

EVIDENCE IN SUPPORT OF THE ANNUAL GOVERNANCE STATEMENT

Establishing principal statutory obligations and organisational objectives

| Mechanism established to identify principal statutory obligations | |
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| Examples of assurance: | Evidenced by: |
| 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 Property Services is a qualified and experienced solicitor. She and 4 other members of the legal team have current practising certificates. Head of Legal & Property Services attends Council and is a member of Leadership Team. All reports to Members are reviewed for legal implications. Leadership Team 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. The Performance Review system identifies where statutory obligations are not being met. |

| Mechanism in place to establish organisational objectives | |
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| Examples of assurance: | Evidenced by: |
| Consultation with stakeholders on priorities and objectives | Annual public survey, using citizens' panel. Annual Budget Survey includes open presentations to members of public as well as an Options Questionnaire to Citizen's Panel. Formal consultation plan in place for Local Development Framework. Specific project consultation as required e.g. Cassiobury CPZ, Indoor Market, Cultural Quarter, Colosseum, Play Review. |
| 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 |

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| 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 strategy in place and links to Corporate Plan and service plans. |
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| Examples of assurance: | Evidenced by: |
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| Objectives are reflected in departmental plans and are clearly matched with associated budgets | Service plans reflect Corporate plan. Guidance issued by Corporate Services to ensure consistency and quality assurance and workshops held to develop service plans. A financial overview is presented to all service planning teams at start of review process. |
| 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 posters are widely circulated. |

Effective corporate governance arrangements are embedded within the authority

| Examples of assurance: | Evidenced by: |
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| Code of corporate governance established | Reviewed in 2009 |
| Review and monitoring arrangements in place | Reviewed as part of AGS reporting. Monitoring of outstanding audit recommendations cascades through Heads of Service, Leadership team, Quarterly Reviews with Portfolio Holders and formal Audit Committee. |
| 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, treasury management, IFRS, and on Member code of conduct. Officer training through induction, annual programmes 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. Whistle blowing and fraud prevention given a high profile. |

| Performance management arrangements are in place | |
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| Examples of assurance: | Evidenced by: |
| Comprehensive and effective performance management systems operate routinely | Key Indicators relating to Managing the Business are reported monthly to Leadership team. Progress on corporate plan and National Indicators reported to Members (Scrutiny and Portfolio Holders) quarterly. Corporate Services lead corporately to ensure consistency and promote improvement Budget monitoring regularly reported to Cabinet and Budget Panel Members. All members receive a copy of the monthly Finance Digest. |

| Examples of assurance: | Evidenced by: |
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| 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 and Scrutiny |
| 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 CAA re-assessment as "good". Budget Monitoring forecasts budget against out-turn and reports on significant variances and actions required. The Digest also includes key performance data that could affect expenditure/ income. |
| Knowledge of absolute and relative performances achieved is used to support decisions that drive improvements in outcomes | Local performance indicators and national quartiles for National indicators are used to determine improvement targets. Use of benchmarking e.g. unit cost of planning applications, cost of HR service through benchmarking club, licensing service against other Herts districts. Use of Resources scores compared with other Herts districts |

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| | and national results. Audit Commission Annual Profile is scrutinised to identify areas for improvement. |
| 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. Also intended to monitor outstanding Audit Recommendations. Audit Commission Annual Audit Letter says Watford is improving rapidly, has achieved improved outcomes and provided an unqualified opinion on the accounts for the year. |

Implementing the Core Principles of Good Governance

| Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area | |
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| The code should reflect the requirements for local authorities to: | Source documents/good practice/other means that may be used to demonstrate compliance |
| Develop and promote the authority's purpose and vision | The Code includes commitment to 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. A Partnership Framework/toolkit and data quality framework has been introduced to ensure a better control environment. |
| Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance | Published in About Watford and on website. |

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| 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. Access Strategy sets out framework for improvement including service standards reviews |
| 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 and reported quarterly to PFH and to LT. |
| 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, Asset Management Plan and Carbon Management Plan. |

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| Members and officers working together to achieve a common purpose with clearly defined functions and roles | |
| The local code should reflect the requirements for local authorities to: | Source documents/good practice/other means that maybe used to demonstrate compliance |
| 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. The formal Review of Members Performance is carried out annually. |
| 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. |

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| Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management | 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 over time. The recent appointment of a new managing Director will have refreshed existing protocols. 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 | Head of Strategic Finance has the statutory responsibility. Financial implications included in corporate report format. Medium Term Financial Strategy provides over all financial framework. Internal Audit report to Head of Strategic Finance/ Leadership team and Audit Committee. |
| Make a senior officer (other than the Statutory Financial Officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with | Head of Legal and Property 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 managing the process including an effective remuneration panel | Members' allowances subject to advice from independent remuneration panel and approved 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 and appraisal arrangements, complaints system, annual survey, feedback from Members, feedback from user groups |

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| 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 2008 the Government carried out a national Local Place Survey which provided positive feedback. |
| 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. A Partnership Framework has been developed. |
| 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. A formal Compact exists with the Voluntary sector. |

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| Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour | |
| The local code should reflect the requirements for local authorities to: | Source documents/good practice/other means that may be used to demonstrate compliance |
| 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. Training provided for staff on a regular basis |

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| 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 Right of Appeal to national regulators/ Ombudsman |
| 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 Adoption of Single Equality Scheme. |
| 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. |

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| Taking informed and transparent decisions which are subject to effective scrutiny and managing risk | |
| The local code should reflect the requirements for local authorities to: | Source documents/good practice/other means that may be used to demonstrate compliance |
| 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 well developed and includes the use of external witnesses. It is to be reviewed in 2010/2011 to sharpen its focus. An annual report to Council reviews the effectiveness of the scrutiny process. Budget Panel meets 8 times a year and has extended its focus into areas such as VFM. |

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| <p>Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based</p> | <p>All reports consider all options to enable decisions to be taken. Draft minutes are circulated for comment before finalisation. Subsequently all decisions are published on website. The Council operates a 'call in' process where decisions can be reviewed prior to implementation.</p> |
| <p>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</p> | <p>Codes of Conduct Register of gifts and hospitality Procedure rules</p> |
| <p>Develop and maintain an effective audit committee which is independent</p> | <p>Terms of reference set out role of committee. Training to Audit Committee members occurs regularly throughout the year.</p> |
| <p>Put in place effective transparent and accessible arrangements for dealing with complaints</p> | <p>Complaints procedure. Dissatisfied customers referred to Ombudsman.</p> |
| <p>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.</p> | <p>Major reports reviewed by Leadership Team. Specialist officers give relevant advice on key implications. Corporate report template includes advice to report authors Report-writing training is ongoing. Data quality framework in place and data sharing protocol. Staff trained. Data asset register in place.</p> |
| <p>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</p> | <p>Financial comments written by finance staff, legal comments by legal staff and included in written reports.</p> |
| <p>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</p> | <p>Risk Management Strategy includes role of Members. Potential risks included in reports to Cabinet and Committees. Also reflected in Corporate,Service and Team Plans. Corporate Risk Register considered by Leadership team. Lunch and Learn training sessions in risk management is an ongoing training programme.</p> |

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| 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. It is also included within new starters induction packs. |
| 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 and Treasury Management. 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. |

| Developing the capacity and capability of members and officers to be effective | |
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| The local code should reflect the requirements for local authorities to: | Source documents/good practice/other means that may be used to demonstrate compliance |
| 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. Officer 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. |

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| | Staffing structures take account of requirement to support the statutory roles. |
| Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively | Staff covered by appraisal process, which includes identification of learning and development needs. Member approach to training has been applauded through the Member Development Charter |
| 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 | Corporate Training plan is developed from needs identified through appraisals. Management Development programme constantly reviewed. |
| 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 | Leadership Team consider key performance issues and Directors review all performance indicators within their remit. Corporate Services provide 'Managing the Business' reports analysing performance as an aid to Leadership Team and Members. Leadership Team 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. |
| 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 | Membership of citizens' panel takes this into account. Survey responses reviewed for diversity of representation. Consultation with a range of stakeholders on particular issues. The introduction of Neighbourhood Forums to improve engagement by allowing more innovation One Watford Equality Panel reviews and comments on Equality Impact Assessments and key service policies. |

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| <p>Ensure that career structures are in place for members and officers to encourage participation and development</p> | <p>Officer structure provides conventional opportunities. Succession Planning is being developed. Leadership Team consider how to offer development outside this route such as the formation of a Managing Change Group. Member development opportunities include scrutiny task groups, nomination on outside bodies and member champion roles</p> |
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Identify principal risks to achievement of objectives:

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| <p>The authority has robust systems and processes in place for the identification and management of strategic and operational risk</p> | |
| <p>Examples of assurance:</p> | <p>Evidenced by:</p> |
| <p>There is a written strategy and policy in place for managing risk which:</p> <ul style="list-style-type: none"> • Has been formally approved at political and risk management board (or equivalent) level • Is reviewed on a regular basis • Has been communicated to all relevant staff • Includes partnership risks | <p>Risk Management Strategy reviewed by risk Management Group and approved by Audit Committee in 2009. Available on the intranet. Corporate Risk register regularly updated. The Partnership Framework provides a higher profile for risk management and which is also reflected within the Compact with the Voluntary Sector..</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"> • Leadership Team and elected members see risk management as a priority and support it by personal interest and input • Decision making considers risk • A senior manager has been appointed to “champion” risk management • Roles and responsibilities for risk management have been defined • Risk management systems are subject to independent assessment | <p>Risk management progress is reported to Audit Committee. Leadership Team receive update reports periodically. Strong support from senior management through representation on the Risk Management Group. Elected Member “champion” appointed and involved. Risk factors reflected in reports to Cabinet, including specific consideration in the annual budget report and monthly monitoring statements. Operationally through risk logs for major projects and project initiation documents all include a section on risk. Service Plans all contain a section on risks to service delivery</p> |

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| <ul style="list-style-type: none"> • Risk management is considered in the annual business planning process • Risk management extends to partnership risks | <p>Officer champion is Head of Strategic Finance who leads and chairs corporate Risk Management Group. Forms part of service planning process. Any significant risks are monitored through quarterly reviews with portfolio Holders. Strategy sets out roles of officers and Members Partnership risks incorporated into Risk Registers as appropriate e.g. Shared Services is now in the Corporate Risk Register</p> |
| <p>The authority has developed a corporate approach to the identification and evaluation of risk which is understood by all staff</p> | <p>There is a corporate approach to developing Risk Registers. Issues are shared with service management teams and other staff as appropriate</p> |

| Examples of assurance: | Evidenced by: |
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| <p>The authority has well defined procedures for recording and reporting risk</p> | <p>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.</p> |
| <p>The authority has well-established and clear arrangements for financing risk</p> | <p>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.</p> |
| <p>The authority has developed a programme of risk management training for relevant staff</p> | <p>Lunch and Learn sessions in risk management is a rolling programme. Training at senior level completed. Included in service planning and in project management training. Health and Safety Training programme provided.</p> |
| <p>The corporate risk management Group adds value to the risk management process by:</p> <ul style="list-style-type: none"> • Advising and supporting Leadership team on risk strategies • Identifying areas of overlapping risk | <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,</p> |

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| <ul style="list-style-type: none"> • Driving new risk management initiatives • Communicating risk management and sharing good practice • Providing and reviewing risk management training • Regularly reviewing the risk register(s) • Organises disaster and business planning exercises. | <p>including some testing of readiness such as an exercise relating to a flu pandemic.</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> |
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| Examples of assurance: | Evidenced by: |
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| <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"> • Support decision making and policy formulation • Provides support in the risk identification and analysis process • Provides support in prioritising risk mitigation action • Provides advice and support in determining risk treatments • Inspires confidence in managers | <p>A corporate risk officer is in place and the post-holder has the relevant experience and knowledge to support services. She is part of the Risk Management Group and provides input in a variety of ways and provides 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>Service risks included in all service plans</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 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</p> |

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| | Contingencies working with HCC. HARI has a Constitution. Joint Protocol agreed for Shared Services. Most partnerships are informal and carry low risk. Partnership Framework (including risk identification) has been developed. Also Compact with Voluntary Sector. |
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Identify and evaluate key controls to manage principal risks

| The authority has robust system of internal control which includes systems and procedures to mitigate principal risks | |
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| Examples of assurance: | Evidenced by: |
| <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"> • Authority has adopted CIPFA code on Treasury Management • Compliance with the Prudential Code | <p>Financial Rules in Constitution, supplemented by more detailed Financial Regulations which are being reviewed as part of Shared Services initiative. Write-off procedures amended to clarify cost-effectiveness issue.</p> <p>Treasury Management Code adopted and Practices reviewed quarterly by the Audit Committee.</p> <p>Prudential Code of limited application while council is debt-free but required indicators form part of Budget report. 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 and through new starters induction process. Confidentiality 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</p> |

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| | followed up. Prosecutions reported in local press. |
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| Examples of assurance: | Evidenced by: |
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| 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. |
| 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. |
| 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. Recently reviewed to incorporate 'Sustainable Procurement'. On intranet |
| Business/service continuity plans have been drawn up for all critical service areas and the plans: <ul style="list-style-type: none"> • Are subject to regular testing • Are subject to regular review | Corporate Plan in place, based on service plans but needs further development. Business Plans have been reviewed during 2009/2010 and have virtually all been updated. ICT Disaster Recovery contract in place but is in need of review and testing. |
| The corporate/ service plan risk registers 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 |

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| | 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 e.g eyesight testing. Corporate H&S committee meets quarterly, supported by service meetings. Training courses provided. Quarterly reporting in place . Reports made to Leadership Team 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 is included within Quarterly Reviews with Portfolio Holders. |

Obtain assurance on the effectiveness of key controls

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| Appropriate assurance statements are received from designated internal and external assurance providers: | |
| <ul style="list-style-type: none"> • The authority has identified appropriate sources of assurance | |
| Appropriate external assurances are identified and obtained | |
| Examples of assurance: | Evidenced by: |
| The authority has established appropriate internal and external sources of assurance | <p>CAA Use of resources assessment report from External Auditor to Audit Committee January 2010 assessed the Council as Level 2 Satisfactory. Within this the Good Governance module was rated as Level 3 Good. Also Annual Audit Letter to same meeting</p> <p>Annual Governance report to Audit Committee June 2010.</p> <p>Audit Manager Annual Report to Audit Committee June 2010. Audit Manager outstanding recommendations reviewed by Leadership, Quarterly Reviews and Audit Committee. Head of Strategic Finance annual review of effectiveness of internal audit</p> <p>Lexcel re-accreditation for Legal Services</p> <p>liP recognition for whole council.</p> <p>Level 3 Equalities standard attained</p> |

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| 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. |
| <p>External assurance reports are collated centrally</p> <ul style="list-style-type: none"> • Reports are reviewed by relevant senior management team and reported to appropriate committee • Action plans are prepared and approved as appropriate • Follow up reports on recommendations are requested and reviewed by relevant senior management team and progress is regularly reported to relevant committee | <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 and appraisal process.</p> <p>Leadership Team has a forward plan and follow-up process.</p> |

| Examples of assurance: | Evidenced by: |
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| Internal Audit Arrangements | <p>Audit Manager produces, on average, 39 service reports every year. There is a rigorous follow up process to ensure high and medium priority recommendations are implemented which includes Leadership, Quarterly, and Audit Committee reviews. The Audit Manager produces an Annual Report to the Audit Committee and which 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 | Comply with Code of Corporate Governance in all material respects and this is reflected throughout this document. Has been reviewed in |

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| | 2009 against latest guidance. |
| Performance monitoring arrangements | Well-established, with links from Corporate Plan to Service plans and individual performance plans. Monitoring through reports to Scrutiny, Leadership Team and Quarterly Review process. Audit Commission Use of Resources Report states.. 'the Council has a good track record using reported performance information in the day to day management of services'. |

Evaluate assurances and identify gaps in control/ assurances

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| 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 | |
| Examples of assurance: | Evidenced by: |
| 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 |
| Mechanism established for collecting governance assurances <ul style="list-style-type: none"> • Overall responsibility allocated to governance senior officer group • Required assurances are agreed and recorded • Central record of all assurances (either evidence file, or showing clear link to where evidence is held) • Clear guidance as to evaluation procedure including assurance over risks, independence and objectivity of assurances • Defined evaluation mechanism • Timetable for completion by statutory deadline • Gap assessment – performed and challenged | Report compiled by Head of Strategic Finance based on documented evidence, including Audit Manager annual report and annual audit & inspection letter. Statements of Assurance held by Audit Manager. Timetabled to be considered by Audit Committee to ensure meets statutory timetable for approval of accounts. All significant gaps in controls are set out in Annual Governance Statement . |

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

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| There is a robust mechanism to ensure that an appropriate action plan is agreed to address identified control weaknesses and is implemented and monitored | |
| Examples of assurance: | Evidenced by: |
| An action plan is drawn up and approved | Included in the Statement |
| All actions are 'SMART': <ul style="list-style-type: none"> • Specific • Measurable • Achievable • Realistic • Time-bound | See Statement. Actions are intended to meet this criteria. |
| Actions communicated and responsibilities assigned | Leadership Team have considered the Annual Governance Statement. |
| 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, Leadership Team, and Quarterly Reviews as appropriate. |

Annual Governance Statement

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| 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. | |
| Examples of assurance: | Evidenced by: |
| Responsibility for the compilation of the Annual Governance Statement has been assigned to the Leadership team. | Corporate Governance is given highest priority within Watford and this statement has been considered by the Leadership Team prior to finalisation. |
| There is an Annual Governance Statement production timetable that meets the statutory deadline | Produced for relevant Audit Committee meeting. |
| 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

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| An annual report to the authority (or delegated committee) on the Annual Governance Statement is presented, in accordance with the CIPFA pro forma | |
| Examples of assurance: | Evidenced by: |
| 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. |