration of the homelessness service. The key findings from the review included:-

- the need to review both the staffing structure and working practices
- a lack of any agreed policies for charging clients for bed & breakfast accommodation and removal & storage expenses
- a lack of monitoring and supervisory controls
- non compliance with Contract Procedure Rules

- Contract Procedure Rules – Limited Assurance

This review tested compliance with Contract Procedure Rules. The key findings from the review were as follows:-

- procurement training had not been provided to all key staff
- documentary evidence was not provided in all cases reviewed
- instances were identified where multiple payments of a similar nature had been made to suppliers where the aggregate value had put them over the threshold where formal quotations were necessary

In both cases an action plan has been agreed and the recommendations contained in the reports are in the process of being implemented. Further detail is included within the Internal Audit Annual Report for the financial year 2012/13. Follow up reviews will be completed during the coming financial year and progress on the implementation of recommendations reported.

We propose over the coming financial year to take steps to address the above matters to further enhance 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.

J Hill  
Chief Executive  
Date :

J Palmer  
Leader of Council  
Date :