

**EVIDENCE IN SUPPORT OF THE ANNUAL GOVERNANCE STATEMENT**

**Establishing principal statutory obligations and organisational objectives**

<b>Mechanism established to identify principal statutory obligations</b>	
<b>Examples of assurance:</b>	<b>Evidenced by:</b>
Responsibilities for statutory obligations are formally established	Set out in the Constitution, including Scheme of Delegations and Terms of Reference
Record held of statutory obligations	Constitution on website. Operational documentation on intranet.
Effective procedures to identify, evaluate, communicate, implement, comply with and monitor legislative change exist and are used	Head of Legal and Democratic Services is a qualified and experienced solicitor. She and 4 other members of the legal team have current practising certificates. Head of Legal & Democratic Services attends Council and is a member of CMB. All reports to Members are reviewed for legal implications. CMB receive periodic updates on significant pending legal issues. Reports to Members arising from new legislation.
Effective action is taken where areas of non-compliance are found in either mechanism or legislation	HR training for managers reflects points from Employment Tribunals

<b>Mechanism in place to establish organisational objectives</b>	
<b>Examples of assurance:</b>	<b>Evidenced by:</b>
Consultation with stakeholders on priorities and objectives	Annual public survey, using citizens' panel. Formal consultation plan in place for Local Development Framework. Specific project consultation as required e.g. surveys and interviews re Homelessness Strategy.
The authority's priorities and organisational objectives have been agreed (taking into account feedback from consultation).	Set out in Corporate Plan. Based on public consultation and agreed with other Local Strategic Partnership members
Priorities and objectives are aligned to principal statutory obligations and relate to available funding	Corporate Plan reflects priorities. Revenue growth and capital funding directed to priorities. Medium-term financial plan in place and links to Corporate Plan.

<b>Examples of assurance:</b>	<b>Evidenced by:</b>
Objectives are reflected in departmental plans and are clearly matched with associated budgets	Service plans reflect Corporate plan. Guidance issued by Strategic Services to ensure consistency and quality assurance and workshops held to develop service plans.
The authority's objectives are clearly communicated to staff and to all stakeholders, including partners.	Through "Wat's Up" for staff, Members' Bulletin for councillors, "About Watford" for public. The Annual Report publicises outcomes. Corporate Plan on website and on intranet. Key priorities poster.

<b>Effective corporate governance arrangements are embedded within the authority</b>	
<b>Examples of assurance:</b>	<b>Evidenced by:</b>
Code of corporate governance established	Approved in 2003.
Review and monitoring arrangements in place	Reviewed as part of AGS reporting
Committee charged with governance responsibilities	Standards Committee for issues of Member conduct. Audit Committee for other aspects.
Governance training provided to key officers and all members	Training provided for new members. Specific training re planning issues and on Member code of conduct. Officer training through induction and based on identified needs.
Staff, public and other stakeholder awareness of corporate governance	Specific items on website and intranet. Covered as part of induction for new staff.

<b>Performance management arrangements are in place</b>	
<b>Examples of assurance:</b>	<b>Evidenced by:</b>
Comprehensive and effective performance management systems operate routinely	Progress on corporate plan and Best Value Performance Indicators reported to Members (Scrutiny and Portfolio Holders) quarterly. Strategic Services lead corporately to ensure consistency and promote improvement Budget monitoring regularly reported to Cabinet and Budget Panel Members.

<b>Examples of assurance:</b>	<b>Evidenced by:</b>
Key performance indicators are established and monitored	Key Indicators shown in Corporate Plan and monitoring reports. Local Performance Indicators included in service plans and monitored quarterly by Portfolio Holders. CMB monitor selected indicators.
The authority knows how well it is performing against its planned outcomes	Performance Monitoring reports show trends and whether targets are being met. Internal Audit review year end calculations to ensure robust compliance with external guidance. Improvement Plan validated by CPA re-assessment as "good". Budget Monitoring forecasts expected out-turn and reports on significant variances but some significant variances not identified in a timely manner.
Knowledge of absolute and relative performances achieved is used to support decisions that drive improvements in outcomes	Local performance indicators and national quartiles for BVPIs are used to determine improvement targets. Some use of other benchmarking e.g. on waste with other Herts districts, Use of Resources scores compared with other Herts districts and national results.
The authority continuously improves its performance management	Scrutiny more targeted in seeking improvements. Quarterly reviews by Portfolio Holders now include budget, project and complaints monitoring. Audit Commission Annual Audit Letter says Watford is ranked 6 <sup>th</sup> out of 388 councils for improvement last year.

### **Implementing the Core Principles of Good Governance under the new Framework**

<b>Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area</b>	
<b>The code should reflect the requirements for local authorities to:</b>	<b>Source documents/good practice/other means that may be used to demonstrate compliance</b>
Develop and promote the authority's	Code includes commitment to

purpose and vision	leadership, consultation, working with partners and taking an ambassadorial role for the good of the community
Review on a regular basis the authority's vision for the local area and its impact on the authority's governance arrangements	Scrutiny report leading to replacement of Area Committees by Neighbourhood Forums.
Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties	Work with Local Strategic Partnership led to alignment of Council objectives with those of wider community.
Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance (not police service)	Published in About Watford and on website.
Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available	Reflected in Corporate and Service Plans through specific targets.
Put in place effective arrangements to identify and deal with failure in service delivery	Annual satisfaction surveys inform future plans. Corporate complaints process in place.
Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions.	Corporate plan sets overall value for money objectives. Value for Money Strategy approved by Cabinet June 2008. Environmental issues addressed in Procurement Strategy and Carbon Management Plan.

<b>Members and officers working together to achieve a common purpose with clearly defined functions and roles</b>	
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Source documents/good practice/other means that maybe used to demonstrate compliance</b>
Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach towards putting this into practice	Set out in Constitution. Record kept of delegated key decisions and supporting materials

Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers	Set out in the Constitution, in officers' job descriptions and in Ward Councillor role description
Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required	Set out in the Constitution. Any specific delegations are approved by Cabinet or Committee with relevant powers and recorded in the minutes.
Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management <sup>6</sup>	Role of Managing Director
Develop protocols to ensure that the leader and chief executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained	Well-established as Mayor and Managing Director have both been in place for several year. Regular meetings are held and effective political and managerial leadership has been recognised by the Audit Commission
Make a senior officer responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control	Director of Finance has the statutory responsibility. Financial implications included in corporate report format. Internal Audit report to Director of Finance.
Make a senior officer (other than the Responsible Financial Officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations are complied with	Head of Legal and Democratic Services is the Monitoring Officer. Legal implications included in corporate report format.
Develop protocols to ensure effective communication between members and officers in their respective roles	Member/officer protocol included in Constitution
Set out the terms and conditions for remuneration of members and officers and an effective structure for	Members' allowances subject to advice from independent remuneration panel and approved

managing the process including an effective remuneration panel	annually by Council. Senior officers subject to JNC conditions, with pay scales determined by Members locally. Other staff subject to NJC Conditions, national pay arrangements and job evaluation scheme
Ensure that effective mechanisms exist to monitor service delivery	Performance management arrangements, complaints system, annual survey, feedback from Members, feedback from user groups
Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated	Community plan developed with public involvement. Corporate plan is based on Community plan. About Watford widely distributed, plus information on website. In 2007, county-wide consultations on Sustainable Community Strategy have informed new Local Area Agreement.
When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority	Formal agreements in place for key partnerships.
When working in partnership: - ensure that there is clarity about the legal status of the partnership - ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.	Toolkit being developed to try and ensure all aspects of good practice are covered.

<b>Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</b>	
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Source documents/good practice/other means that may be used to demonstrate compliance</b>
Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect	Decisions are made in meetings open to the public, with minimum use made of confidentiality provisions. Non-Cabinet Members routinely attend Cabinet and are able to ask

	questions.
Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols	Codes of conduct and specific policies for staff set out required standards. Performance and development appraisal in place for officers. Disciplinary process in place.
Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice	Codes of conduct and procedure rules. Registers of interest, gifts and hospitality Whistle-blowing procedure
Develop and maintain shared values including leadership values both for the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners	Codes of conduct Organisational values developed in consultation with staff
Put in place arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice	Codes of conduct Training for officers and Members
Develop and maintain an effective standards committee	Terms of Reference set out in Constitution. Independent Chair. Training on new requirements provided. Membership increased to accommodate investigation requirements.
Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority	Key issues covered by implications sections in corporate report format. Major reports reviewed by senior officers and Portfolio Holders for consistency with key priorities.

<b>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</b>	
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Source documents/good practice/other means that may be used to demonstrate compliance</b>

Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the organisation's performance overall and of any organisation for which it is responsible.	Scrutiny is subject to ongoing review, with annual report to Council and annual survey. Budget Panel being extended to year-round process. Reports to Cabinet generally received positively and implemented.
Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based	Draft minutes circulated for comment before finalisation. Published on website.
Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice	Codes of Conduct Register of gifts and hospitality Procedure rules
Develop and maintain an effective audit committee which is independent	Terms of reference set out role No portfolio holders on committee
Put in place effective transparent and accessible arrangements for dealing with complaints	Complaints procedure. Dissatisfied customers referred to Ombudsman.
Ensure that those making decisions whether for the authority or partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.	Major reports reviewed by CMB. Specialist officers give relevant advice on key implications. Corporate report template includes advice to report authors Report-writing training if required
Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately	Financial comments written by finance staff, legal comments by legal staff and included in written reports.
Ensure that risk management is embedded into the culture of the organisation, with members and managers at all levels recognising that risk management is part of their job	Risk Management Strategy includes role of Members. Potential risks included in reports to Cabinet and Committees.
Ensure that arrangements are in place for whistle blowing to which staff and all those contracting with the authority have access	Whistle-blowing policy in place and available to staff on the intranet and public on website.



Actively recognise the limits of lawful activity placed on them by, for example the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities	Constitution (where appropriate) Monitoring officer advice New legislation implemented correctly e.g. licensing Members given specific training on planning decision-making External advice sought when needed
Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law	Legal advice given in writing in reports. Legal officers attend Council, Cabinet and Development Control Committee
Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice into their procedures and decision making processes.	The key evidence for this is that legal challenges are rare. Where the Council is found to have erred, lessons are learned for the future.

<b>Developing the capacity and capability of members and officers to be effective</b>	
<b>The local code should reflect the requirements for local authorities to:</b>	<b>Source documents/good practice/other means that may be used to demonstrate compliance</b>
Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis	Induction for new Members, now followed by individual training and development programmes. Induction for officers is less tailored and has not always been delivered in a timely manner. Subsequent training needs are identified as part of the appraisal process, together with programmes designed to meet council-wide requirements.
Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the organisation	Relevant staff have appropriate skills, experience and qualifications. Monitoring officer and Chief Finance Officer are required to undertake Continuing Professional Development by their professional bodies. Staffing structures take account of requirement to support the statutory roles.

<p>Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively</p>	<p>Staff covered by appraisal process, which includes identification of learning and development needs. Member approach to training to be assessed during 2008 against Member Development Charter</p>
<p>Develop skills on a continuing basis to improve performance including the ability to scrutinise and challenge and to recognise when outside expert advice is needed</p>	<p>Corporate Training plan is developed from needs identified through appraisals. Management Development programme to be reviewed in 2008. Member skills identified by Member working group and approved by Cabinet (Feb 2008).</p>
<p>Ensure that effective arrangements are in place for reviewing the performance of the authority as a whole and of individual members and agreeing an action plan which might for example aim to address any training or development needs</p>	<p>CMB consider key performance issues and Directors review all performance indicators within their remit. Strategic Services provide reports analysing performance as an aid to CMB and Members. CMB consider corporate training needs, taking account of issues made apparent from operational feedback , new legislation or developments in the Corporate Plan. Member training needs provided corporately where there is a common need e.g. on legislative issues, new policies.</p>
<p>Ensure there are effective arrangements to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority</p>	<p>Membership of citizens' panel takes this into account. Survey responses reviewed for representativeness. Consultation with a range of stakeholders on particular issues. Area Committees have been held regularly but are to be replaced by new Neighbourhood Forums to improve engagement by allowing more innovation</p>
<p>Ensure that career structures are in place for members and officers to encourage participation and development</p>	<p>Officer structure provides conventional opportunities. CMB considering how to offer development outside this route. Member development opportunities include scrutiny task groups, nomination on outside bodies and</p>

	member champion roles
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**Identify principal risks to achievement of objectives:**

<b>The authority has robust systems and processes in place for the identification and management of strategic and operational risk</b>	
<b>Examples of assurance:</b>	<b>Evidenced by:</b>
<p>There is a written strategy and policy in place for managing risk which:</p> <ul style="list-style-type: none"> <li>• Has been formally approved at political and risk management board (or equivalent) level</li> <li>• Is reviewed on a regular basis</li> <li>• Has been communicated to all relevant staff</li> <li>• Includes partnership risks</li> </ul>	<p>Risk Management Strategy reviewed by risk Management Group and approved by Audit Committee in 2007. Available on the intranet</p> <p>The Strategy does not explicitly refer to partnership risks but is couched in broad terms that include such risks.</p>
<p>The authority has implemented clear structures and processes for risk management which are successfully implemented and:</p> <ul style="list-style-type: none"> <li>• Management board and elected members see risk management as a priority and support it by personal interest and input</li> <li>• Decision making considers risk</li> <li>• A senior manager has been appointed to “champion” risk management</li> <li>• Roles and responsibilities for risk management have been defined</li> <li>• Risk management systems are subject to independent assessment</li> <li>• Risk management is considered in the annual business planning process</li> <li>• Risk management extends to partnership risks</li> </ul>	<p>Risk management progress is reported to Audit Committee. CMB receive update reports periodically. Strong support from senior management through representation on the Risk Management Group. Elected Member “champion” appointed and involved.</p> <p>Risk factors reflected in reports to Cabinet, including specific consideration in the annual budget report. Operationally through risk logs for major projects. Officer champion is Director of Finance</p> <p>Director of Finance leads and chairs corporate Risk Management Group. External assessment undertaken in 2006, followed by action plan. Forms part of service planning process. Any significant risks are monitored through quarterly reviews with portfolio Holders.</p> <p>Strategy sets out roles of officers and Members</p> <p>Partnership risks incorporated into Risk Registers as appropriate e.g. Shared Services in now in the Corporate Risk Register</p>
The authority has developed a	There is a corporate approach to

corporate approach to the identification and evaluation of risk which is understood by all staff	developing Risk Registers. Issues are shared with service management teams and other staff as appropriate
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<b>Examples of assurance:</b>	<b>Evidenced by:</b>
The authority has well defined procedures for recording and reporting risk	Risk Registers follow a standard format. Significant risks are included in Service Plans and subject to quarterly review. Potential risks are identified in reports to Cabinet. Major projects use detailed risk logs.
The authority has well-established and clear arrangements for financing risk	Established practices on insurance cover and funding of uninsured risks. Reviewed annually to see if increased levels of self-funding should be considered. So far, not proven prudent.
The authority has developed a programme of risk management training for relevant staff	Training at GMT level completed. Included in service planning and in project management training.. Health and Safety Training programme provided.
<p>The corporate risk management board (or equivalent) adds value to the risk management process by:</p> <ul style="list-style-type: none"> <li>• Advising and supporting corporate management team on risk strategies</li> <li>• Identifying areas of overlapping risk</li> <li>• Driving new risk management initiatives</li> <li>• Communicating risk management and sharing good practice</li> <li>• Providing and reviewing risk management training</li> <li>• Regularly reviewing the risk register(s)</li> <li>• Coordinating the results for risk reporting</li> </ul>	<p>The Risk management Group has reviewed the Strategy, considered a range of papers and acts as a means of circulating messages to all relevant staff.</p> <p>It has been tackling issues arising from the Business Continuity Plan, including some testing of readiness.</p> <p>The Group provides a means of spreading good practice and facilitates learning from the experience of other services. It has not yet achieved a consistent standard across all services.</p>

<b>Examples of assurance:</b>	<b>Evidenced by:</b>
<p>A corporate risk officer has been appointed with the necessary skills to analyse issues and offer options and advice and:</p> <ul style="list-style-type: none"> <li>• Support decision making and policy formulation</li> <li>• Provides support in the risk identification and analysis process</li> <li>• Provides support in prioritising risk mitigation action</li> <li>• Provides advice and support in determining risk treatments</li> <li>• Inspires confidence in managers</li> </ul>	<p>A corporate risk officer was in place throughout the year and the post-holder had the relevant experience and knowledge to support services. He was part of the Risk Management Group and provides input in a variety of ways. He was a member of ALARM (the national body for local authority risk management). He provided support to services on specific topics and circulates information on risk management.</p>
<p>Managers are accountable for managing their risks</p>	<p>Attendance at Risk Management Group is generally by Head of Service, or next level of management. Risk Registers identify relevant manager as responsible for managing the risk.</p>
<p>Risk management is embedded throughout the organisation</p>	<p>Hard to evidence this but low number of employee and third party insurance claims plus quick return to work post-water damage incident and successful implementation of corporate plans suggests that it is embedded in practice.</p>
<p>Risks in partnership working are fully considered</p>	<p>Memoranda of Understanding exist for Watford Health Campus, Herts Waste Partnership and Civil Contingencies working with HCC. HARI has a Constitution. Joint Protocol agreed for Shared Services. Most partnerships are informal and carry low risk.</p>

### Identify and evaluate key controls to manage principal risks

<b>The authority has robust system of internal control which includes systems and procedures to mitigate principal risks</b>	
<b>Examples of assurance:</b>	<b>Evidenced by:</b>
<p>There are written financial regulations in place which have been formally approved, regularly reviewed and widely communicated to all relevant staff:</p> <ul style="list-style-type: none"> <li>• Authority has adopted CIPFA code on Treasury Management</li> <li>• Compliance with the Prudential Code</li> </ul>	<p>Financial Rules in Constitution, supplemented by more detailed Financial Regulations which are being reviewed prior to Shared Services. Not yet on the intranet. Write-off procedures amended to clarify cost-effectiveness issue.</p> <p>Treasury Management Code adopted and Practices reviewed annually as part of budget reporting.</p> <p>Prudential Code of limited application while council is debt-free but required indicators form part of Budget report.</p> <p>Use of Resources score for Internal Control overall was 2 (adequate)</p>
<p>There are written contract standing orders in place which have been formally approved, regularly reviewed and widely communicated to all relevant staff</p>	<p>Contract and Procurement Rules included in Constitution. Currently being reviewed for harmonisation in context of Shared Services and to adopt CIPFA recommendations.</p>
<p>There is a whistle blowing policy in place which has been formally approved, regularly reviewed and widely communicated to all relevant staff</p>	<p>Policy reviewed annually and agreed by Audit Committee. Is available on intranet. Arrangements being made to publicise more widely.</p> <p>Confidentially limits scope to assess extent of use but officers are aware of examples.</p>
<p>There is a counter fraud and corruption policy in place which has been formally approved, regularly reviewed and widely communicated to all relevant staff</p>	<p>Anti-fraud and corruption policy exists and has been reviewed and updated annually by Audit Committee. Is on intranet.</p> <p>National Fraud Initiative reports followed up. Prosecutions reported in local press.</p>

<b>Examples of assurance:</b>	<b>Evidenced by:</b>
There are codes of conduct in place which have been formally approved and widely communicated to all relevant staff	Constitution includes code of conduct for employees and guidance for professional relationship between councillors and council employees New national Code for Members adopted May 2007. Specific guidance issued on stock transfer issues.
A register of interests is maintained, regularly updated and reviewed	Register of Members' interests maintained and Members asked annually to report any changes. Register of officer gifts and hospitality maintained. Specific declarations required from Members and senior officers as part of annual accounts process. Some staff sign declarations of interest based on risk assessment but there is no corporate approach.
Where a scheme of delegation has been drawn up, it has been formally approved and communicated to all relevant staff	Contained in the Constitution.
A corporate procurement policy has been drawn up, formally approved and communicated to all relevant staff	Approved by Cabinet after consideration by Procurement and Contracts Board. On intranet
Business/service continuity plans have been drawn up for all critical service areas and the plans: <ul style="list-style-type: none"> <li>• Are subject to regular testing</li> <li>• Are subject to regular review</li> </ul>	Corporate Plan in place, based on service plans but needs further development. Initial testing shows patchy implementation. ICT Disaster Recovery contract re-tendered for improved response.
The corporate/departmental risk register(s) includes expected key controls to manage principal risks	Existing controls/mitigation measures are recorded for each risk as part of the Risk Registers.
Key risk indicators have been drawn up to track the movement of key risks and are regularly monitored and reviewed.	Used in budget monitoring reports. Used in major project risk logs.
The authority's internal control framework is subject to regular independent assessment	Audit Manager reports progress quarterly and annually. External auditors consider the performance of internal audit in determining the extent of their reliance on its work for their audit and assess the wider

	framework as part of the annual Use of Resources assessment. Audit Committee considers annual review of effectiveness of internal audit.
A corporate health and safety policy has been drawn up, formally approved, is subject to regular review and has been communicated to all relevant staff	Available on intranet, supported by policies on specific areas. Review in progress at present. Corporate H&S committee meets quarterly, supported by service meetings. Training courses provided. Quarterly reporting put in place during 2007/08. Reports made to CMB and Audit Committee.
A corporate complaints policy/procedure has been drawn up, formally approved, communicated to all relevant staff, the public and other stakeholders is regularly reviewed	Policy in place and on intranet with relevant documentation. Training provided for staff. Complaints reporting now well-established and being incorporated into Quarterly Reviews with Portfolio Holders.

#### **Obtain assurance on the effectiveness of key controls**

<b>Appropriate assurance statements are received from designated internal and external assurance providers:</b>	
<ul style="list-style-type: none"> <li>• <b>The authority has identified appropriate sources of assurance</b></li> </ul>	
<b>Appropriate external assurances are identified and obtained</b>	
<b>Examples of assurance:</b>	<b>Evidenced by:</b>
The authority has determined appropriate internal and external sources of assurance	CPA re-assessment report July 2007 assessed as "Good". Annual Governance report to Audit Committee Sept 2007. Use of Resources report. Annual Audit & Inspection Letter Mar 2008 (to Audit Committee June 2008). Audit Manager Annual Report to Audit Committee June 2008. Director of Finance annual review of system of internal audit Lexcel re-accreditation for Legal Services liP recognition for whole council. Level 3 Equalities standard attained
Appropriate key controls on which assurance is to be given have been identified and agreed	Financial and Procurement Rules; HR policies; ICT policies; Report writing guidance and checklists; Scheme of Delegation; Constitution.
Departmental assurances are provided	Heads of Service provide annual assurance statements to Audit



	Manager. Standard is improving, demonstrating more understanding of issues and acceptance of responsibility.
<p>External assurance reports are collated centrally</p> <ul style="list-style-type: none"> <li>• Reports are reviewed by relevant senior management team and reported to appropriate committee</li> <li>• Action plans are prepared and approved as appropriate</li> <li>• Follow up reports on recommendations are requested and reviewed by relevant senior management team and progress is regularly reported to relevant committee</li> </ul>	<p>Reports are circulated to senior managers and reported to Cabinet/Scrutiny/Audit Committee as appropriate</p> <p>Key actions are reflected in Corporate Plan and/or Service Plans and subject to review by Scrutiny and at Quarterly Reviews. Follow up reports made as requested.</p> <p>Lesser issues are followed by senior management with Heads as part of routine management.</p> <p>CMB now has a follow-up process for selected items.</p>

<b>Examples of assurance:</b>	<b>Evidenced by:</b>
Internal Audit Arrangements	<p>Audit Manager reports to Audit Committee</p> <p>Annual report includes his opinion on the internal control framework</p> <p>Audit staff are experienced and have relevant qualifications</p> <p>Annual assessment of effectiveness of internal audit system approved by Audit Committee</p> <p>Internal audit complies with CIPFA standards.</p>
Corporate Governance Arrangements	<p>Comply with Code of Corporate Governance in all material respects and this is reflected throughout this document. To be reviewed in 2008 against latest guidance.</p>
Performance monitoring arrangements	<p>Well-established, with links from Corporate Plan to Service plans and individual performance plans.</p> <p>Monitoring through reports to Scrutiny, CMB and Quarterly Review process. Audit Commission Annual Audit Letter reports 77% of performance indicators improved last year compared with 57%-59% average for districts.</p>

**Evaluate assurances and identify gaps in control/ assurances**

<b>The authority has made adequate arrangements to identify, receive and evaluate reports from the defined internal and external assurance providers to identify areas of weakness in controls</b>	
<b>Examples of assurance:</b>	<b>Evidenced by:</b>
Responsibilities for the evaluation of assurances are clearly defined throughout the organisation.	Minutes of relevant meetings Job descriptions of relevant officers Terms of reference for internal audit Terms of reference for Audit and Call-in and Performance Committees
<p>Mechanism established for collecting governance assurances</p> <ul style="list-style-type: none"> <li>• Overall responsibility allocated to governance senior officer group</li> <li>• Required assurances are agreed and recorded</li> <li>• Central record of all assurances (either evidence file, or showing clear link to where evidence is held)</li> <li>• Clear guidance as to evaluation procedure including assurance over risks, independence and objectivity of assurances</li> <li>• Defined evaluation mechanism</li> <li>• Timetable for completion by statutory deadline</li> <li>• Gap assessment – performed and challenged</li> </ul>	<p>Report compiled by Director of Finance based on documented evidence, including Audit Manager annual report and annual audit &amp; inspection letter. Statements of Assurance held by Audit Manager.</p> <p>Timetabled to be considered by Audit Committee to ensure meets statutory timetable for approval of accounts.</p> <p>Significant gaps set out in Annual Governance Statement .</p>

**Action plan to address weaknesses and ensure continuous improvement of the system of corporate governance**

<b>There is a robust mechanism to ensure that an appropriate action plan is agreed to address identified control weaknesses and is implemented and monitored</b>	
<b>Examples of assurance:</b>	<b>Evidenced by:</b>
An action plan is drawn up and approved	Included in the Statement
All actions are 'SMART': <ul style="list-style-type: none"> <li>• Specific</li> <li>• Measurable</li> <li>• Achievable</li> <li>• Realistic</li> <li>• Time-bound</li> </ul>	See Statement. Actions are intended to meet this criteria.
Actions communicated and responsibilities assigned	CMB and all Heads of Service have been copied this report in draft
Implementation timescales agreed	Part of consultation but earlier targets set for issues carried over from last year's plan.
Ongoing review of progress and of continuing appropriateness of action	Reviews at Audit Committee, Risk Management Group, CMB, Quarterly Reviews as appropriate.

**Annual Governance Statement**

<b>An Annual Governance Statement has been drafted in accordance with the statutory requirements and timetable set out in the Accounts and Audit Regulations 2003, as revised by the Accounts and Audit (Amendment) (England) Regulations 2006, and is in accordance with CIPFA guidance.</b>	
<b>Examples of assurance:</b>	<b>Evidenced by:</b>
Responsibility for the compilation of the Annual Governance Statement has been assigned to a team drawn from appropriate disciplines and having sufficient seniority	Team approach not considered appropriate here. Responsibility assigned to Director of Finance as part of wider Corporate Governance role.
There is an Annual Governance Statement production timetable that meets the statutory deadline	Produced for relevant Audit Committee meeting, although has not met Access to Information deadline.
The Annual Governance Statement is reviewed, challenged and approved by the authority	Statement compiled after consideration of this supporting evidence. Reviewed by Audit Committee before approval.
The Annual Governance Statement incorporates all the required elements of the statement on internal control	Format is as set out in SOLACE/CIPFA Framework.

**Report to cabinet / executive committee**

<b>An annual report to the authority (or delegated committee) on the Annual Governance Statement is presented, in accordance with the CIPFA pro forma</b>	
<b>Examples of assurance:</b>	<b>Evidenced by:</b>
Responsibility for reporting is clearly defined	Covering report sets out background.
The signatories to the annual governance statement and SIC are defined and are appropriate in accordance with statutory requirements (i.e. Most senior officer and most senior member of the organisation)	The Mayor and Managing Director are the appropriate signatories
The report is likely to be published in a timely fashion with the statutory accounts	Will be incorporated into the Statement of Accounts once approved.