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Our ref: DT/CL
Your ref:

Date: 11th June 2013

Dear Councillor,

Audit-Sub Committee

A Meeting of the **Audit-Sub Committee** will be held in the **Council Chamber**, on **Wednesday, 19 June 2013 at 16:00**. You are requested to attend.

Yours faithfully,

Chief Executive

To:- **Conservative Group**
Councillor Harrison (Chairman), Councillor Ford (Vice-Chairman) and
Councillor Mrs. Hood.

Labour Group
Councillors Dunn and Shepherd.



AGENDA

Open to Public and Press

- 1 Apologies
- 2 To confirm the Open Minutes of the Meeting of the Finance and Management Committee held on 3rd April
- 3 To note any declarations of interest arising from any items on the Agenda
- 4 To receive any questions by members of the public pursuant to Council Procedure Rule No.10.
- 5 To receive any questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 6 Internal Audit - Quarterly Progress Report **5 - 20**
- 7 Effectiveness of Internal Audit **21 - 26**
- 8 Head of Internal Audit's Annual Audit Opinion 2012/13 **27 - 39**
- 9 Local Code of Corporate Governance - Annual Review 2012/13 **40 - 70**
- 10 Annual Governance Statement 2012/13 **71 - 90**

Exclusion of the Public and Press:

- 11 The Chairman may therefore move:-

That in accordance with Section 100 (A) of the Local Government Act 1972 the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.

- 12 To receive any Exempt questions by Members of the Council pursuant to Council procedure Rule No. 11.



REPORT TO:	AUDIT SUB COMMITTEE	AGENDA ITEM: 6
DATE OF MEETING:	19th JUNE 2013	CATEGORY: RECOMMENDED
REPORT FROM:	CHIEF EXECUTIVE	OPEN
MEMBERS' CONTACT POINT:	DIRECTOR OF FINANCE and CORPORATE SERVICES KEVIN STACKHOUSE (01283 595811) kevin.stackhouse@south-derbys.gov.uk	DOC: u/ks/internal audit/quarterly reports/cover
SUBJECT:	INTERNAL AUDIT - QUARTERLY PROGRESS REPORT	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: AS 02

1.0 Recommendations

1.1 That the report of the Audit Manager is considered and any issues identified are referred to the Finance and Management Committee.

2.0 Purpose of Report

2.1 To provide an update on progress against the approved Internal Audit Plan. This details the performance and activity of Internal Audit between 1st February 2013 and 31st May 2013.

3.0 Detail

3.1 The detailed report is attached.

4.0 Financial Implications

4.1 None directly.

5.0 Corporate Implications

5.1 None directly.

6.0 Community Implications

6.1 None directly.

7.0 Background Papers

7.1 None

South Derbyshire District Council – Internal Audit Progress Report

Audit Sub-Committee: 19th June 2013



Our Vision

Through continuous improvement, the central midlands audit partnership will strive to provide cost effective, high quality internal audit services that meet the needs and expectations of all its partners.

Contents

Page

1	Summary	3
2	Audit Coverage	4
3	Audit Performance	9
4	Recommendation Tracking	11

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South Derbyshire District Council – Internal Audit Progress Report

1 Summary

Role of Internal Audit

The Internal Audit Service for South Derbyshire District Council is now provided by the Central Midlands Audit Partnership (CMAP). The Partnership operates in accordance with standards of best practice applicable to Internal Audit (in particular, the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006). CMAP also adheres to the Internal Audit Terms of Reference.

The role of internal audit is to provide independent assurance that the organisation's risk management, governance and internal control processes are operating effectively.

Recommendation Ranking

To help management schedule their efforts to implement our recommendations or their alternative solutions, we have risk assessed each control weakness identified in our audits. For each recommendation a judgment was made on the likelihood of the risk occurring and the potential impact if the risk was to occur. From that risk assessment each recommendation has been given one of the following ratings:

- Critical risk.
- Significant risk.
- Moderate risk
- Low risk.

These ratings provide managers with an indication of the importance of recommendations as perceived by Audit; they do not form part of the risk management process; nor do they reflect the timeframe within which these recommendations can be addressed. These matters are still for management to determine.

Control Assurance Definitions

Summaries of all audit reports are to be reported to Audit Sub Committee together with the management responses as part of Internal Audit's reports to Committee on progress made against the Audit Plan. All audit reviews will contain an overall opinion based on the adequacy of the level of internal control in existence at the time of the audit. This will be graded as either:

- **None** - We are not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks were not being well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Limited** - We are able to offer limited assurance in relation to the areas reviewed and the controls found to be in place. Some key risks were not well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Reasonable** - We are able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks were well managed, but some systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Comprehensive** - We are able to offer comprehensive assurance as the areas reviewed were found to be adequately controlled. Internal controls were in place and operating effectively and risks against the achievement of objectives were well managed.

This report rating will be determined by the number of control weaknesses identified in relation to those examined, weighted by the significance of the risks. Any audits that receive a None or Limited assurance assessment will be highlighted to the Audit Sub-Committee in Audit's progress reports.

South Derbyshire District Council – Internal Audit Progress Report

2 Audit Coverage

Progress on Audit Assignments

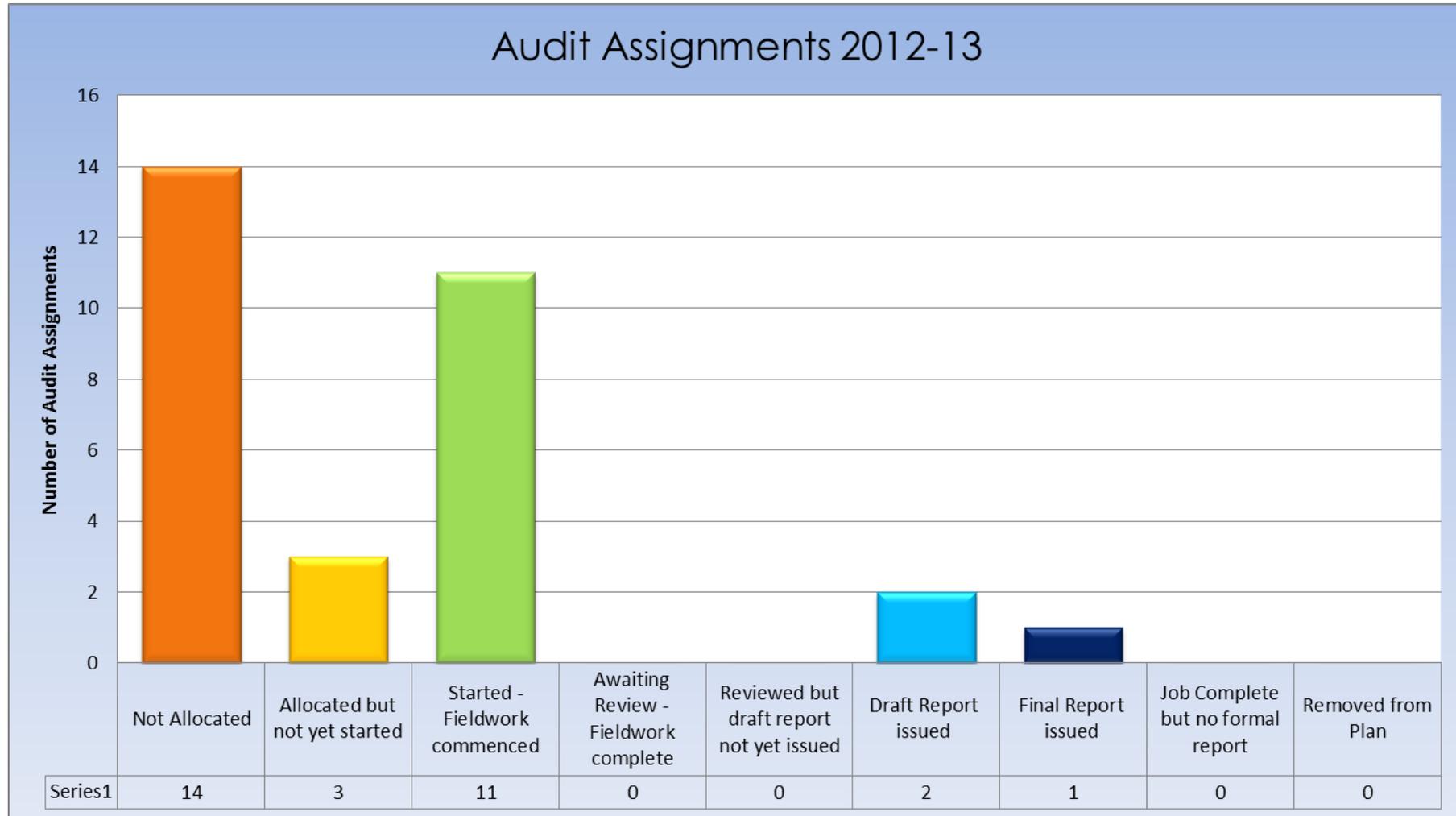
The following audit assignments are progressing at the moment. Another 14 planned assignments have yet to commence.

2013-14 Audit Plan Assignments	Type of Audit	Current Status	% Complete
Capital Programme	Systems/Risk Audit	In Progress	20%
VAT	Systems/Risk Audit	Allocated	5%
Procurement	Procurement/Contract Audit	In Progress	20%
Virtualisation Management	IT Audit	Allocated	70%
Client Monitoring - Corporate Services Contract	Systems/Risk Audit	In Progress	25%
Records Management	Governance Review	In Progress	5%
Data Quality 2013-14	Governance Review	Allocated	5%
Leisure Centres	Systems/Risk Audit	In Progress	15%
Housing Allocations 2013-14	Systems/Risk Audit	In Progress	60%
B/Fwd - Treasury Management / Insurance 2012-13	Key Financial System	In Progress	75%
B/Fwd - Payroll / Officers Expenses & Allowances 2012-13	Key Financial System	In Progress	75%
B/Fwd - Post Implementation Review - Agresso Upgrade	IT Audit	In Progress	40%
B/Fwd - Email & Internet Services Health-check	IT Audit	In Progress	55%
B/Fwd - Service Contracts	Procurement/Contract Audit	In Progress	65%
B/Fwd - Council Tax / NNDR / Cashiering 2012-13	Key Financial System	Draft Report	95%
B/Fwd - Housing & Council Tax Benefit 2012-13	Key Financial System	Draft Report	95%
B/Fwd - Housing Allocation 2012-13	Investigation	Final Report	100%

South Derbyshire District Council – Internal Audit Progress Report

2 Audit Coverage (Cont.)

Progress on Audit Assignments Chart



South Derbyshire District Council – Internal Audit Progress Report

2 Audit Coverage (Cont.)

Completed Audit Assignments

Between 1st February 2013 and 31st May 2013, the following audit assignments have been finalised since the last Progress Report was presented to this Committee:

- Fixed Assets 2012-13.
- Accounting Systems 2012-13.
- Creditors/Debtors 2012-13.
- Data Quality & Performance Management 2012-13.
- Stray Dogs Income.
- Housing Allocation.

The following summarises the internal audit work completed in the period.

Fixed Assets 2012-13

Overall Control Assurance Rating: **Comprehensive**

This audit focused on controls over fixed asset movements in relation to acquisitions, transfers and disposals. It also sought to evaluate controls which ensure assets are included in a revaluation rolling programme and that assets are physically verified to confirm their existence.

From the 21 key controls evaluated in this audit review, 13 were considered to provide adequate control and 8 contained weaknesses. The report contained 3 recommendations, all 3 of which were considered a low risk. The following issues were considered to be the key control weaknesses:

- Although a check was performed of items valued at £10,000 and above and where appropriate these were capitalised and added to the Fixed Asset Register, this exercise did not identify those assets that were disposed of below this value potentially leading to the Fixed Asset Register not being updated. (Low Risk)

- Finance did not require departments to undertake a formally recorded annual physical verification exercise that was signed and approved by a senior officer to confirm the existence of assets on the Fixed Asset Register. (Low Risk)
- It was not standard practice for periodic reconciliations to be undertaken between the Fixed Asset Register and the Property Services Asset Register. (Low Risk)

All 3 of the control issues within this report were accepted and positive action to address all 3 issues was agreed to be taken by 31st March 2013.

Accounting Systems 2012-13

Overall Control Assurance Rating: **Comprehensive**

This audit focused on reviewing key controls in relation to the main accounting system which included consideration of: guidance to staff, accuracy of the financial information, feeder systems, budgetary control, virements, journals, reconciliations and access to data.

From the 46 key controls evaluated in this audit review, 41 were considered to provide adequate control and 5 contained weaknesses. The report contained 4 recommendations, all 4 of which were considered a low risk. The following issues were considered to be the key control weaknesses:

- There was not a review of unauthorised journals that had been processed 'through workflow'. (Low Risk)
- There was insufficient evidence to demonstrate authorisation and review of journals that had not been processed through the Agresso workflow. (Low Risk)
- Control account reconciliations had not consistently been undertaken during the financial year. (Low Risk)
- The Audit user group had the same access permissions as the Finance user group for the Finance files located on the S:\ drive.

South Derbyshire District Council – Internal Audit Progress Report

2 Audit Coverage (Cont.)

All 4 control issues raised in this report were accepted and action had already been taken to address the recommendations by the time of issuing the final report.

Creditors/Debtors 2012-13

Overall Control Assurance Rating: **Comprehensive**

This audit focused on a review of the controls and processes that ensured that only legitimate creditors were paid and that debtor invoices were appropriately raised and debt recovery was undertaken promptly.

From the 37 key controls evaluated in this audit review, 35 were considered to provide adequate control and 2 contained weaknesses. The report contained 2 recommendations, both of which were considered a low risk. The following issues were considered to be the key control weaknesses:

- There were six credit balances of over £1,000 and further balances over two years old that had not been cleared from their accounts. (Low Risk)
- No one was independently checking invoices which had been suppressed from the debt recovery process. (Low Risk)

Both control issues raised in this report were accepted and action was agreed to be taken to address both issues by 1st April 2013.

Data Quality & Performance Management

Overall Control Assurance Rating: **Reasonable**

An audit of Data Quality & Performance Management was requested by the Council as part of the 2012/13 Audit Plan to follow up on the Performance Indicator Self-Assessment process previously conducted in 2010/11. The Government require Councils to have effective arrangements in place for the monitoring and review of data quality

Of the 17 key controls evaluated in this audit review of the performance indicator 'Adult Participation in Sport (Previously NI 8)', no issues were considered to be key control weaknesses.

Of the 17 key controls evaluated in this audit review of the performance indicator 'Number of Acquisitive Crime Incidents per 1000 Population', 11 were considered to provide adequate control and 6 contained weaknesses. The report contained 2 recommendations, 1 was considered a low risk and 1 a moderate risk. The following issues were considered to be the key control weaknesses:

- Robbery figures had not been included within the calculation of this performance indicator and the reported performance figures had subsequently been inaccurately reported in Quarter 1, 2 and 3 during 2012/13. (Moderate Risk)
- Performance figures were not being checked and authorised by the Indicator Owner and incorrect performance figures had subsequently been reported to the Policy and Communications Team. (Low Risk)

Both of the control issues were accepted and positive action was agreed to be taken to address 1 issue by 1st April 2013 and the remaining issue was due to be addressed by 30th June 2013.

Stray Dogs Income

Overall Control Assurance Rating: **Reasonable**

This report focuses on the control weaknesses that were identified as a result of the probity work undertaken into the discrepancies identified with the records relating to Stray Dog income. This report contained 7 recommendations, 5 were considered a low risk and 2 a moderate risk. The following issues were considered to be the key control weaknesses:

- The Kennels were not issuing receipts to dog owners for income collected by them on behalf of the Council. (Low Risk)

South Derbyshire District Council – Internal Audit Progress Report

2 Audit Coverage (Cont.)

- Monthly records supplied to the Council by the Kennels were not comprehensive and did not provide details of income due and collected from dog owners. (Low Risk)
- There was no reliable process for ensuring that cash income being collected from the Kennels by Council officers had been paid in at the Customer Services counter in the Civic Offices. (Low Risk)
- There was no reliable process for ensuring that debtor invoices were being raised against dog owners to the correct value. An Invoice was raised for a nil value when this should have been for £53.50. (Low Risk)
- CCTV recordings were not sourced as soon as it became apparent they could be beneficial to the enquiries and by the time they were requested it was too late to retrieve the required evidence. (Moderate Risk)
- Council fees for charges to owners of stray dogs were not consistent with statutory fees and inconsistent charges were being levied. (Moderate Risk)
- There were no written procedures with respect to the collection of stray dog income and the associated financial records. (Low Risk)

All of the control issues raised within this report were accepted and positive action was agreed to be taken to address all issues. Positive action in respect of 2 recommendations had already been taken, 3 recommendations were due to be addressed by 1st March 2013 and the remaining 2 recommendations were due to be addressed by 1st April 2013.

Housing Allocation

Overall Control Assurance Rating: **N/A**

We examined the circumstances surrounding the allocation of a Council property to a family who were connected to a Council officer. In our opinion, the allocation of the property was in adherence with the Housing

Allocations Policy and there is no firm evidence to suggest that any inappropriate behaviour had occurred. However, there were clear indications that weaknesses in the system of control would not sufficiently protect officers from accusations of favouritism. Accordingly, a systems audit has been included in the 2013-14 Audit Plan.

South Derbyshire District Council – Internal Audit Progress Report

3 Audit Performance

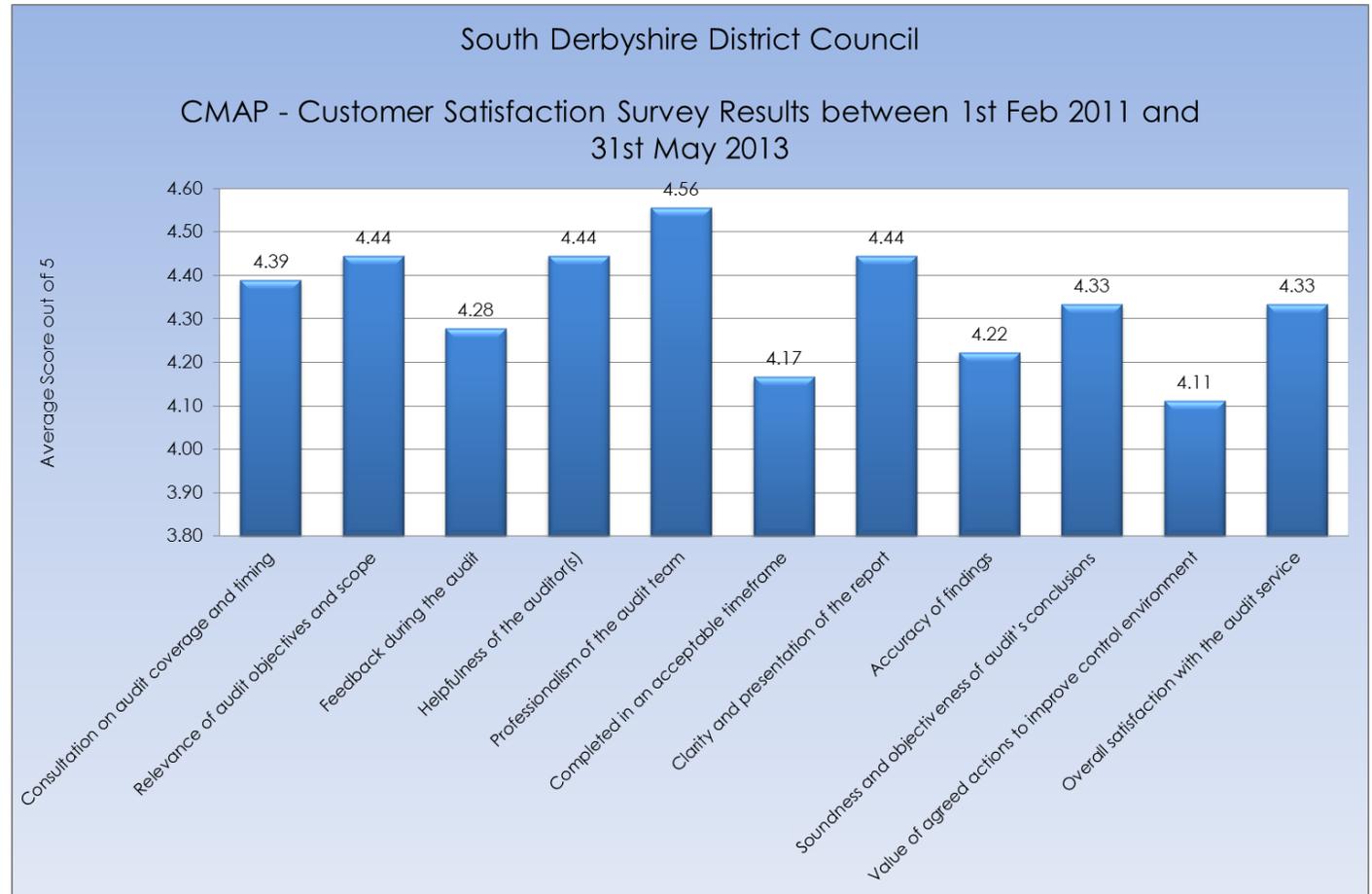
Customer Satisfaction

The Audit Section sends out a customer satisfaction survey with the final audit report to obtain feedback on the performance of the auditor and on how the audit was received. The survey consists of 11 questions which require grading from 1 to 5, where 1 is very poor and 5 is excellent. Appendix A summarises the average score for each category from the 18 responses received. The average score from the surveys was 47.7 out of 55. The lowest score received from a survey was 42, while the highest was 55.

The overall responses are graded as either:

- Excellent (scores 46 to 55)
- Good (scores 38 to 46)
- Fair (scores 29 to 37)
- Poor (scores 20 to 28)
- Very poor (scores 11 to 19)

Overall 12 of 18 responses categorised the audit service they received as excellent, another 6 responses categorised the audit as good. There were no overall responses that fell into the fair, poor or very poor categories.



South Derbyshire District Council – Internal Audit Progress Report

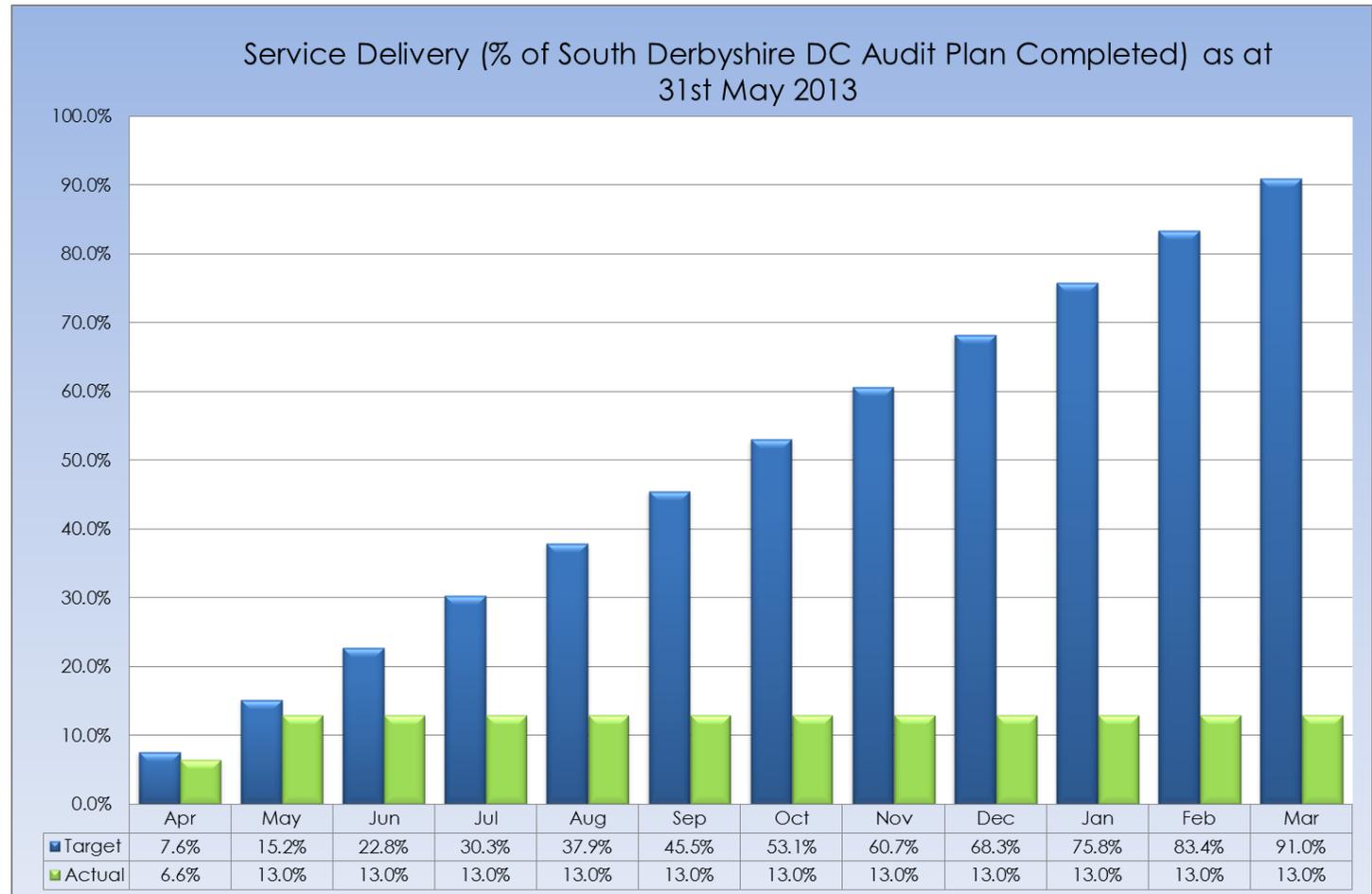
3 Audit Performance (Cont.)

Service Delivery (% of Audit Plan Completed)

At the end of each month, Audit staff provide the Audit Manager with an estimated percentage complete figure for each audit assignment they have been allocated. These figures are used to calculate how much of each Partner organisation's Audit Plans have been completed to date and how much of the Partnership's overall Audit Plan has been completed.

Shown across is the estimated percentage complete for South Derbyshire's 2013-14 Audit Plan (including incomplete jobs brought forward) after 2 months of the Audit Plan year.

The monthly target percentages are derived from equal monthly divisions of an annual target of 91% and do not take into account any variances in the productive days available each month.



South Derbyshire District Council – Internal Audit Progress Report

4 Recommendation Tracking

Follow-up Process

Internal Audit sends emails, automatically generated by our recommendations database, to officers responsible for action where their recommendations' action dates have been exceeded. We request an update on each recommendation's implementation status, which is fed back into the database, along with any revised implementation dates.

Prior to the Audit Sub-Committee meeting we will provide the relevant Senior Managers with details of each of the recommendations made to their divisions which have yet to be implemented. This is intended to give them an opportunity to provide Audit with an update position.

Each recommendation made by Internal Audit will be assigned one of the following "Action Status" categories as a result of our attempts to follow-up management's progress in the implementation of agreed actions. The following explanations are provided in respect of each "Action Status" category:

- **Blank** = Audit have been unable to ascertain any progress information from the responsible officer or it has yet to reach its agreed implementation date.
- **Implemented** = Audit has received assurances that the agreed actions have been implemented.
- **Superseded** = Audit has received information about changes to the system or processes that means that the original weaknesses no longer exist.
- **Risk Accepted** = Management has decided to accept the risk that Audit has identified and take no mitigating action.
- **Being Implemented** = Management is still committed to undertaking the agreed actions, but they have yet to be completed. (This category should result in a revised action date).

Implementation Status Details

The table below is intended to provide members with an overview of the current implementation status of all agreed actions to address the control weaknesses highlighted by audit recommendations that have passed their agreed implementation dates. We have not included the recommendations made in audit reports issued since 1 February 2013. This is to allow time for those recommendations to have reached their agreed implementation dates.

	Implemented	Being implemented	Risk Accepted	Superseded	Due, but unable to obtain progress information	Hasn't reached agreed implementation dates	Total
Low Risk	84	5	3	0	3	2	97
Moderate Risk	23	1	0	0	0	0	24
Significant Risk	7	0	1	0	0	0	8
Critical Risk	0	0	0	0	0	0	0
	114	6	4	0	3	2	129

The table below shows those recommendations not yet implemented by Dept.

Recommendations Not Yet Implemented	Corporate Services	Community & Planning Services	Housing & Environmental Services	TOTALS
Risk Accepted	3	1	0	4
Being implemented	4	0	2	6
Due, but unable to obtain progress information	0	0	3	3
	7	1	5	13

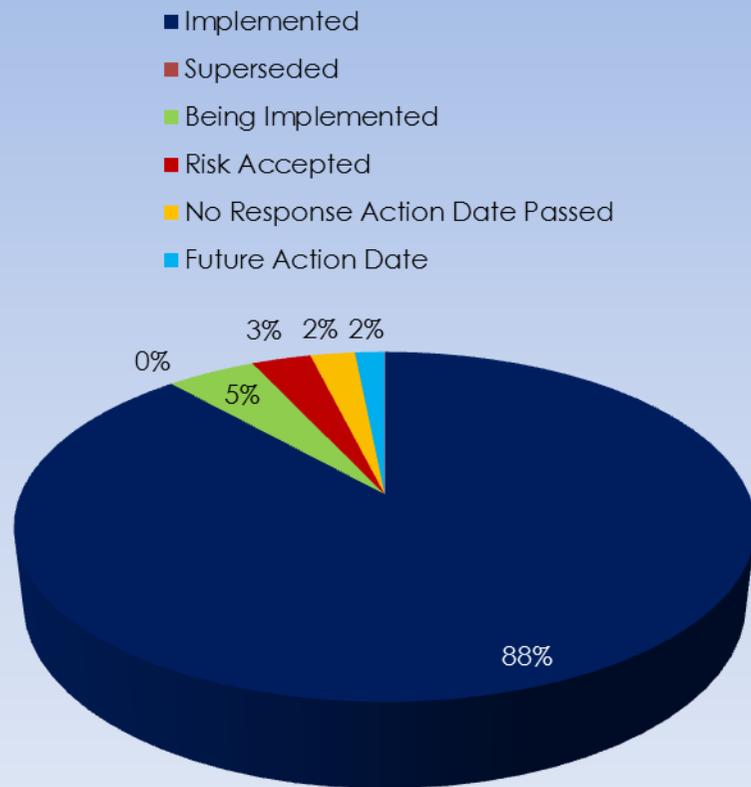
Internal Audit has provided Committee with summary details of those recommendations still in the process of 'Being Implemented' and those that have passed their due date for implementation. We will provide full details of each recommendation where management has decided not to take any mitigating actions (shown in the 'Risk Accepted' category above). The 4 recommendations shown above, where management has chosen to accept the risk, have already been reported to this Committee.

South Derbyshire District Council – Internal Audit Progress Report

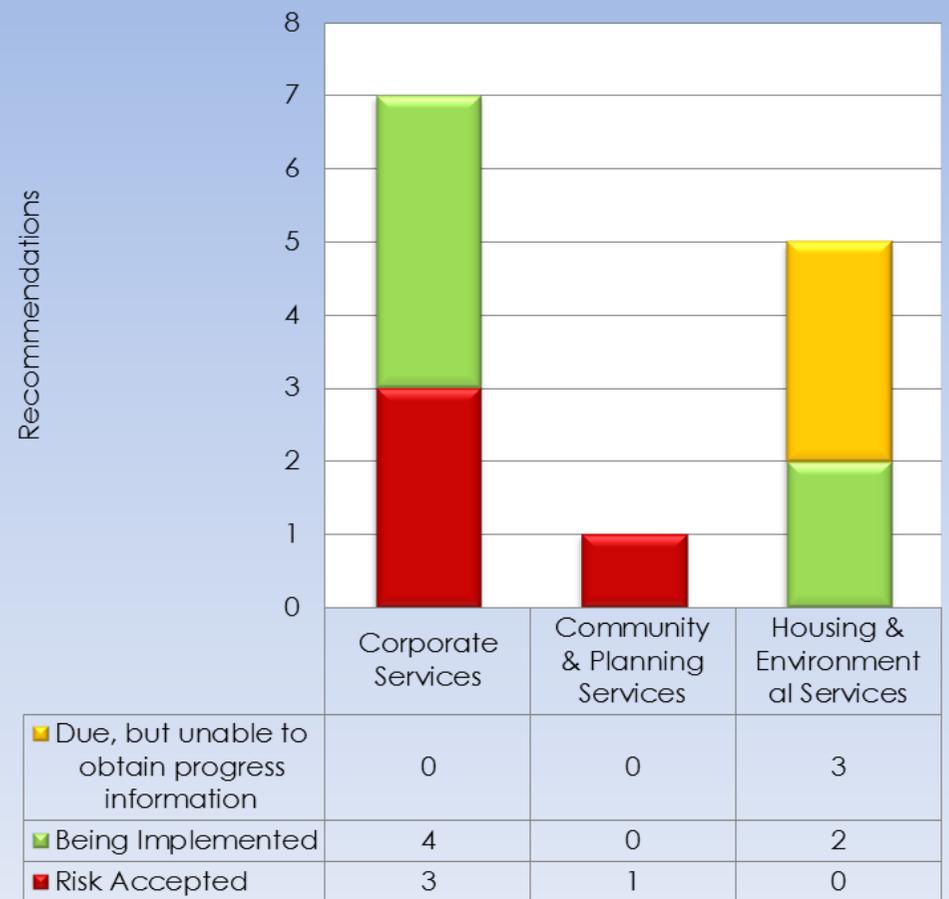
4 Recommendation Tracking (Cont.)

Implementation Status Charts

Action Status of Recommendations made between 1st Oct 2010 and 31st Jan 2013



South Derbyshire - Recommendations Not Yet Implemented by Department



Page 16 of 15

South Derbyshire District Council – Internal Audit Progress Report

4 Recommendation Tracking (Cont.)

Recommendations Not Yet Implemented

Corporate Services

Car Allowances	
<p>Control Issue - A neighbouring Authority has revised its car user allowance scheme and introduced a new scheme which has removed the essential user lump sum and pays one mileage rate to both types of user. This will enable the Authority to make significant savings in future years.</p> <p>Risk Rating – Low Risk</p> <p>Status Update - Following the Budget Round for 2013/14 and the recent Council Restructure, it is anticipated that the Single Status Steering Group will be reconvened later in 2013. This item will be considered, as planned, as part of the pay and grading review. However, any proposals are unlikely to be implemented this financial year.</p>	
Original Action Date	30 Jun 11
Revised Action Date	31 Mar 14

Accounting Systems	
<p>Control Issue - Financial Regulations and Financial Procedure Rules held on the Council's Intranet had not been dated or allocated with version control numbers to ensure that the latest versions were in use.</p> <p>Risk Rating – Low Risk</p> <p>Status Update – Version control has been implemented, but the Regulations and Rules will need to be updated for the recent restructure.</p>	
Original Action Date	31 Mar 13
Revised Action Date	30 Sep 13

Risk Management	
<p>Control Issue - There was not a documented policy or procedure for reporting and management of incidents.</p> <p>Risk Rating – Low Risk</p> <p>Status Update - We haven't progressed this as far as formal Committee approval is concerned. Having now got a draft policy, the plan is to consult with senior managers and take a proposal policy to the Audit Committee in June 2013 to be considered under their terms of reference regarding risk management.</p>	
Original Action Date	31 Mar 13
Revised Action Date	30 Sep 13

South Derbyshire District Council – Internal Audit Progress Report

4 Recommendation Tracking (Cont.)

Recommendations Not Yet Implemented

Corporate Services

Legal & Democratic Services			
<p>Control Issue - Purchase orders were not being raised for goods and services required in respect of running the election.</p> <p>Risk Rating – Low Risk</p> <p>Status Update - Going forward we will now be raising purchase orders for all ordering. This was not undertaken for the County Council elections but will be undertaken going forward. The Elections process has recently been subject to an independent review commissioned by the Chief Executive. Changes to reporting lines have been made and a report will be considered by the Finance and Management Committee.</p>			
Original Action Date	30 Nov 12	Revised Action Date	30 Nov 13

Housing & Environmental Services

Waste Management			
<p>Control Issue - There was no documentation maintained on file in the form of competitor quotes which supported the negotiated, best price offered by the Council.</p> <p>Risk Rating – Low Risk</p> <p>Status Update -</p>			
Original Action Date	1 Apr 13	Revised Action Date	

Waste Management			
<p>Control Issue - The Council was using historic maximum and minimum pricing parameters which had not been formally approved and may have no longer accurately reflected the latest prices in the trade waste collection market.</p> <p>Risk Rating – Moderate Risk</p> <p>Status Update - Due to a significant number of major service issues needing resolution, the timescale for this item needs to be changed. I have agreed a departmental work programme with bob ledger and the review of trade waste will take place following the implementation of the new kerbside recycling scheme in October. This should allow us time to make the necessary improvements to trade refuse charging in time to implement with next year's fees and charges report. Revised action date to be determined.</p>			
Original Action Date	1 Apr 13	Revised Action Date	
<p>Control Issue - There were no officers at the Council depot who were responsible for monitoring CCTV and ensuring that it was operating effectively.</p> <p>Risk Rating – Low Risk</p> <p>Status Update -</p>			
Original Action Date	28 Feb 13	Revised Action Date	

South Derbyshire District Council – Internal Audit Progress Report

Recommendations Not Yet Implemented

Housing & Environmental Services

Waste Management		
<p>Control Issue - There were no documented guidelines available for employees to refer to when negotiating a special price for trade waste. This meant that decisions were based on the employees personal judgement and discretion.</p>		
<p>Risk Rating – Low Risk</p>		
<p>Status Update –</p>		
Original Action Date	1 Apr 13	Revised Action Date

Housing Repairs			
<p>Control Issue - The Mutual Repairs Policy had not been established, although it was referred to in the Repairs Policy.</p>			
<p>Risk Rating – Low Risk</p>			
<p>Status Update - The Mutual repairs policy is in draft at present, the team are currently reviewing the repairs policy with the South Derbyshire Tenants' Forum and hope to get the two documents fully consulted upon and issued by June 2012. The officer progressing this has been moved onto the 5 year asset management plan and has asked for the date to be extended.</p>			
Original Action Date	30 Jun 11	Revised Action Date	31 Jul 13

REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 7
DATE OF MEETING:	19th June 2013	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF FINANCE and CORPORATE SERVICES	
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) kevin.stackhouse@south-derbys.gov.uk	DOC: u/ks/internal audit/annual reviews/19 June effectiveness
SUBJECT:	EFFECTIVENESS OF INTERNAL AUDIT	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 09

1.0 Recommendations

- 1.1 To note the findings and the conclusion that the Internal Audit Function is considered to be effective.

2.0 Purpose of Report

- 2.1 This report is designed to give Members an overview of the effectiveness of Internal Audit.

3.0 Detail

- 3.1 Paragraph 6(3) of the Accounts and Audit (England) Regulations 2011 requires that "A larger relevant body must, at least once in each year, conduct a review of the effectiveness of its internal audit".
- 3.2 From 1 January 2012, Derby City Council and South Derbyshire District Council formed an internal audit partnership (the Central Midlands Audit Partnership) to provide internal audit services to both authorities.
- 3.3 There is no mandatory requirement or guidance on who should perform the review. The assessment has been undertaken by the Director of Finance and Corporate Services in conjunction with the Head of Governance and Assurance at Derby City Council. It also takes into account the assessment of the effectiveness of the Internal Audit Partnership carried out by the other organisations for which it provides internal audit services.
- 3.4 All local authorities have a statutory requirement to make provision for internal audit and for the purpose of the regulations, in accordance with proper standards of professional practice, as set out in the CIPFA Code of Practice for Internal Audit in

Local Government. These have been superseded by the new Public Sector Internal Audit Standards from 1 April 2013.

- 3.5 My assessment is based on the framework guide developed by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Better Governance Forum which aims to provide practical support to help make internal audit more effective. This has been achieved by assessing the internal audit function against the 6 building blocks for effective internal audit identified in the guidance. My assessment against these building blocks is summarised below:

3.5.1 Leadership

Leadership plays a pivotal role in the effectiveness of the Internal Audit Service in that it makes the most of people, develops the best systems & processes and ensures compliance with professional standards.

In 2010, CIPFA published "The Role of the Head of Internal Audit (HIA) in public sector organisations" to clarify the role of the HIA and to raise the profile of internal audit. CIPFA believe organisations should see the Statement as best practice and use it to assess their HIA arrangements to drive-up audit quality and governance arrangements. The Statement articulates the core responsibilities of the HIA, as well as the personal and professional skills that they need. The Statement sets out the five principles that define the core activities and behaviours that belong to the role of the HIA in public service organisations and the organisational arrangements needed to support them. These principles are:

Principle 1:

Championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments

Principle 2:

Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control

Principle 3:

A senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee

Principle 4:

Must lead and direct an internal audit service that is resourced to be fit for purpose

Principle 5:

Must be professionally qualified and suitably experienced

The Director of Finance and Corporate Services has carried out an assessment against these 5 principles in conjunction with the Head of Governance and Assurance at Derby City Council and have concluded that they are sufficiently implemented to demonstrate compliance with best practice.

3.5.2 Governance and relationships

Internal audit is one of the cornerstones of effective governance. Therefore, an effective internal audit function is paramount if the Council is going to demonstrate it has embedded the principles of good governance. Internal Audit is responsible for reviewing and reporting on the adequacy of the Council's internal control environment and also making recommendations for improvement. Based on the work of Internal Audit, the Head of the Audit Partnership provides a level of assurance to the Council on the effectiveness of its system of internal control in his Annual Audit Opinion.

3.5.3 Customer focus

Customer focus is essential not just for the manner in which internal audit is approached, but also to ensure that internal audit understands the organisation and focuses on the current and future risks to the organisation and supports the achievement of the Council's objectives.

The partnership has a framework for consulting with all of its clients at the audit planning stage, following completion of the fieldwork, through draft report and then post audit to get feedback. Following every audit review, a customer satisfaction survey is sent to the relevant manager. The responses received from managers in 2012/13 are summarised below:

Overall Rating	Number
Excellent	6
Good	3
Fair	0
Poor	0
Very Poor	0

3.5.4 People

The staff in the Internal Audit Partnership have the appropriate technical skills and knowledge to perform effectively and access to training and other material to maintain their skills. The majority of the team have either a professional accountancy qualification (3 CIPFA and 2 ACCA, plus 2 part-qualified) or an internal auditing qualification (3 PIIA), and the IT Audit staff have relevant IT degrees and one has recently gained the CISA (Certified Information Systems Auditor) qualification the other has recently completed the ITIL qualification. The Audit Partnership also benefits from having one member of staff who is IRRV qualified. In addition, 4 staff have completed the CIPFA Certificate in Investigative Practice.

All of the staff have personal development and training plans as part of their Individual Performance process. Personal development is achieved through a combination of sources including in-house training, external courses/seminars/groups, personal research and studying for a relevant professional qualification.

3.5.5 Systems and processes

The Partnership has processes that support the delivery of high quality work that are regularly reviewed by its management team to maintain efficiency, relevance and

effectiveness. Audit assignments are properly planned and work undertaken is evidenced appropriately. Audit reports include an opinion on risk and the control environment, are agreed with the appropriate officer and all recommendations are followed-up to ascertain the progress being made on implementation.

The following performance measures contribute to the overall assessment of the effectiveness of internal audit:

	Target	Actual
Productivity	73.2%	70.1%
% of audit plan completed	91.0%	90.7%

Detail on the performance of the Internal Audit Service is provided in the CMAP's Annual Report which accompanies the Head of Audit's "Annual Audit Opinion" report.

3.5.6 Professional Standards

Standards provide a consistent framework of professional practice. They are the fundamental building block for effectiveness and the starting point for any internal audit team. Compliance with the CIPFA Code of Practice on Internal Audit in Local Government in the UK is a key element for determining whether an Internal Audit Service is effective. My summary assessment against the Code is attached at Appendix 2. Self assessments by Derby City Council and Derbyshire Fire and Rescue in 2013 have also found no significant areas of non-compliance against the Code.

- 3.6 From the evidence reviewed, my overall conclusion is that the Internal Audit Service that the Council receives can be assessed as effective.

4.0 Financial Implications

None

5.0 Legal Implications

- 5.1 The Authority is obliged under the Accounts and Audit Regulations (England) 2011 to maintain an effective internal audit.

6.0 Corporate Implications

None directly

7.0 Community Implications

None directly

8.0 Background Papers

- 8.1 None

Assessment against CIPFA's "The Role of the Head of Internal Audit in public organisations"

Principle	Compliant	Current position
<p>Principle 1: Championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments</p>	Yes	The Head of the Internal Audit Partnership has a role to play in promoting corporate governance and spreading good practice. The internal audit strategy sets out how the Head of Internal Audit fulfils this role. Through internal audit, the HIA reviews and makes a judgement on the whole range of controls including those relating to achieving value for money and the prevention and detection of fraud and corruption.
<p>Principle 2: Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control</p>	Yes	The HIA provides the Council with a range of assurances which includes the Annual Head of Audit's Opinion.
<p>Principle 3: A senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee</p>	Yes	The Council is part of the Central Midlands Audit Partnership, therefore the role of the HIA is free from any interference in the work of internal audit. The HIA has full access to the Head of Corporate Finance and if required the Chair of Audit Sub Committee.
<p>Principle 4: must lead and direct an Internal Audit Service that is resourced to be fit for purpose</p>	Yes	The Central Midlands Audit Partnership resources are currently proportionate to the size, complexity and risk profile of the Council and enable the HIA to give a reliable opinion on the Council's control environment. Because reliance is placed on the work of internal audit and the HIA ensures that all the work is consistently of a high quality and in line with professional standards. The HIA ensures that all staff demonstrate the highest ethical standards.
<p>Principle 5: must be professionally qualified and suitably experienced</p>	Yes	The HIA is a qualified accountant and a member of the Chartered Institute of Public Finance & Accountancy with 26 years internal audit experience, of which 20 years have been as a Head of Internal Audit.

Appendix 2

Compliance with the CIPFA Code of Practice on Internal Audit

CIPFA Code of Practice requirement - Summary	Compliance	Comments
1 Scope of Internal Audit	Yes	There is a partnership document and each authority has its own terms of reference for internal audit. The Internal Audit Plan contains the strategy and is approved by the Audit Sub-Committee.
2 Independence	Yes	Under the governance arrangements the Central Midlands Audit Partnership reports to both an Operational Board (s151 officers of partnering authorities) and a Partnership Board (Member representation for each partner authority). All audit staff complete annual declarations of interest.
3 Ethics for Internal Auditors	Yes	All staff are aware of the requirement for integrity, objectivity and confidentiality in carrying out audit work.
4 Audit Committees	Yes	Audit Sub-Committee
5 Relationships	Yes	Effective channels are in place within South Derbyshire DC. The Head of Corporate Finance is the key point of contact. The External Auditors have regular contact/meetings with the audit partnership.
6 Staffing, Training and Continuing Professional Development	Yes	The Audit Partnership follows CIPFA's "Excellent Internal Auditor" framework and all personal development actions/time are recorded.
7 Audit Strategy and Planning	Yes	This is detailed in the annual audit plan document.
8 Undertaking Audit Work	Yes	All internal audit work is properly planned – scoping document. All assignments follow the partnership's defined procedures.
9 Due Professional Care	Yes	The partnership complies with all relevant internal auditing standards.
10 Reporting	Yes	This is all evidenced through the audit reporting process. Standards are laid down for all audit reports. All reports are discussed with management and action plans are agreed and followed-up.
11 Performance, Quality and Effectiveness	Yes	All internal audit work is subjected to a rigorous quality checking process. A performance management framework is in place.

REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 8
DATE OF MEETING:	19 June 2013	CATEGORY: RECOMMENDED
REPORT FROM:	HEAD OF INTERNAL AUDIT PARTNERSHIP	
MEMBERS' CONTACT POINT:	HEAD OF INTERNAL AUDIT PARTNERSHIP RICHARD BONEHAM richard.boneham@derby.gov.uk	DOC:
SUBJECT:	Head of Internal Audit's Annual Audit Opinion 2012/13	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 09

1.0 Recommendations

- 1.1 To note the Annual Audit Opinion for 2012/13
- 1.2 To note the Annual Internal Audit Report for 2012/13.

2.0 Purpose of Report

- 2.1 This report provides members with the Head of the Internal Audit Partnership's opinion on the adequacy and effectiveness of the Council's internal control environment.
- 2.2 The report also contains the Annual Internal Audit Report for 2012/13.

3.0 Detail

- 3.1 Under the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006, the Head of Internal Audit (HIA) should provide a written report to those charged with governance. This is timed to support the Annual Governance Statement. The Head of Internal Audit should give an opinion on the overall adequacy and effectiveness of the organisation's internal control environment.
- 3.2 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. Internal Audit review, appraise and report on the effectiveness of financial and other management controls. My overall audit opinion is based on the work undertaken by Internal Audit in 2012/13. The reporting of the incidence of significant control failings or weaknesses has also been covered in the progress reports to the Committee on Internal Audit's progress against the Annual Audit Plan.

- 3.3 Based on the work undertaken during the year, I have reached the overall opinion that **there is an acceptable level of internal control within the Council's systems and procedures**. There were no critical risk recommendations made within any audit reports issued in 2012/13. However, there were 5 significant risk recommendations.
- 3.4 No system of control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give absolute assurance.
- 3.5 There are no adverse implications for the Authority's Annual Governance Statement arising from any of the work that Internal Audit has undertaken in 2012/13. All of the risks raised within the internal audit reports have been accepted. Internal Audit's recommendations, or alternative proposed actions made by Management in response to the risk issue, have been agreed to be implemented in all but 2 cases. In these cases, management has agreed to accept the risk but not to implement any mitigating actions. Full implementation of the agreed actions will realise the benefits of the control improvements detailed in each individual audit report. Internal Audit will follow up the implementation of its recommendations, or any agreed alternative actions, with the relevant responsible officers, as soon as is practicable, after the target implementation dates. Progress on implementation of audit recommendations will be reported through to the Audit Sub-Committee in future reports on the 2013/14 work of Internal Audit.

Basis of the Opinion

- 3.6 In preparing the overall opinion, I have reviewed all audit activity carried out during 2012/13. Each audit assignment has an individual assurance rating and I have used these (together with the progress with agreed actions) to help form my overall opinion.

Overall Performance of Internal Audit

- 3.7 The annual report summarising the performance of the Internal Audit function is attached at **Appendix 1**.

4.0 Financial Implications

- 4.1 None

5.0 Legal Implications

- 5.1 The Authority is obliged under the Accounts and Audit Regulations (England) 2011 to maintain an effective internal audit.

6.0 Corporate Implications

- 6.1 None

7.0 Community Implications

7.1 None

8.0 Background Papers

8.1 None

South Derbyshire District Council – Internal Audit Annual Report 2012-13

Audit Sub-Committee: 19th June 2013



Our Vision

Through continuous improvement, the central midlands audit partnership will strive to provide cost effective, high quality internal audit services that meet the needs and expectations of all its partners.

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Contents

Page

1	Introduction	3
2	Audit Coverage	4
3	Control Assurance Ratings	5
4	Performance Measures	6
5	Performance Measures	7
6	Customer Satisfaction Returns	8
7	Audit Recommendations	9
8	Recommendations Action Status	10



1 Introduction

How an Audit Opinion is Formed

The CIPFA Code of Practice for Internal Audit in Local Government recommends that Internal Audit operate to an Audit Plan.

A fundamental role of Internal Audit is to provide members and senior management with independent assurance on the Council's overall control environment, comprising the systems of governance, risk management, and internal control and to highlight control weaknesses together with recommendations for improvement. The annual Audit Plan sets out proposals on how this will be achieved in the year ahead.

The Audit Plan must incorporate sufficient work to enable the Head of Audit to give an opinion on the adequacy of the Council's overall control environment. Internal Audit must therefore have sufficient resources to deliver the Audit Plan.

The audit work planned for 2012/13 has informed the Head of Audit's opinion on the internal control environment that exists within the Council. The Head of Audit reports his overall opinion to the Audit & Accounts Committee on an annual basis.

Under the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006, the Head of Internal Audit (HIA) should provide a written report to those charged with governance. This is timed to support the Annual Governance Statement, which is also being presented to this Committee for review by Members before being signed off by the Leader of the Council and Chief Executive. The Head of Internal Audit should give an opinion on the overall adequacy and effectiveness of the organisation's internal control environment.

Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. Internal Audit review, appraise and report on the effectiveness of financial and other management controls.

The Head of Audit's overall audit opinion is based on the work undertaken by internal audit in 2012/13. The reporting of the incidence of significant control failings or weaknesses has also been covered in the progress reports to the Committee on Internal Audit's progress against the annual audit plan.

Basis For Opinion

In preparing the overall opinion, the Head of Audit has reviewed all audit activity carried out during 2012/13 and noted any issues arising from those audits that have carried forward into 2013/14. Each individual audit undertaken contains a control assurance rating (opinion) on the adequacy and effectiveness of controls in place to mitigate the risks identified. Where weaknesses in control are identified, an action plan is agreed with management. Progress with these agreed actions is monitored by Internal Audit during the year through follow up audit work.

The Head of Audit will use the individual assurance ratings from the audits conducted in 2012/13 and the progress with agreed actions to form the overall opinion.

In presenting his opinion, the Head of Audit will identify where reliance has been placed on work by other assurance bodies. His opinion will be based on the work of Internal Audit and his understanding of work carried out by external assurance agencies such as Ofsted.

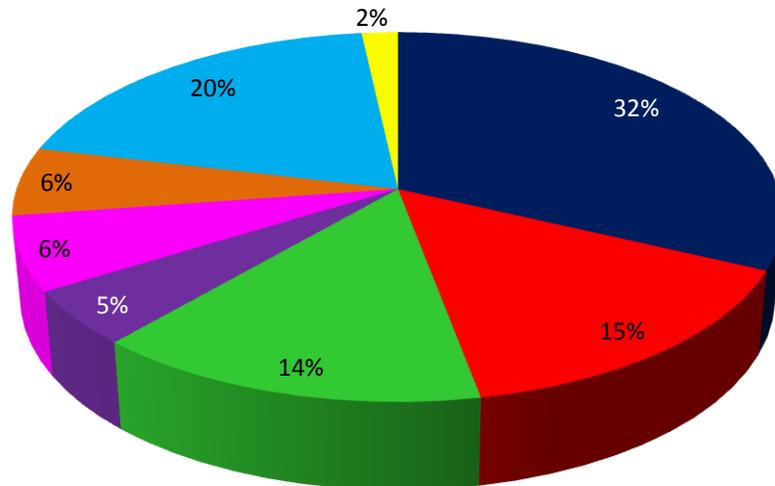
In respect of the key financial systems of the Council, based on the Internal Audit work undertaken in the year, the Head of Audit will be able to give an overall assurance on the adequacy and effectiveness of the internal controls operating in these systems.

2 Audit Coverage

Coverage per Type of Audit

2012-13

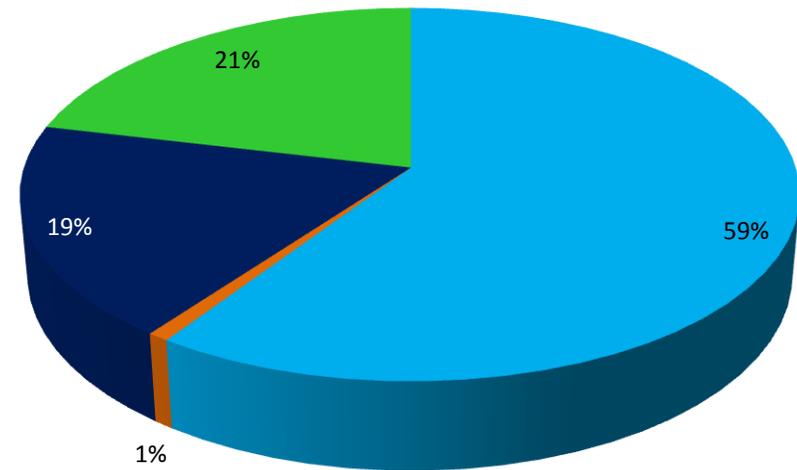
- Key Financial System
- Governance Review
- Systems/Risk Audit
- IT Audit
- Procurement/Contract Audit
- Investigation
- Advice/Emerging Issues
- Follow-up



Coverage per Department

2012-13

- Corporate Services
- Community & Planning Services
- Housing & Environmental Services
- Advice & Management

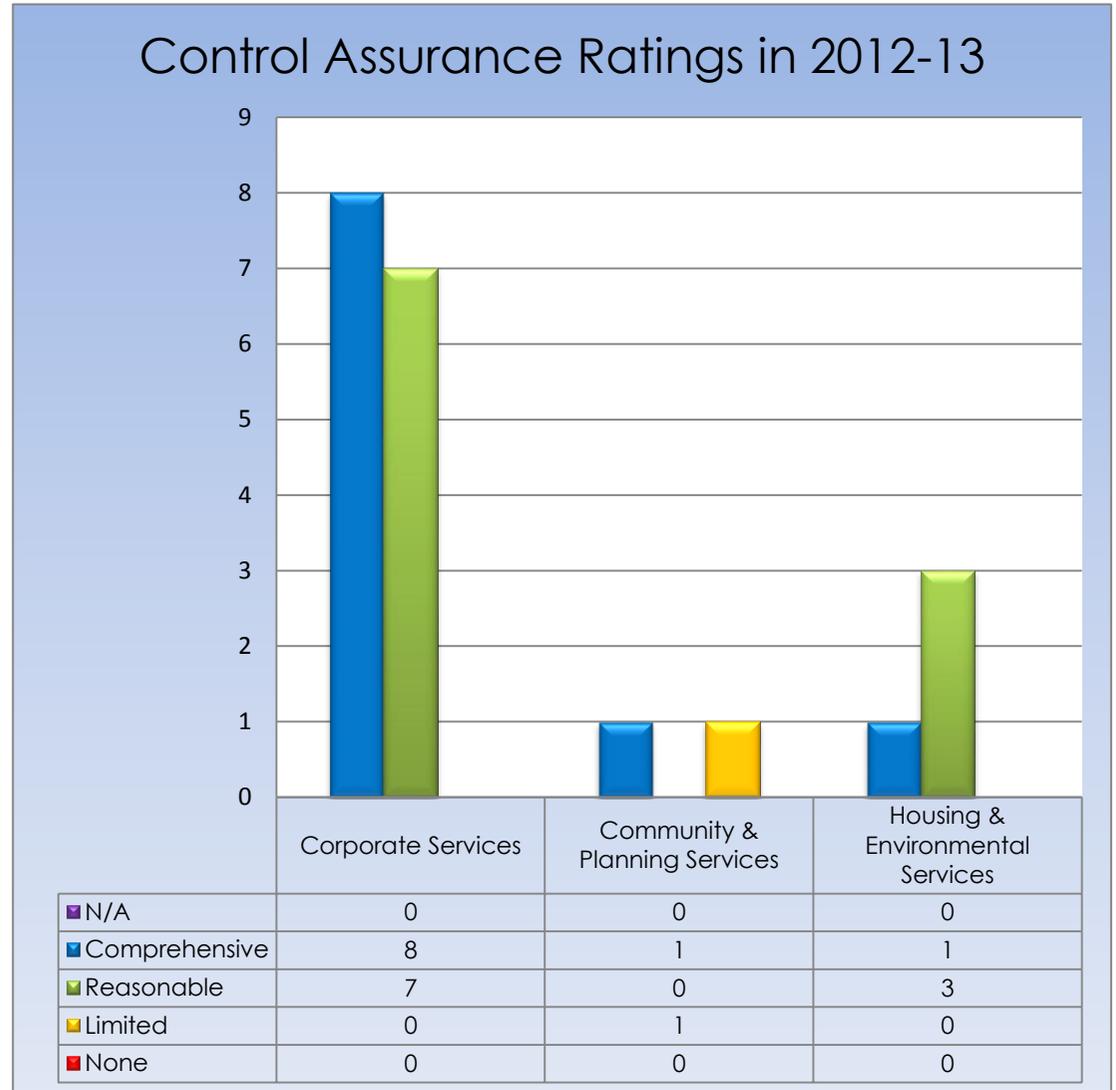


3 Control Assurance Ratings

All audit reviews contain an overall opinion based on the adequacy of the level of internal control in existence at the time of the audit. These are graded as either:

- **N/A** – The type of work undertaken did not allow us to reach a conclusion on the adequacy of the overall level of internal control.
- **Comprehensive** - We are able to offer comprehensive assurance as the areas reviewed were found to be adequately controlled. Internal controls were in place and operating effectively and risks against the achievement of objectives were well managed.
- **Reasonable** - We are able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks were well managed, but some systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Limited** - We are able to offer limited assurance in relation to the areas reviewed and the controls found to be in place. Some key risks were not well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **None** - We are not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks were not being well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.

This report rating is determined by the number of control weaknesses identified in relation to those examined, weighted by the significance of the risks. A summary of control assurance ratings given by directorate for 2012/13 is shown in the table across.



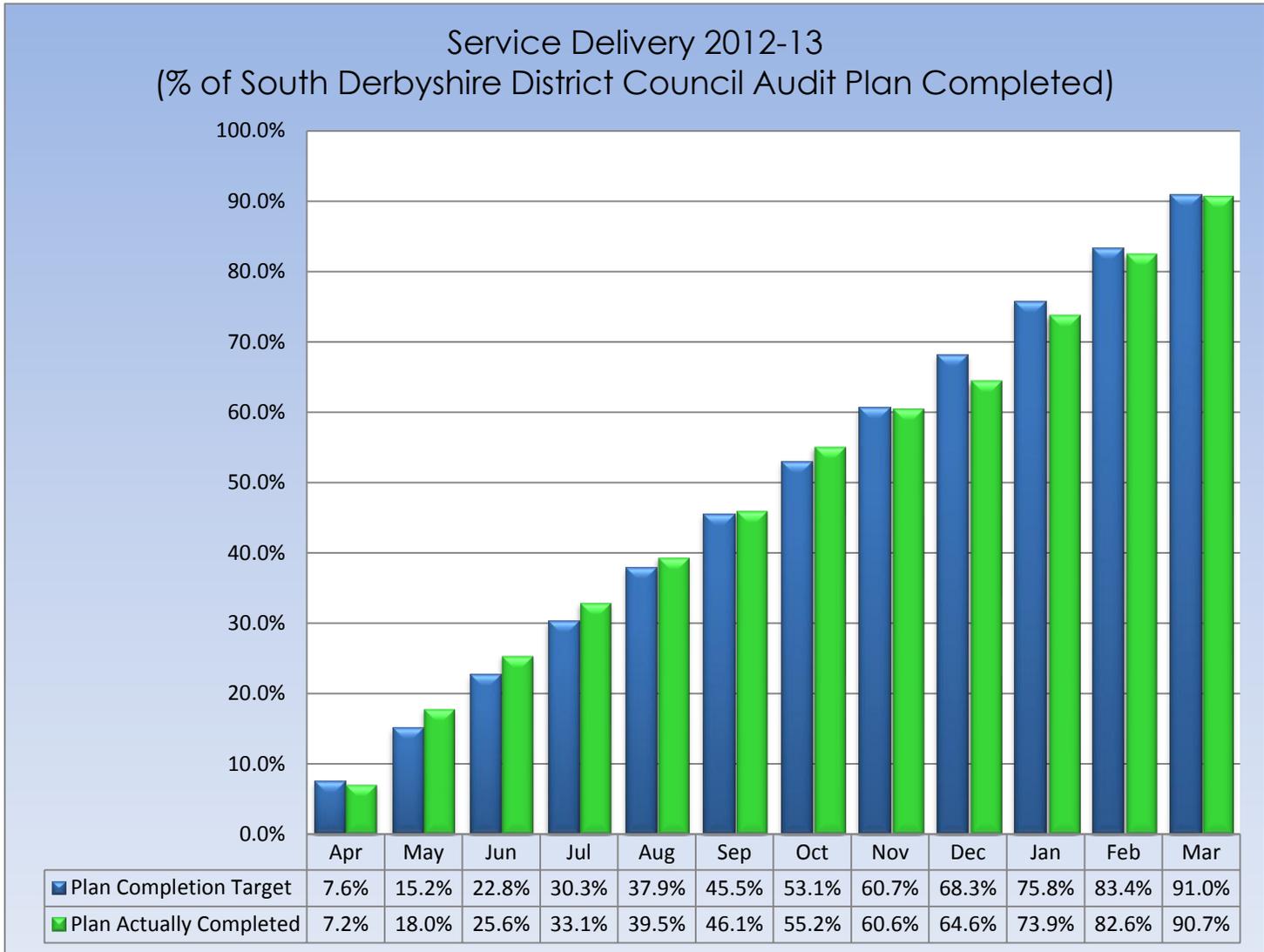
4 Performance Measures

Service Delivery (% of Audit Plan Completed)

At the end of each month, Audit staff provide the Audit Manager with an estimated percentage complete figure for each audit assignment they have been allocated. These figures are used to calculate how much of each Partner organisation's Audit Plans have been completed to date and how much of the Partnership's overall Audit Plan has been completed.

Shown across is the estimated percentage complete for South Derbyshire's 2012-13 Audit Plan (including incomplete jobs brought forward) at the end of the Audit Plan year.

The monthly target percentages are derived from equal monthly divisions of an annual target of 91% and do not take into account any variances in the productive days available each month.



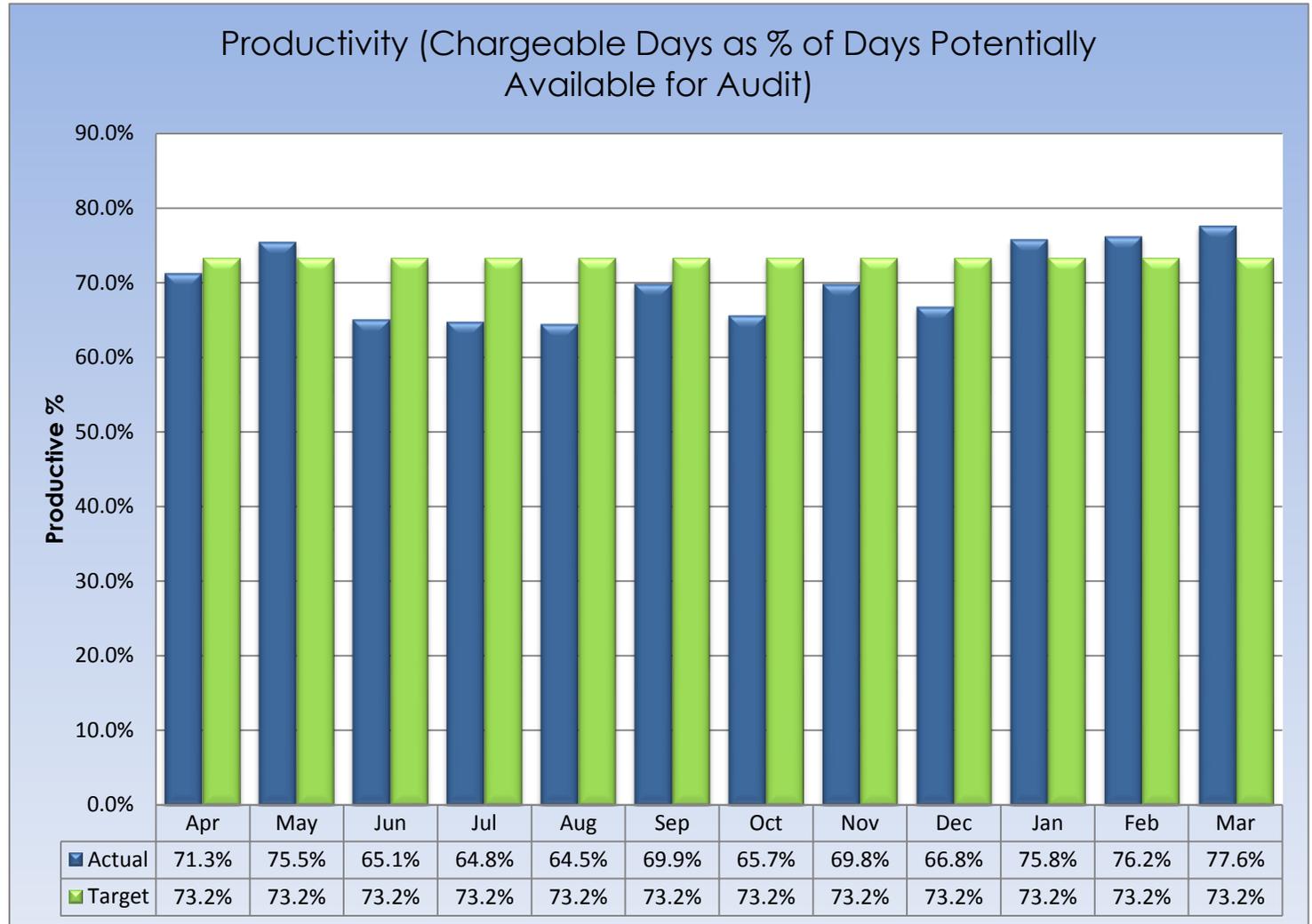
5 Performance Measures

Productivity (Chargeable Days as % of Days Potentially Available for Audit)

Audit staff record the time they spend on audit assignments, administration and management in our bespoke database. Every minute worked is logged against an appropriate code. This time is analysed and compared to planned audit work

Time is analysed between Productive and Non-productive time. We aim to achieve a target productive rate of 73.2% for the year. The average productive rate for the year was 70.1%.

The chart opposite shows how the productivity of the team has fluctuated over the year. It is noticeable that The productivity of the team improved markedly in January 2013 following the recant to the Council House and the voluntary redundancy of a team member on long-term sickness.



6 Customer Satisfaction Returns

The Audit Section sends out a customer satisfaction survey with the final audit report to obtain feedback on the performance of the auditor and on how the audit was received. The survey consists of 11 questions which require grading from 1 to 5, where 1 is very poor and 5 is excellent. Appendix A summarises the average score for each category from the 9 responses received. The average score from the surveys was 47.6 out of 55. The lowest score received from a survey was 42, while the highest was 55.

The overall responses are graded as either:

- Excellent (scores 46 to 55)
- Good (scores 38 to 46)
- Fair (scores 29 to 37)
- Poor (scores 20 to 28)
- Very poor (scores 11 to 19)

Overall 6 of 9 responses categorised the audit service they received as excellent and another 3 responses categorised the audit as good. There were no overall responses that fell into the fair, poor or very poor categories.

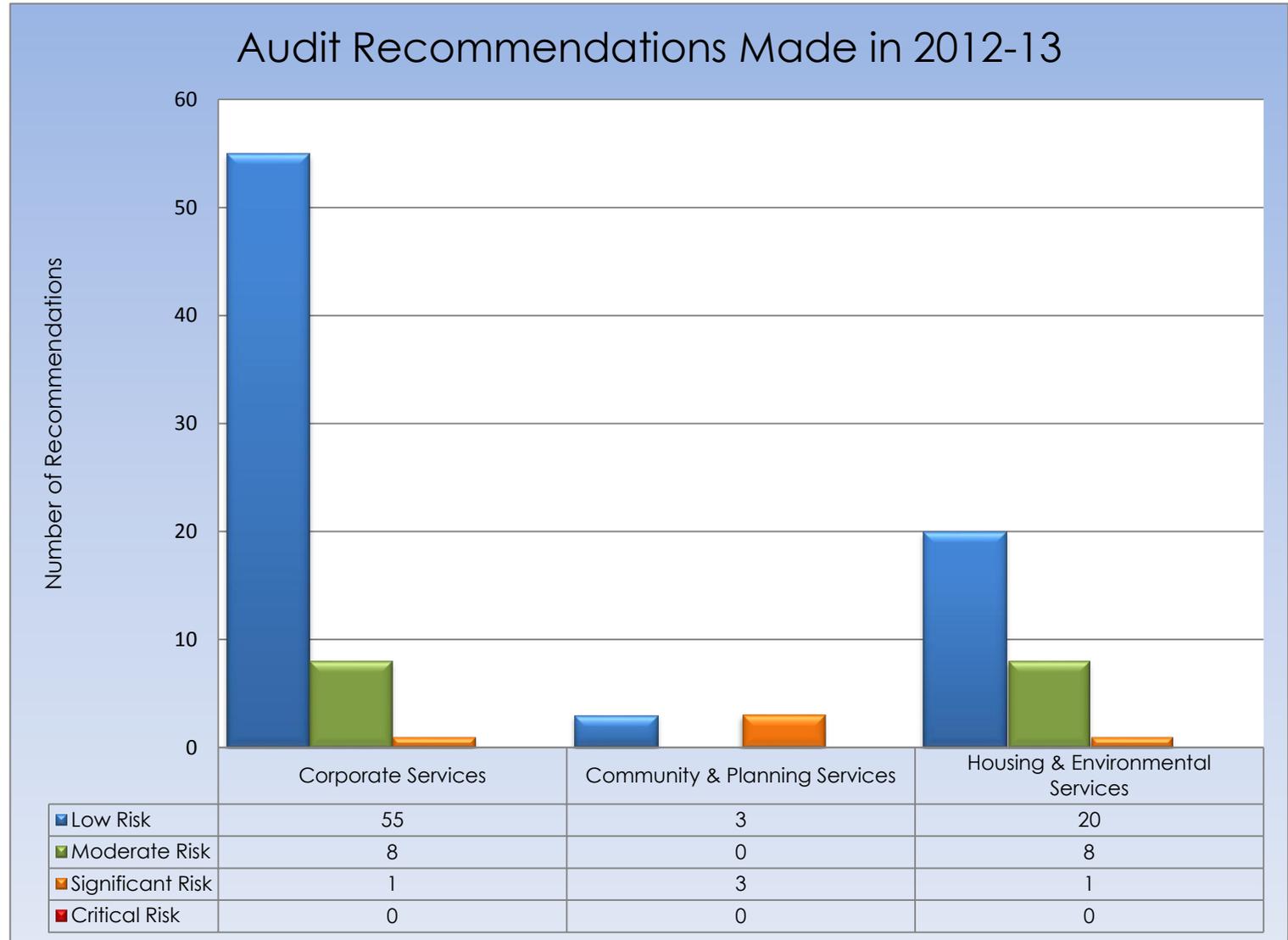


7 Audit Recommendations

To help management schedule their efforts to implement our recommendations or their alternative solutions, we have risk assessed each control weakness identified in our audits. For each recommendation a judgment was made on the likelihood of the risk occurring and the potential impact if the risk was to occur. From that risk assessment each recommendation has been given one of the following ratings:

- **Critical risk.**
- **Significant risk.**
- **Moderate risk.**
- **Low risk.**

These ratings provide managers with an indication of the importance of recommendations as perceived by Audit; they do not form part of the risk management process; nor do they reflect the timeframe within which these recommendations can be addressed. These matters are still for management to determine. A summary of recommendations made by directorate for 2012/13 is shown in the table across.



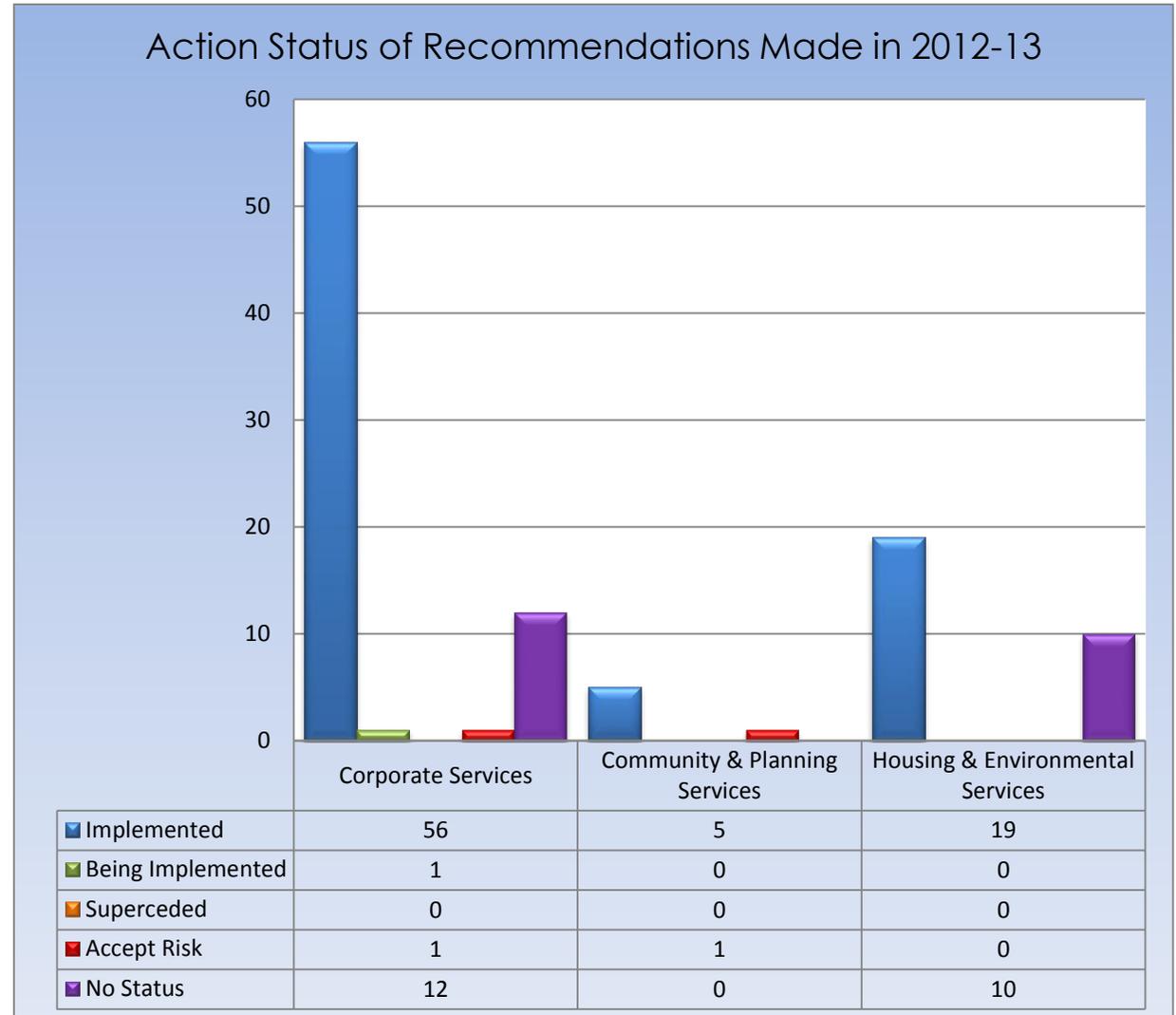
8 Recommendations Action Status

Internal Audit sends emails, automatically generated by our recommendations database, to officers responsible for action where their recommendations' action dates have been exceeded. We request an update on each recommendation's implementation status, which is fed back into the database, along with any revised implementation dates.

Each recommendation made by Internal Audit has been assigned one of the following "Action Status" categories as a result of our attempts to follow-up management's progress in the implementation of agreed actions. The following explanations are provided in respect of each "Action Status" category:

- **Implemented** = Audit has received assurances that the agreed actions have been implemented.
- **Being Implemented** = Management is still committed to undertaking the agreed actions, but they have yet to be completed. (This category should result in a revised action date).
- **Superseded** = Audit has received information about changes to the system or processes that means that the original weaknesses no longer exist.
- **Accept Risk** = Management has decided to accept the risk that Audit has identified and take no mitigating action.
- **No Status** = Either Audit have been unable to ascertain any progress information from the responsible officer or the recommendations haven't reached their agreed action date.

A summary of the action status of recommendations by directorate for 2012/13 is shown in the table across.



REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 9
DATE OF MEETING:	19TH JUNE 2013	CATEGORY: DELEGATED
REPORT FROM:	LEGAL & DEMOCRATIC SERVICES MANAGER	OPEN
MEMBERS' CONTACT POINT:	ARDIP KAUR ardip.kaur@south-derbys.gov.uk	DOC: u/ks/governance/local code/june13/update report june13
SUBJECT:	LOCAL CODE OF CORPORATE GOVERNANCE – ANNUAL REVIEW 2012/13	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: AS 04

1.0 Recommendation

- 1.1 That the annual assessment of the Council's Local Code of Corporate Governance for 2012/13 is approved.
- 1.2 That progress on the work plan for 2012/13 is approved.

2.0 Purpose of Report

- 2.1 To provide the annual detailed assessment of the Council's Local Code of Corporate Governance, together with progress on the work plan contained in the statutory Governance Statement.

3.0 Detail

- 3.1 The current Local Code of Corporate Governance was adopted by the Council in 2008. It is based on a best practice document and principles which were founded by the professional organisations SOLACE and CIPFA. The local code provides evidence of how the Council has fulfilled or intends to fulfil its commitment to corporate governance.
- 3.2 Under its terms of reference, the Committee is required to review progress in relation to compliance against six core principles on which the Code is based. These principles and the local action plan are a fundamental part of the Council's Annual Governance Statement; this is subject to External Audit review as part of the annual accounts process.

What is Corporate Governance?

- 3.3 Corporate Governance is the system by which a Council directs and controls its functions and relates to its community. Good Corporate Governance is essential in demonstrating there is credibility and confidence in the public services provided. Sound arrangements are founded upon openness,

integrity and accountability, together with the over-arching concept of leadership.

The Purpose of the Local Code of Governance

3.4 The Local Code of Governance is a single document that aims:

- To serve as a management tool for reviewing and monitoring existing Corporate Governance arrangements.
- To ensure that evidence about governance arrangements is available and to fulfil statutory commitments required in the Annual Governance Statement.
- To help develop plans for improving arrangements for Corporate Governance

How Governance Arrangements are Measured

3.5 The local code is based on six core principles:

1. Focusing on the purpose of the Council and on outcomes for the community, creating and implementing a vision for the local area.
2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
3. Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
5. Developing the capacity and capability of Members and Officers to be effective.
6. Engaging with local people and other stakeholders to ensure robust public accountability.

3.6 The Council's Governance arrangements are overseen by a corporate group of senior officers consisting of

- Legal and Democratic Services Manager, including their role as the Council's Monitoring Officer
- Director of Finance and Corporate Services, including their role as the Council's Chief Finance (Section 151) Officer
- Policy & Communications Manager

3.7 On an on-going basis, this group monitors and reviews a detailed self-assessment. This is effectively a checklist which assesses the documents and processes, together with any other means used to measure compliance with the six supporting principles.

- 3.8 The updated assessment is detailed in **Appendix 2**. This largely remains unchanged from the previous year; it is considered that the Council already has adequate arrangements in place that meet the requirements of good corporate governance.
- 3.9 The assessment helps to identify internal factors and new external requirements that need to be addressed to ensure that the Council maintains effective governance arrangements.

Work Plan 2012/13

- 3.10 This is then formulated into a work plan that aims to meet any new requirements or identified areas of risk. The work plan approved for 2012/13 with progress is set out in **Appendix 1**.
- 3.11 The work plan was mainly completed in the year, with a couple of areas being carried forward pending the outcome of internal restructuring and new legislation.

Work Plan 2013/14

- 3.12 The proposed work plan for 2013/14 is set out in the Annual Governance Statement which is subject to a separate report on this Committee's Agenda. This plan has been informed by the updated assessment of the Local Code and includes areas carried forward from 2012/13.

4.0 Financial Implications

- 4.1 None.

5.0 Corporate Implications

- 5.1 The Code covers all of the Council's activities and compliance with it affects all services.
- 5.2 The self assessment process is an important element in ensuring that the Council keeps under review its Local Code of Corporate Governance in order to continue to maintain the six core principles.

6.0 Community Implications

- 6.1 A key aim of the Council is community leadership, which is concerned with the style and manner in which the Council operates and how it relates to local people and partners. One important aspect included in this aim is the policies and arrangements for corporate governance.

7.0 Background Papers

- CIPFA/SOLACE publication "*Delivery Good Governance in Local Government*". [Page 41 of 89](#)

Local Code of Corporate Governance

Work Plan Review – June 2013

Actions	Timescale	Responsible Officer	Action/Progress
Continue to review the Local Code of Corporate Governance in accordance with updated guidance and to undertake any outstanding work during the year.	Report to Audit Committee ½ yearly in June and December	Monitoring Officer	Completed Reports to the Committee in December 2012 and June 2013.
Members' training and development programme to be reviewed and Action Plan implemented.	Ongoing	Head of Corporate Services	Completed Review has incorporated various courses arranged by East Midlands Councils as part of the Derbyshire Member Development Skills Programme and a Regional Programme of Briefing Events for Councillors.
Implement any actions emerging from the Localism Act 2011 that impact on the Governance agenda.	March 2013	All Heads of Service	Completed As reported to the Committee in December 2012, all implications for the Council have been implemented.
Review Officer's Code of Conduct when National Guidelines issued.	March 2013	Head of Corporate Services	No action required to-date Amendments to National Guidelines are expected in 2013/14 relating to changes required for politically restricted posts. Any amendments will be reviewed and incorporated into the Council's Code; these are not expected to be onerous and any amendments will be reported to the Finance and Management Committee.

Adopt Revised Member Code of Conduct when legislation introduced.	March 2013	Head of Corporate Services	Completed A revised Code considered and adopted by Full Council on 28 th June 2012.
Development of the Core Strategy/Local Plan.	March 2013	Director of Operations	Completed Extensive consultation took place across the District on the Preferred Growth Strategy for South Derbyshire between November 2012 and January 2013. Publication Draft Plan to be published in 2013, to be followed by statutory 6 weeks consultation.
Update the Council's scheme of delegation to reflect the Council's new structure.	March 2013	Monitoring Officer	Outstanding This was deferred pending the implementation of the recent Council restructure. This is now currently being completed and has been carried forward into the work plan for 2013/14.
Review the new arrangements for Standards Committee scheduled for 2012/13	March 2013	Monitoring Officer	Completed Revised arrangements for the Standards Committee in accordance with the Localism Act 2011 were considered and adopted by Full Council on 28 th June 2012.
Review requirements to have an independent chair of Audit Sub-Committee.	March 2013	Head of Corporate Services	Further Action may be required This is considered best practice but is not a statutory requirement. The post would not carry any voting rights, but would provide for an independent person to add constructive challenge, together with advice and guidance to voting Members. Ultimately, it is for debate and decision for Full Council.

Review arrangements for Risk Management	March 2013	Head of Corporate Services	Completed. Internal Audit undertook a review and reported their findings to the Committee in September. Subsequently, the Council's Risk Management Framework was updated and approved by the Committee in December 2012.
Review of Whistleblowing policy.	March 2013	Monitoring Officer	Completed Further changes are expected following new legislation in October 2013 and this has been carried forward into the work plan for 2013/14.
Review of Member's Induction process – to include Member's powers.	March 2013	Head of Corporate Services	Outstanding Future induction and training processes to be reviewed to incorporate duties and responsibilities of individual Members in their community leadership roles.
Produce a revised Engagement Strategy following a review of the Council's approach to consultation and engagement.	December 2012	Head of Corporate Services	Completed This was approved by the Finance and Management Committee in June 2013.

Self Assessment of Performance under Local Code of Corporate Governance

PRINCIPLE 1: Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area

How the principles of corporate governance should be reflected
Exercising strategic leadership by developing and clearly communicating the Council's purpose and vision and its intended outcomes for citizens and service users (1 – 4)
Ensuring that users receive a high quality service, whether directly or in partnership, or by commissioning (5 & 6)
Ensuring that the Council makes best use of resources and that tax payers and service users receive excellent value for money (7)

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
1) Develop and promote the Council's purpose and vision	Chief Executive	Council's Vision Statement – used as a basis for: <ul style="list-style-type: none"> • Corporate Plan 2009 to 2014 • Corporate Action Plan 2013/14 • Service planning • Communications Strategy • Communications Campaigns • Consultation Strategy • Corporate Communications Team • Annual Report • South Derbyshire's Sustainable Community Strategy 2009-2029 • Area profile information • Corporate Identity Guidelines 	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
2) Review on a regular basis the Council's vision for the local area and its implications for the Council's governance arrangements	Chief Executive	<ul style="list-style-type: none"> • Annual review of Corporate Action Plan • Periodic review of Sustainable Community Strategy • Six monthly self assessment of governance arrangements • Annual report on South Derbyshire Partnership (SDP) • Presentation to Full Council from SDP 	4	Development of the Core Strategy/Local Plan – this is currently in progress
3) Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Partnership Agreements/Terms of Reference in place for SDP and Safer South Derbyshire Partnership (SSDP) • South Derbyshire's Sustainable Community Strategy 2009-2029 • Community/Parish Plans in place • Partnership Year End Reports • Service Planning • Recommendations implemented following Internal Audit on partnerships in 2011/12 	5	
4) Publish an annual report on a timely basis to communicate the Council's activities and achievements, its financial position and performance	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Corporate Plan • Statutory Statement of Accounts • External Audit Management Letter • Annual Budget Report • Medium Term Financial Plan • Council Tax leaflet • Annual Report 	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
5) 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	Director of Finance and Corporate Services	This information is reflected in the Council's: <ul style="list-style-type: none"> • Locally defined Key Performance Indicators (KPIs) • Development of a Customer Charter • Citizens Panel • Annual Ombudsman's Report • Complaints Scheme – on website • Service Plans • Quarterly performance reports to policy Committees • Performance Management System • Overview and Scrutiny Committee • Achievement of Environmental Standard ISO14001 	5	
6) Put in place effective arrangements to identify and deal with failure in service delivery	Corporate Management Team	<ul style="list-style-type: none"> • Governance arrangements in place for the management of Corporate Services contract • Business Continuity Plans containing Accommodation Strategy • Ombudsman's Complaints Procedure • Reporting of Complaints to Committee • Overview and Scrutiny Committee • Performance Management System • External Audit • Risk Management Strategy with reports to Committee • Medium Term Financial Plan • Quarterly performance reports to Policy Committees • Service Planning 	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
<p>7) Decide how value for money is to be measured and make sure that the Council or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions</p>	<p>Director of Finance and Corporate Services</p>	<p>The results are reflected in the Council's performance plans and in reviewing the work of the Council e.g.</p> <ul style="list-style-type: none"> • Value for Money framework • Cost Comparator Assessment • Business Improvement Board • Service Planning • Procurement Strategy • Environmental Policy • Annual Audit Management letter • South Derbyshire's Sustainable Community Strategy • Maintenance of a prudential financial framework in line with CIPFA's code • Governance arrangements in place for the management of Corporate Services contract • Performance reports • Achievement of Environmental Standard ISO14001 • Rolling programme of Transformational Reviews through the Northgate Partnership 	<p>5</p>	

PRINCIPLE 2: Members and Officers working together to achieve a common purpose with clearly defined functions and roles

How the principles of corporate governance should be reflected
Ensuring effective leadership throughout the Council and being clear about Council functions and of the roles and responsibilities of the scrutiny function (8 & 9)
Ensuring that a constructive working relationship exists between Council Members and officers and that the responsibilities of Council Members and Officers are carried out to a high standard (9 – 13)
Ensuring relationships between the Council and the public are clear so that each knows what to expect of the other (14 – 19)

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
8) Set out a clear statement of the respective roles and responsibilities of Council Members and of senior officers	<p>Director of Finance and Corporate Services</p> <p>Legal and Democratic Services Manager</p>	<ul style="list-style-type: none"> • Constitution • Member training and development programme for statutory functions such as Planning and Licensing • Role definitions of Senior Officers • Senior Officers job description • Officers Employment Procedure Rules • Protocol on Member/Employee Relations • Role Profiles of Members • Monitoring Officer Protocol • Section 151 Officer and Monitoring Officer report directly to the Chief Executive • The Council's CFO (Section 151 Officer) is a member of the Corporate Management Team 	4	Members' training and development programme to be reviewed

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
9) 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 Council, taking account of relevant legislation, and ensure that it is monitored and updated when required	Legal and Democratic Services Manager	<ul style="list-style-type: none"> • Constitution (part 3) • Scheme of Delegation • Monitoring Officer 	4	Update the Council's scheme of delegation to reflect the Council's new structure.
10) Ensure the Chief Executive is fully responsible and accountable to the Council for all aspects of operational management	Chief Executive	<ul style="list-style-type: none"> • Constitution • Conditions of Employment • Scheme of Delegation • Statutory provisions • Job Description/Specification • Performance Management system • Annual Performance Development Review 	5	
11) Develop protocols to ensure that the Leader and Chief Executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained	Chief Executive	<ul style="list-style-type: none"> • Scheduled regular meetings with Leader/ Deputy of both the Controlling and Opposition Groups with the Chief Executive • Leading Members meet regularly with Corporate Management Team • Protocol on Member/Employee relations 	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
12) Ensure the S151 Officer is fully responsible to the Council for giving appropriate advice on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control	Chief Executive	<ul style="list-style-type: none"> • Section 151 Officer appointment • Statutory provision • Statutory reports • Budget documentation • Job Description/Specification • Committee report template • Annual Performance Development Review • Financial Procedure Rules and Regulations • Compliance with the statement on the role of the Chief Finance Officer in Local Government 	5	
13) Ensure the Monitoring Officer is fully responsible to the Council for making sure that agreed procedures are followed and that all applicable statutes and regulations are complied with	Chief Executive	<ul style="list-style-type: none"> • Monitoring Officer appointed • Job Description/Specification • Annual Performance Development Review • Monitoring Officer Protocol 	5	
14) Develop protocols to ensure effective communication between Members and officers in their respective roles	Legal and Democratic Services Manager	<ul style="list-style-type: none"> • Planning Good Practice protocol • Protocol on Use of IT by Members • Licensing Protocol and Procedure • Protocol on Member/Employee relations • Use of Member Champions • Members' Code of Conduct • Committee structure • Constitution 	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
15) 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 (if applicable)	<p>Legal and Democratic Services Manager</p> <p>Director of Finance and Corporate Services</p>	<ul style="list-style-type: none"> • Independent Remuneration Panel – review of Members' Allowances and Chief Officer Salaries • Members' Allowances Scheme • National (NJC) Pay and Conditions • Contracts of Employment for Officers • Pay Policy published 	5	
16) Ensure that effective mechanisms exist to monitor service delivery	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Data Quality Strategy and Action Plan • Data Quality Annual Audit • Performance Management system – reporting to Policy Committees • Scrutiny arrangements in place • Council wide Performance Management System which include Corporate and local indicators 	5	
17) Ensure that the Council's vision, strategic plans, priorities and targets are developed through robust mechanisms and, in consultation with the local community and other key stakeholders, that they are clearly articulated and disseminated	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Area Forums/Safer Neighbourhood meetings • Parish Liaison Meetings • Citizens Panel • Local Priorities consultation • Corporate Communications Team • Area Profiles • Corporate Consultation Strategy • Corporate Communications Strategy • 5 year medium term corporate and financial planning process • Annual reports • SDP • Local events – such as Liberation Day, South Derbyshire Day and Healthier South Derbyshire Day 	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
18) 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 Council	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • All Financial Partnership agreements contain "terms of reference" • Constitution (Article 10) • Code of Conduct for Representatives on Outside Bodies • Member's Role profiles 	5	
19) When working in partnership: <ul style="list-style-type: none"> ♦ ensure that there is clarity about the legal status of the partnership ♦ ensure that representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions 	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Legal status of Financial Partnerships and authority to bind partners are defined in their "terms of reference" e.g. SDP, SSDP • A number of key partnerships in place e.g. ARCH, Northgate and Law Public 	5	

PRINCIPLE 3: Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

How the principles of corporate governance should be reflected
Ensuring Council Members and Officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance (20 – 22)
Ensuring that organisational values are put into practice and are effective (23 – 27)

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
Balance of Power and Authority				
20) Ensure that the Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect	Chief Executive	<ul style="list-style-type: none"> • Core/Team Briefings • IIP Accreditation • Joint Consultative Committee • Joint Negotiating Group • Members' and Officers' Code of Conduct • Regular staff meetings • Committee Meetings open to public • "Better" Newsletter and Blogs • Employee Survey • PDR Scheme. • Competency Framework for all posts in the Council. • Planning for the Future sessions • Management Development Programme 	5	
21) Ensure that standards of conduct and personal behaviour expected of Members and officers, of work between Members and Officers and between the Council, its partners and the community are defined and communicated through codes of conduct and protocols	Legal and Democratic Services Manager Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Members'/Officers' Code of Conduct • Complaints procedures • Ombudsman Complaints Procedure • Anti-fraud and corruption policy • Confidential reporting code • Protocols on Member/Employee Relations • Protocol on Use of IT by Members • Planning Code of Good Practice • Financial procedure rules • Induction process 	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
Balance of Power and Authority				
21) cont/.....		<ul style="list-style-type: none"> • Procurement Strategy • Employment policies • Code of Conduct for Representatives on Outside Bodies • Standards Committee with Independent persons • Performance Development Reviews for Officers • Members' Handbook • Performance Management system • Members' Register of Interests and Officer Gifts and Hospitality Register • Competency Framework for Senior Managers • Whistleblowing Policy 		
22) Put in place arrangements to ensure that Members and Officers of the Council 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	<p>Director of Finance and Corporate Services</p> <p>Legal and Democratic Services Manager</p>	<ul style="list-style-type: none"> • Members' and Officers' Code of Conduct • High profile Standards Committee • Planning Code of Good Practice • Corporate Equality and Fairness Scheme • Equality and Fairness training • Member's Interests, Gifts & Hospitality Registers in place which are monitored • Employees sign-up to Conditions of Service as part of employment • Anti-fraud and Corruption Policy • Complaints procedure • Tendering and Procurement processes • Audit Sub-Committee review instances of fraud and corruption <p><i>cont/.....over</i></p>	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
Balance of Power and Authority				
22) cont/....		<ul style="list-style-type: none"> • Officer Gifts & Hospitality Register monitored 		
23) Develop and maintain shared values including leadership values for both the Council and officers, reflecting public expectations and communicate these with Members, officers, the community and partners	Chief Executive	<ul style="list-style-type: none"> • Corporate Leadership and Management Programme • Planning for the Future sessions • PDR Scheme • Competency Framework for all posts in the Council. • Corporate Plan • Codes of Conduct • Council's Values • Communicate via Team Brief/Blogs/Better • Staff Briefings • Members' Bulletin • Key Corporate Messages from CMT • Community Strategy • Corporate Communications Team • Communication Campaigns 	5	
24) Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice	Legal and Democratic Services Manager	<ul style="list-style-type: none"> • Codes of Conduct for Members and Officers • Standards Committee training • Equality training for staff/Members • Corporate Equality and Fairness Scheme • Council's Values • Leadership and Management Development Programme 	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
Balance of Power and Authority				
25) Develop and maintain an effective Standards Committee	Legal and Democratic Services Manager	<ul style="list-style-type: none"> • New Standards Committee introduced in July • Annual Report to Full Council • Standard's hearings and outcomes • Training • Supported by legal professionals 	5	
26) Use the Council's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council	Chief Executive	<ul style="list-style-type: none"> • Council's Values • Various implications set out in all Committee agenda paperwork to aid decision making process • Open decision making structure • Appropriate use of "exempt reports" • Web based Committee documentation system • 	5	
27) In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour, both individually and collectively	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Protocols for partnership working and minutes of meetings e.g. SDP • South Derbyshire Crime and Disorder Partnership • South Derbyshire's Sustainable Community Strategy 2009-2029 • Governance arrangements for the Partnership with Northgate 	5	

PRINCIPLE 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

How the principles of corporate governance should be reflected
Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny (28 – 32)
Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs (33 – 34)
Ensuring that an effective risk management system is in place (35 & 36)
Using their legal powers to the full benefit of the citizens and communities in their area (37 – 39)

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
28) Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall and that of any organisation for which it is responsible	Legal and Democratic Services Manager	<ul style="list-style-type: none"> • Overview and Scrutiny Annual Report to Council • Training of Scrutiny Members • Call-in procedure • Annual scrutiny work plan • Scrutiny function make recommendations for budget reviews and resource allocations and have been instrumental in pursuing external issues such improved Broadband facilities for the District 	5	
29) Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based	Legal and Democratic Services Manager	<ul style="list-style-type: none"> • Committee report templates set out all relevant considerations • Web based Committee documentation system • Attendance by qualified and experienced Democratic Services professionals at all meetings to record discussions, decisions and to ensure proper conduct 	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
30) Put in place arrangements to safeguard Members and Officers against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.	Legal and Democratic Services Manager Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Members' and Officers' Code of Conduct • Protocol on Employee/Member Relations • Monitoring Officer in post • Whistleblowing Policy • Planning Code of Good Practice • Code of Conduct for Representatives on Outside Bodies • Training and induction process for Members • Gifts/Hospitality Register for Members and Officers 	5	
31) Develop and maintain an effective Audit Sub-Committee	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Committee in place with constituted Terms of Reference • Training for Committee Members • Annual self-assessment checklist • Audit Manager has direct access 	4	Keep under review requirement to have independent chair of Audit Sub-Committee.
32) Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Comments, Compliments and Complaints Scheme • Open reporting of complaints to Finance and Management Committee • Ombudsman's Annual Letter reported • Ombudsman's Complaints Procedure • Whistleblowing Policy • Petitions Scheme 	5	
33) Ensure that those making decisions, whether for the Council or the partnership, are provided with information that is fit for purpose – relevant, timely and gives clear explanations of technical issues and their implications	Legal and Democratic Services Manager	<ul style="list-style-type: none"> • Members' Induction Programme • Committee report template includes provision to show financial, legal, risk, environmental, etc. considerations • Committee timetable allows for consultation and review prior to report issue 	5	

cont/...over

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
33) cont/.....		<ul style="list-style-type: none"> • Open Member briefings for technical and complex reports • Pre agenda meetings with both Lead and Opposition Groups 		
34) 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	Legal and Democratic Services Manager	<ul style="list-style-type: none"> • Committee template requires financial implications to be laid down in reports • Draft reports discussed at pre-meetings • Corporate Management Team oversee reports for major issues • Advice provided on levels of reserves and balances • Legal, HR and Finance implications flagged in Committee Reports 	5	
35) Ensure that risk management is embedded into the culture of the Council, with Members and managers at all levels recognising that risk management is part of their jobs	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Risk Management Strategy and Policy Statement • Corporate Risk Management Group) • Included in Financial Procedure Rules • Risk Analysis in Corporate Plan and Services Plans • Staff/Members attend risk awareness training • Corporate Risk Registers • Emergency Planning system in place • Business Continuity Plans • Audit review in 2012/13 confirmed good risk management framework in place with focus good across the Council 	5	
36) Ensure that arrangements are in place for whistle blowing to which staff and all those contracting with the Council have access	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Regularly reviewed whistleblowing reporting code available on website • Anti-fraud and Corruption Policy • Monitoring Officer and S151 Officers in post 	4	Change to legislation expected in October 2013; need to review policy.

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
37) Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine, but also strive to utilise their powers to the full benefit of their communities	Legal and Democratic Services Manager	<ul style="list-style-type: none"> • Constitution • Monitoring Officer/ S151 Officer • Member Protocol • Planning Code of Good Practice • Member Induction process • Standards Code of Conduct • 	4	Review of Member's Induction process – to include Member's powers and role as community leaders
38) Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on authorities by public law	Legal and Democratic Services Manager	<ul style="list-style-type: none"> • Circulation of reports prior to going to Committee • Monitoring Officer and S151 Officers in post • Decisions and Recommendations from Committee 	4	Review of Member's Induction process – to include Member's powers and role as community leaders
39) 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	Legal and Democratic Services Manager	<ul style="list-style-type: none"> • Monitoring Officer's provision • Job Description/Specification • Statutory provision • Article 12 of the Constitution • Continuous professional training for Members and Officers where appropriate, for example in Planning and Licensing. • Decisions and Recommendations from Committee 	4	Review of Member's Induction process – to include Member's powers and role as community leaders

PRINCIPLE 5: Developing the capacity and capability of Members and officers to be effective

How the principles of corporate governance should be reflected
<p>Making sure that Members and Officers have the skills, knowledge, experience and resources they need to perform well in their roles (40 & 41)</p> <p>Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group (42 – 44)</p> <p>Encouraging new talent for Membership of the Council so that best use can be made of individuals' skills and resources in balancing continuity and renewal (45 & 46)</p>

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
40) Provide induction programmes tailored to individual needs and opportunities for Members and Officers to update their knowledge on a regular basis	Legal and Democratic Services Manager	<ul style="list-style-type: none"> • Training and Development Plan • E-Induction Programme for Officers • Induction Programme for Members • Performance Development Reviews for Officers • Member Champions for several work areas • E-learning resources • Training events for all Members • Access to regional training sessions and seminars 	4	Review of Member's Induction process – to include Member's powers and role as community leaders
41) 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 Council	Chief Executive	<ul style="list-style-type: none"> • Job Description/Person Specifications • Article 11 in Constitution • Performance Development Reviews • S151 and Monitoring Officers have support from professional organisations 	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
42) 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>Director of Finance and Corporate Services</p> <p>Legal and Democratic Services Manager</p>	<ul style="list-style-type: none"> • Member and Officer training and development programme • Member and Officer training budget • PDR Scheme • IIP accreditation • Competency Framework for all posts in the Council. • Specific training for Standards, Planning, Licensing and Audit Sub-Committee • Leadership and Management Development Programme for all managers • Planning for the Future sessions • Workforce Development Strategy reviewed on an annual basis 	5	
43) 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>Director of Finance and Corporate Services</p> <p>Legal and Democratic Services Manager</p>	<ul style="list-style-type: none"> • Training and development frameworks • PDR Scheme • Competency Framework for all posts in the Council. • Leadership and Management Development Programme for all Managers • IIP accreditation • Partnership with Law Public to provide resources and independent advice on legal issues as required • Use of field experts for major projects such as plans to deliver new housing and major procurement exercises 	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
44) Ensure that effective arrangements are in place for reviewing the performance of the Council 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>Director of Finance and Corporate Services</p> <p>Legal and Democratic Services Manager</p>	<ul style="list-style-type: none"> • Training and development courses • Call-in arrangements • Corporate Plan 2009-2014 - reviewed annually • Annual Report • Appointment of Training Champions • PDR Scheme and Training Plans for Officers • Workforce Development Strategy 2009-2014 • Scrutiny Function 	5	
45) Ensure that effective arrangements are in place, designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Corporate Equality and Fairness Scheme • Citizens Panel • Communities and Equalities Forum • Parish Liaison Meetings • Communication Strategy • Consultation Strategy • Area Forums • Flood Liaison Forums • Public participation at Planning meetings • Local Democracy Week • EIRA screening on key policy documents • 'Achieving' status under National Equality Framework • Area Forums/Safer Neighbourhood Meetings 	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
46) Ensure that career structures are in place for Members and Officers to encourage participation and development	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Workforce development in Service Plan • Leadership and Management Development Programmes • Post-entry Training Scheme • Career Graded Posts • Modern Apprenticeships • IIP accreditation • Corporate Workforce Development Strategy • Recruitment and Selection Policy • Role Profiles for Members • Modern Apprenticeship Schemes and career graded posts for Officers • PDR Scheme • Competency Framework for all posts in the Council. 	5	

PRINCIPLE 6: Engaging with local people and other stakeholders to ensure robust public accountability

How the principles of corporate governance should be reflected
Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships (47 – 49)
Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the Authority, in partnership or by commissioning (50 – 55)
Making best use of human resources by taking an active and planned approach to meet responsibility to staff (56)

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
47) Make clear to ourselves, all Officers and the community to whom they are accountable and for what	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • South Derbyshire's Sustainable Community Strategy • Corporate Plan 2009/14 • Job Descriptions • Person Specifications • Annual Report 	5	
48) Consider those institutional stakeholders to whom the Council is accountable and assess the effectiveness of the relationships and any changes required	Corporate Management Team	<ul style="list-style-type: none"> • South Derbyshire Crime and Disorder Partnership • Parish Liaison Meetings/Flood Liaison Meetings • Area Forums/Safer Neighbourhood Meetings • Derbyshire Sustainable Community Strategy • SDP Board • Derbyshire Economic Partnership • 	5	
49) Produce an annual report on the activity of the scrutiny function	Legal and Democratic Services Manager	<ul style="list-style-type: none"> • Annual report to Council <p style="text-align: center;">Page 66 of 89</p>	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
50) Ensure clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and ensure that they operate effectively	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Communications Strategy, including campaign evaluation • Consultation Strategy • Citizens Panel • Updated Website • Communities and Equalities Forum • Corporate Communications Team • Monthly Media Report • Petitions 	5	
51) Hold meetings in public, unless there are good reasons for confidentiality	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Open Committee Meetings 	5	
52) Ensure that arrangements are in place to enable the Council to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Complaints Scheme • Tenants' forum • Communities and Equalities Forum • Parish Liaison Meetings • Housing News • Crime and Disorder Partnership • Communications Strategy • Consultation Strategy • Equality and Fairness Scheme • Language Line/Translation Service • Citizens Panel • Area Forums/Safer Neighbourhoods <p style="text-align: right; margin-right: 20px;"><i>cont/....over</i></p>	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
52) cont/.....		<ul style="list-style-type: none"> • Petitions Scheme • Hearing Loops • Housing Allocation Policy • "Get South Derbyshire Active" Project • Unauthorised Encampment of Traveller's Policy • Youth Engagement through Sport Project • Neighbourhood Watch Schemes • Safer Neighbourhood Wardens • Liberation Day 		
53) Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Corporate Plan 2009-2014 • Citizens Panels and Forums • Consultation Strategy • Communications Strategy • Corporate Communications Team • Communication Campaigns • Area Forums • Parish Liaison Meetings • Petitions • Annual Report 	5	
54) On an annual basis, publish a performance plan giving information on the Council's vision, strategy, plans and financial statements, as well as information about its outcomes, achievements and the satisfaction of service users in the previous period	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Annual financial statements • Corporate Plan 2009-2014 • Annual Service Plans • Annual Report • Annual Audit Management Letter • Year End Performance Report • Council Tax Leaflet 	5	

The local code should reflect the requirements to:	Officer(s) responsible	Source documents/processes/other means that may be used to demonstrate compliance	Self assessment score on how far the Council's current processes and documentation meet the criteria (1-5)	Actions to strengthen performance
55) Ensure that the Council as a whole is open and accessible to the community, service users and its officers and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Constitution • Consultation Strategy • Agenda and Minutes of Committee Meetings published on internet • Freedom of Information policy • Data Protection policy • A – Z of Services • Communications Strategy • Comments, Compliments and Complaints Scheme • Access Strategy • Petitions • Pay Policy Statement • Publication of over £200 spend on website 	5	
56) Develop and maintain a clear policy on how Officers and their representatives are consulted and involved in decision making	Director of Finance and Corporate Services	<ul style="list-style-type: none"> • Constitution • Joint Consultative Committee • Joint Negotiating Group • "Better" Newsletter/Blogs • Team Meetings • Planning for the Future sessions • Trade Union's Facilities Agreement • Guidance on Organisational Change • Joint Health & Safety Committee • Employee Forum • Partnership Liaison Group 	5	

REPORT TO:	AUDIT SUB-COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	19th JUNE 2013	CATEGORY: RECOMMENDED
REPORT FROM:	LEGAL and DEMOCRATIC SERVICES MANAGER	OPEN
MEMBERS' CONTACT POINT:	ARDIP KAUR (01283 595715) ardip.kaur@south-derbys.gov.uk	DOC: u/ks/governance/AGS/2013/committeepaper1213
SUBJECT:	ANNUAL GOVERNANCE STATEMENT 2012/13	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: AS04

1.0 Recommendations

- 1.1 To recommend to Finance and Management Committee the Annual Governance Statement (AGS) for the year ended 31st March 2013, as set out in **Appendix B**, and its publication within the Statement of Accounts for 2012/13.
- 1.2 To authorise the Leader of the Council and Chief Executive Officer to sign the Annual Governance Statement.

2.0 Purpose of Report

- 2.1 To submit the Council's Annual Governance Statement (AGS) for 2012/13 in accordance with the Accounts and Audit Regulations 2003. (as amended).

3.0 Detail

Background

- 3.1 Governance is about how South Derbyshire District Council ensures that it does the right things, in the right way, for the right people in a timely, inclusive, open and accountable manner. As such, it comprises the systems, processes, culture and values by which it is directed and controlled and through which it accounts to, engages and leads its local community.
- 3.2 Governance concerns everybody and covers the whole Authority. In recent years, it has assumed a higher profile across public services. This is due to greater expectations from stakeholders, together with a need to avoid previous incidence of "scandals" around financial reporting, public conduct and accountability.

- 3.3 The flowchart at **Appendix A** sets out the process for compiling the AGS and provides the framework of issues to address and report upon for assuring the Committee in respect of internal control and governance arrangements.
- 3.4 In accordance with best practice, the AGS document is produced by a cross-service working group to ensure and demonstrate full corporate, as opposed to purely financial, ownership of the process. This group includes the following senior officers:
- Legal and Democratic Services Manager, including their role as the Council's Monitoring Officer
 - Director of Finance and Corporate Services, including their role as the Council's Chief Finance (Section 151) Officer
 - Policy & Communications Manager

Annual Governance Statement

- 3.5 The AGS is the formal statement that records and publishes a council's governance arrangements.
- 3.6 An AGS is required to be published on an annual basis. Professional guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) states that the production and publication of the AGS are the final stages of an ongoing review of governance, and not activities that can be planned and viewed in isolation. Compilation of the AGS involves the Council in:
- reviewing the adequacy of its governance arrangements
 - knowing where it needs to improve these arrangements
 - communicating to users and stakeholders how better governance leads to best quality public services
- 3.7 The working group has reviewed the Council's governance arrangements and has produced the AGS for 2012/13 (attached at **Appendix B**). This has included consultation with other Officers across the Council where appropriate to ensure full coverage. For example, the Director of Community and Planning Services to consider the impact of the Local Development Framework. The AGS has been produced in accordance with CIPFA guidelines and includes commentary on:
- the governance environment and how this is reviewed to determine its effectiveness; and
 - issues of significance that require addressing as part of the review of effectiveness
- 3.8 A Work Plan, produced in June 2012, was progressed during 2012/13 to address key issues identified to maintain and strengthen the governance environment. These are detailed in **Section E** of the AGS and include:
- Implementation of the new Standards regime for local government
 - Introducing a process to allow local groups to bid for community assets
 - Consulting on the preferred Growth Strategy for South Derbyshire

- Updating arrangements for risk management
- Reviewing policy towards safeguarding children and vulnerable adults
- Introducing management competencies for officers
- Reviewing arrangements to ensure value for money in procurement activity

3.9 The proposed plan for 2013/14 is also detailed **Section E** of the AGS. These actions have been identified to maintain robust Governance and to ensure arrangements keep abreast of a changing environment. The work programme includes:

- Continuing to review the Local Code of Corporate Governance half yearly
- A new Leadership and Development Programme for Officers
- An on-going review of Members Training and the induction process
- Application of the new Internal Auditing Standards for the Public Sector
- Introduction of E-committees to make greater use of IT in local democracy
- Introducing a policy for developing Neighbourhood Plans in local communities
- Updating the Scheme of Delegation to reflect the new Council structure
- Reviewing the Whistleblowing Policy following new legislation expected in October 2013

3.10 Primarily, these areas have been highlighted from a review of the Local Code of Corporate Governance, audit work during 2012/13, the Council's improvement programme, together with changes in legislation. The work plan will be monitored through the Local Code.

4.0 Financial Implications

4.1 None directly.

5.0 Corporate Implications

5.1 Corporate governance affects the whole authority, and all members of senior management have been consulted and made aware of its contents.

5.2 The AGS itself will be signed by the Council's Leader and most senior officer, the Chief Executive. This emphasises that corporate governance goes to the heart of the leadership and management of South Derbyshire District Council.

6.0 Community Implications

6.1 The AGS is designed to act as a public assurance statement that the Council has a sound system of corporate governance, designed to help deliver services in a proper, inclusive, open and accountable manner.

7.0 Background Papers

The Annual Governance Statement and Rough Guide published by the Chartered Institute of Public Finance and Accountancy.

ANNUAL GOVERNANCE STATEMENT 2012/13

A SCOPE OF RESPONSIBILITY

South Derbyshire District 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 of 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, which includes arrangements for the management of risk.

Consequently, the Council has formulated a 'Local Code of Corporate Governance', which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. This Code is subject to a half-yearly review and is monitored by the Council's Audit Committee. The latest version of the Code is available at:

http://www.south-derbys.gov.uk/council_and_democracy/standards_and_behaviour/default.asp

This Annual Governance Statement explains how South Derbyshire District Council has complied with the Local Code of Corporate Governance and also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006, in relation to the publication of a statement on internal control.

B THE PURPOSE OF THE GOVERNMENT FRAMEWORK

The Governance Framework comprises:

- The systems and processes, culture and values, by which the Council is directed and controlled.
- 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 economical, efficient and 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 strategic objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, in order to manage them efficiently, effectively and economically.

The Governance Framework detailed in this Statement has been in place at South Derbyshire District Council for the year ended 31st March 2013, up to the date that the Annual Report and Statement of Accounts were approved. [Page 73 of 89](#)

C THE GOVERNANCE FRAMEWORK AT SOUTH DERBYSHIRE

The key elements of the systems and processes that comprise South Derbyshire District Council's Governance Framework are set out in the following sections.

Decision Making

The Council operates under a Constitution. This sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. It sets out the individual roles and responsibilities of Members and the three statutory officers (i.e. the Head of Paid service, the Chief Finance Officer and the Monitoring Officer).

The Full Council makes decisions on key policies and sets the budget and levels of local taxation for the Council's services. The Constitution includes the delegation from Full Council down to the Policy Committees and provides a Scheme of Delegation to Officers.

Policy Making

This is facilitated through 3 policy committees which are responsible for the main service areas of the Council and are:

- Environmental and Development Services
- Housing and Community Services
- Finance and Management

Each Committee is governed by its own Terms of Reference, as laid down in the Constitution. Meetings of these committees are open to the public, except where issues of an exempt nature are being disclosed.

An Overview and Scrutiny Committee has 'call-in' powers to consider the appropriateness of Policy Committee decisions. It also shadows the policy committees, supports policy development and review, together with carrying out external reviews on issues that affect South Derbyshire.

Six Area Forums, a Parish Liaison Meeting and a Flood Liaison Meeting are well established and these meet throughout the year. These forums are designed to improve community involvement in decision-making and provide a continuous link with local residents, parish councils, the voluntary sector and other public bodies.

Governance and Accountability

The Council designated the Director of Operations as its Monitoring Officer during 2012/13 (*This was changed on 1st May 2013 following a Council restructure, with the post of Monitoring Officer being delegated to the Legal and Democratic Services Manager*).

It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of the Council's Paid Service (the Chief Executive) and Chief Finance Officer, the Monitoring Officer will report to Full Council if they consider that any proposal, decision or omission would give rise to unlawfulness or maladministration.

Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

In addition, the Council operates 2 regulatory committees focusing on Development Control (planning applications and enforcement) and a Licensing and Appeals Committee.

Furthermore, a Standards Committee, which contains independent (of the Council) members, oversees the conduct of elected councillors.

Accountability for the use of public funds and service provision is largely undertaken through the annual publication of a Statement of Accounts, an Annual Report and a Corporate Plan.

The Local Code of Corporate Governance

The Council has adopted a National Code developed by CIPFA/SOLACE. The Code is subject to regular six monthly reviews by a Senior Officer Group reporting to the Audit Sub-Committee. This helps to inform this Governance Statement.

Standards of Financial Conduct

Financial management is conducted in accordance with financial management and procedural rules, as set out in Part 4 of the Constitution. The Council has designated the Head of Corporate Services (*the Director of Finance and Corporate Services with effect from 1st May 2013*) in accordance with Section 151 of the Local Government Act 1972.

This Officer is responsible for making arrangements for the proper administration of financial affairs in accordance with best professional practice.

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

In addition, under the Code of Audit Practice, the Council has a responsibility to ensure that its affairs are managed in accordance with proper standards and to prevent and detect fraud and corruption. The Council has adopted a Fraud and Corruption Strategy.

The financial management system includes:

- A Medium Term Financial Plan linked to Service Plans
- An annual budget cycle incorporating Council approval for revenue and capital budgets, together with a Treasury Management strategy
- Financial Procedure Rules that are reviewed as required
- Process and procedure guidance manuals
- Annual Accounts supporting stewardship responsibilities, which are subjected to external audit and which follow Proper Accounting Practice and International Financial Reporting Standards
- Regular budget monitoring by budget holders through monthly financial monitoring reports
- Identification of financial risks that are regularly reviewed and updated

Standards of Overall Conduct

Members and Officers of the Council operate under codes of conduct. These codes provide a set of standards of conduct expected of employees at work and for councillors in performing their public duties. In addition, both Members and Officers are required to declare interests and register gifts and hospitality which are valued at over £100.

The codes take into account the requirements of the law and the provisions of official conduct in the appropriate National Conditions of Service (for employees).

The Council Leader and the Chief Executive are the Corporate Governance Champions for Members and Officers respectively, designed to create a climate of openness, support and respect, promoting a strong ethical culture and upholding the values of good governance.

The Standards Committee is responsible for considering written complaints against elected or co-opted Members of both the District Council and the Parishes of South Derbyshire.

Development of Members and Officers

Members and officers receive a thorough induction tailored to their role in the Council, including when they take on new roles. The Council has adopted an e-induction package for Officers and an induction scheme is undertaken by Members at the beginning of each four year term of office.

Members also have access to regional training courses and seminars organised through the forum of East Midlands Regional Councils.

In addition, on an annual basis, existing and new Members of the Development Control, Standards and Licensing & Appeals Committees must attend training sessions to enable them to continue to sit on these Committees, to ensure that they are fully briefed on all new developments in these areas.

The Council provides a full range of development opportunities for Members with ad-hoc training and briefing sessions.

Details of training are recorded on the Council's HR system. Training records are kept for each individual Member, with evaluation taking place on Member development courses. This enables Members to identify and address their own development needs and is supported by documentation such as the Members' IT Protocol and the Planning Code of Good Practice, along with the Members' Code of Conduct, which enables Members to clearly identify their roles and responsibilities.

Establishing Council Objectives

These are set out in the Council's Corporate Plan. This is effectively the Council's business/forward plan, set for five years and reviewed on an annual basis. This plan sets out the Council's vision for South Derbyshire, its values and the priorities for delivering services for local communities.

The Sustainable Community Strategy for South Derbyshire (2009-2029) is co-ordinated by The South Derbyshire Partnership. This sets out the District wide priorities across a range of public service providers that include the District Council, County Council, Police, Health Authority and the Voluntary Sector. This plan aims to improve the overall economic, social and environmental wellbeing of South Derbyshire by addressing issues that are important to the local community, business and service providers.

Compliments and Complaints

The Council has a Corporate Compliments and Complaints Policy. This is used to help identify service improvements from compliments, complaints and compliments received. Information is collated centrally and reported half yearly to the Finance and Management Committee, where performance can be challenged and areas for improvement identified.

Arrangements are also in place for dealing with and monitoring Ombudsman's complaints and reporting annually to Full Council.

The Council also has arrangements in place for whistleblowing to which staff and all those contacting the Council have access. The confidential reporting code is reviewed regularly and widely publicised.

Organisational Assessment and Performance Review

The Council has in place a range of Key Performance Indicators (KPIs) which it uses to measure performance. Indicators are developed for each of the Council's main priorities in the Corporate Plan, alongside specific indicators in service plans.

In addition to the Annual External Audit placed upon the Council, the main organisational assessment is around Value for Money. This assessment is undertaken by the Council's External Auditors who judge and report on the Council's arrangements for:

- Securing financial resilience
- Challenging and improving value for money

From time-to-time, External Audit also undertakes specific detailed studies on a certain activity or aspect of the Council and make recommendations for improvement where necessary.

Data Quality

A key element of reporting performance is the information that underpins it, i.e. data quality. This is to ensure that the Council focuses on confirming arrangements for recording and collecting information are robust and that the evidence and management information can be trusted. The Council has adopted a Strategy to govern data quality and its arrangements are subject to regular review, including an annual audit.

Data Management

During 2012/13, the Council updated its Data Retention Policy and set out its requirements to ensure compliance with Data Protection and Freedom of Information Requirements.

Business Improvement

To support service delivery, the Council has, through its Strategic Corporate Services Partnership with Northgate Public Services, a dedicated Business Improvement Team (BIT). This is intended to co-ordinate greater efficiency and effectiveness in the use of Council resources and works to an improvement programme which is overseen by a Business Improvement Board.

Procurement

The BIT also provides a dedicated central procurement unit to ensure that purchasing is legal, ethical and accountable and is carried out in accordance with regulatory and legislative requirements.

Continuous Service Review

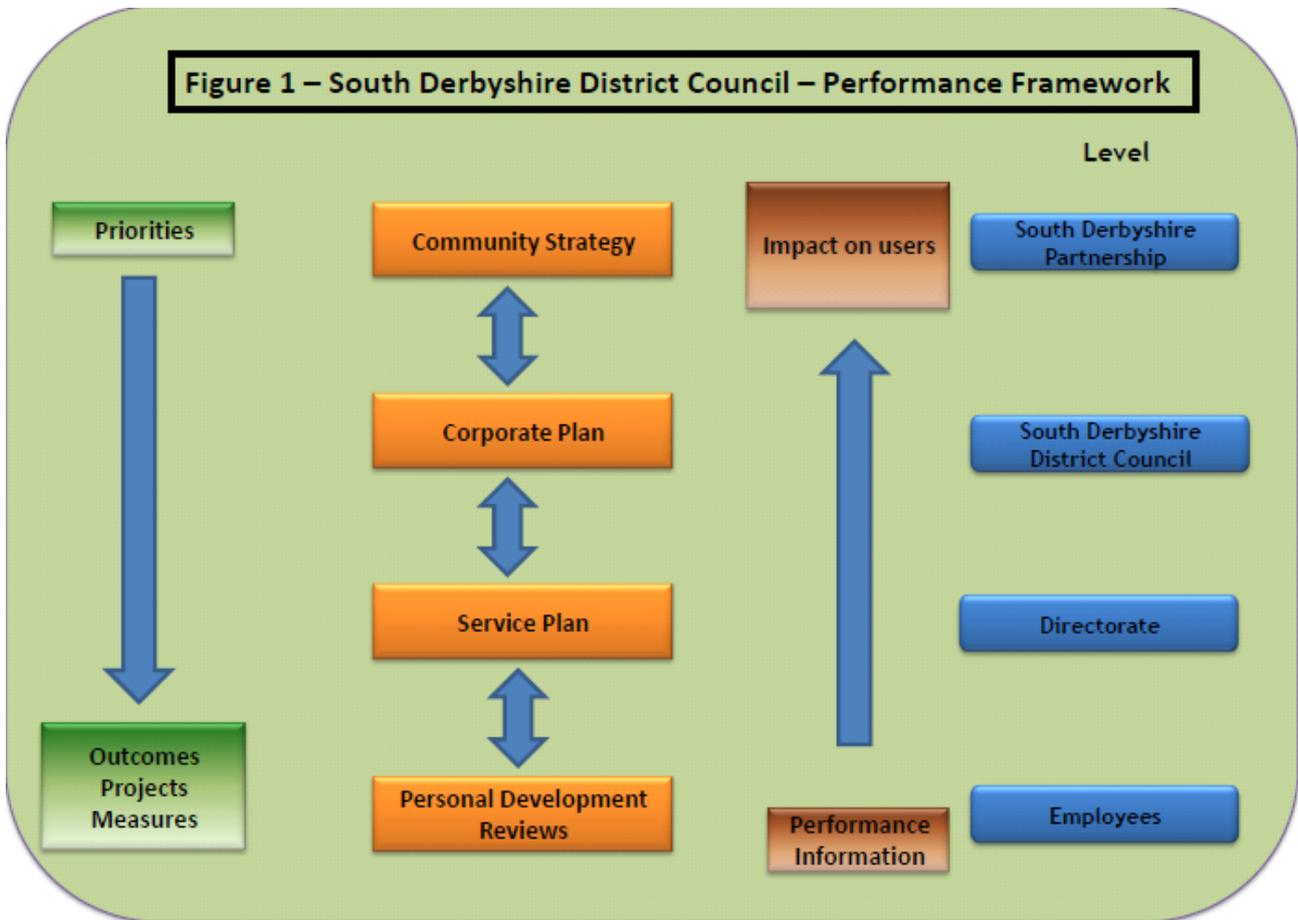
As part of the Strategic Partnership with Northgate, the Council is reviewing every service area in the Council. This is part of a transformation programme which has now been embedded in the Council for some time and is being enhanced through the skills of the private sector partner.

The transformation programme aims to identify efficiency savings and in particular cashable/budget savings without adversely affecting service delivery. This has seen significant changes made in "back office" services, with other services areas being reviewed over a 3-year cycle.

Managing Performance

The Council's performance framework is largely developed from national requirements in terms of National Indicators and regulatory frameworks, together with local issues that are emerging from the Sustainable Community Strategy. An outline of the framework and its components is shown in Figure 1, below.

Figure 1 – South Derbyshire District Council – Performance Framework



The **Community Strategy** sets the long-term vision and community goals for all agencies in South Derbyshire. This was reviewed in 2009 and a new Strategy implemented for the period 2009-2029.

The Council’s **Corporate Plan** describes how the Council provides services to support the Community Strategy and focuses resources on key priorities, together with actions for improvement. This is an integral part of the Council’s Performance Management Framework and the actions set out how key priorities are delivered together with measures of success. The development of the Corporate Plan takes place alongside the development of the Medium Term Financial Plan to ensure that the corporate priorities are fully resourced.

Service Plans are the cornerstone of the performance framework and demonstrate how each section of the Council will deliver improvements in line with priorities detailed in the Corporate Plan.

Performance Development Reviews provide employees with a clear understanding of how their work is enabling the Council to deliver the priorities detailed in the Corporate Plan, together with identifying their own individual training needs.

Partnership Working

The Council works in partnership with many other public agencies, including the voluntary sector and private organisations to deliver its services. The extent of these partnerships varies across the Authority.

The Council’s most significant partnerships are the South Derbyshire Partnership and the Safer South Derbyshire Partnership for Derbyshire. These partnerships are properly constituted and Committees are established (comprising representatives of the Council) who monitor and review progress.

The governance arrangements include a constitution and terms of reference. They have annual action plans which are monitored and reported quarterly to the relevant Strategic Boards. The Council receives annual reports on their performance which identifies the outcomes of partnership work and the financial implications of their work undertaken.

Risk Management

The Council publishes a Risk Management Policy Statement, which sets out the principles, responsibilities and commitment to dealing with risk. Backed-up by a detailed strategy, it is effectively the framework for the management of risk throughout the Council.

The Council, through its service planning process, has a system for identifying and evaluating significant risks. Each service plan contains a risk register and this is developed and maintained by Officers involved in planning and delivering services.

Following a review by Internal Audit, the Council made some changes to its approach to risk management and this is detailed in **Section E**.

In addition, the Council's Corporate and Financial Plans identify and evaluate risk at a more strategic level. Furthermore, evaluation of proposals for new spending and capital investment includes a risk assessment analysis.

The Council's risk management strategy provides a framework to embed risk within services. It also includes guidance for managers in assessing and treating risk. The Strategy is overseen by a Corporate Risk Management Group.

Internal Audit

Under the Account and Audit Regulations 2003 (as amended) the Council maintains an Internal Audit function, through the Central Midlands Audit Partnership, which operates to the standards set out in the Code of Practice for Internal Audit in Local Government in the UK.

This function provides an independent evaluation on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources. Internal Audit undertakes annual work plans, agreed with and monitored by Members and Senior Officers. It provides opinions on internal controls in place to manage risks across the Council's diverse activities. Its plans and outputs are monitored and challenged by an Audit Sub-Committee.

Internal audit is the main means by which the Council obtains assurances that systems are operating effectively. Internal Audit is required to issue an Assurance Statement (Annual Report) each year that provides an assessment of the Council's internal control system.

New Public Sector Internal Auditing Standards are being introduced nationally from April 2013; the impact on working arrangements will be reviewed and implemented during 2013/14.

Health and Safety

The Council has a Health and Safety Policy and an Annual Action Plan that sets out the Council's commitment to health and safety and identifies those positions with responsibility under the policy. There is also a quarterly Employee Health and Safety Committee, where representatives from the trade unions meet with service managers. The Committee monitors policies, work practices and reviews accident statistics.

The Council's Audit Sub-Committee

Under its terms of reference, the Committee provides independent assurance of the adequacy of the risk management framework and the associated control environment.

It also provides independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment. The Sub-Committee also oversee the Authority's corporate governance arrangements in relation to financial matters

External Scrutiny

Grant Thornton UK is the Council's appointed external auditor. Besides auditing the accounts and financial statements of the Council, they also focus on more strategic performance and financial management arrangements. This includes reviewing arrangements in place for securing value for money.

The Audit Sub-Committee and Officers of the Council meet regularly with the external auditors to discuss planned and ongoing external audit and inspection activity through the Annual Audit Plan.

The Auditors undertake regular reviews each year and issue reports with action plans to aid improvement in specific areas. The Annual Audit Letter summarises the conclusions and significant issues arising out of their audit and other inspections undertaken. The outcome of all inspections and audits are used to plan and improve Council services.

ICT (Information Communication Technology)

The Council would not be able to operate without an effective ICT infrastructure in place. The Council's ICT Strategy is designed to ensure that the appropriate infrastructure is in place to enable the Council to deliver its services effectively and implement the Council's Corporate Plan.

Therefore, the ICT Strategy is aligned to the strategic objectives of the Council, with technology being used as an enabler of business change to support the Council's priorities. The ICT infrastructure in place enables the Council's service areas to concentrate on delivering their customer and business requirements.

Appropriate safeguards are in place to ensure the integrity of the Council's ICT infrastructure and this subject to an annual audit. In addition, the Council complies with national best practise for security as contained within the Public Services Network (PSN) Code. Under this Code, the Council's ICT security arrangements are tested and reviewed each year by an independent organisation, approved for such work. The latest compliance check was met in March 2013.

During 2012/13, the Council upgraded its disaster recovery arrangements. In addition, major project work was commenced in September 2012 to upgrade the Council's main server infrastructure. This was the beginning of a 12 month project to increase the power and functionality of ICT and to provide enhanced operational facilities, including updated E-mail and Microsoft Office functions.

Transparency in the Publication of Information

The Council publishes an Annual Pay Policy Statement which details:

- How pay and remuneration for Officers are considered and approved
- The level and elements of pay for the highest paid Officers
- The pay of the lowest paid employees
- The relationship (expressed as a percentage) between the pay of the highest paid Chief Officer and other Officers
- Other aspects of Chief Officers' remuneration including through recruitment, increases, performance related pay and bonuses (where applicable) and any termination payments.

The latest Policy Statement which was published on 31st March 2013 can be viewed at:
http://www.south-derbys.gov.uk/Images/Pay%20Policy%20Statement%20280312%20V4_tcm21-222700.pdf

In addition, the Council also publishes on its web site, on a monthly basis, all payments (excluding those to employees) in excess of £250. This typically shows Council expenditure on goods, supplies and services, together with costs incurred under major contracts.

D REVIEWING THE EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework, including the system of internal control. The review of effectiveness is informed by the work of the Senior Management Team, who has responsibility for the development and maintenance of the governance environment.

This is backed up by Internal Audit reports on the audits conducted through the year, and also by recommendations made by the External Auditors and other review agencies and inspectorates.

As part of an on-going review, the overall framework was strengthened in 2012/13 following a work programme arising out the Governance Statement for the previous year 2011/12. These are detailed in **Section E**.

The overall processes and indicators that have been applied in maintaining and reviewing the effectiveness of internal control during the year 2012/13 are set out below:

Overall Corporate Governance

The Council continued to apply its Local Code of Corporate Governance based on recommended best practice, as developed by CIPFA/SOLACE. This Code sets out the systems by which the Council directs and controls its functions. It was reviewed twice during the year with a work programme, monitored by the Audit Committee, being progressed to maintain and improve overall Governance.

The System of Internal Audit

Internal Audit is responsible for monitoring the quality and effectiveness of internal control. They review all fundamental financial systems each year and all other activities over a five yearly cyclical period. This is based on a risk assessment of each service area.

Internal Audit reports to the Council's Audit Sub-Committee on a quarterly basis. The reporting process requires a report of each audit to be submitted to the relevant service manager.

The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by managers. The process includes reviews of recommendations to ensure that they are acted upon.

Under its terms of reference, the Audit Sub-Committee considers in detail any recommendations that are found to have a potentially "high-risk" impact on the Council's control environment. These are subject to on-going monitoring until all recommended actions have been implemented.

Reports to the Audit Sub-Committee provide an overall assurance rating of each system or service area subject to audit. This includes a statement as to whether there are any possible implications for the Annual Governance Statement. All audits completed during 2012/13 found no material weaknesses which could affect the Governance framework.

External audit express an opinion on the adequacy of internal audit work each year and, where appropriate, rely on their work for assurance.

Furthermore, the Council is required to conduct an annual review of the effectiveness of its system of internal audit. The review is required to ensure that the opinion in the Annual Report of the Audit Manager may be relied upon as a key source of evidence for this Statement.

The Council's Chief Finance Officer, in conjunction with the Head of the Central Midlands Audit Partnership, conducted a review of its effectiveness and the impact upon South Derbyshire. The review was based on a test against several key principles for effective internal audit identified in professional guidance. The review concluded that during 2012/13, the system of internal audit was effective and this was noted by the Audit Committee on 19th June 2013.

Annual Internal Audit Report

Under the Code of Practice for Internal Audit in Local Government in the United Kingdom 2006, the Head of Internal Audit (HIA) provided a written report to those charged with governance. This was considered and noted by the Council's Audit Committee on 19th June 2013. The Head of Internal Audit gave an opinion on the overall adequacy and effectiveness of the Council's internal control environment for 2012/13. The opinion is detailed below:

*“Based on the work undertaken during the year, I have reached the overall opinion that **there is an acceptable level of internal control within the Council's systems and procedures.** There were no critical risk recommendations made within any audit reports issued in 2012/13. However, there were 5 significant risk recommendations.*

There are no adverse implications for the Authority's Annual Governance Statement arising from any of the work that Internal Audit has undertaken in 2012/13. All of the risks raised within the internal audit reports have been accepted. Internal Audit's recommendations, or alternative proposed actions made by Management in response to the risk issue, have been agreed to be implemented in all but 2 cases. In these cases, management has agreed to accept the risk but not to implement any mitigating actions.

Full implementation of the agreed actions will realise the benefits of the control improvements detailed in each individual audit report. Internal Audit will follow-up the implementation of its recommendations, or any agreed alternative actions, with the relevant responsible officers, as soon as is practicable, after the target implementation dates. Progress on implementation of audit recommendations will be reported through to the Audit Sub-Committee in future reports on the 2013/14 work of Internal Audit.

Basis of the Opinion

In preparing the overall opinion, I have reviewed all audit activity carried out during 2012/13. Each audit assignment has an individual assurance rating and I have used these (together with the progress with agreed actions) to help form my overall opinion.”

Communication

Corporate communication covers the full range of media management, publications, external and internal communications. This is provided by a central team within the Council.

By targeting communication activities, the Council can enhance its reputation and profile at a local and national level. Good corporate communications can encourage people to feel positively about the Council because they are better informed, have higher levels of satisfaction and know they are getting value for money.

The Council's Communications Strategy and Action Plan is reviewed and updated on an annual basis. It is reported to, and considered by, the Council's Finance and Management Committee in June each year.

A series of media campaigns are undertaken by the Council each year. During 2012/13, these focused on:

- Promoting the message that South Derbyshire is a safe place to live and the activities that are happening across the District to promote community cohesion and deter crime and Anti Social Behaviour. Activities included Community Road Shows, Liberation Day and Skate Park Jams.
- Supporting the full range of leisure and cultural activities in the run-up to and during the Olympics. Activities included South Derbyshire Day, Healthier South Derbyshire Day, Festival of Leisure and “Olympicnics” events across the District.
- Promoting the work of the Council in the opportunities it provides for tourism, economic development and job creation across the District. Activities included Business Advice Service, National Walking Festival and completion of the Pipeworks development.
- Communicating the change that is happening to the recycling service over the next year, clearly articulating the vision for the service by managing the short-term messages whilst focusing on the longer-term vision. Activities included Recycling Calendar and planning for the new Recycling Contract.

Consultation

The Corporate Plan is informed by consultation and is based on the views of stakeholders including local people, voluntary and community groups, together with local businesses. Based on work undertaken in 2011/12 and 2012/13 to develop the Council’s Local Plan for future growth, evidence is now also available through area profiles.

http://www.south-derbys.gov.uk/planning_and_building_control/planning_policy/local_development_framework/the_core_strategy/talk_to_us/default.asp

These will be used to inform future consultation.

The Council’s Consultation Strategy aims to coordinate consultation activities between the services within the Council and with key partners, to ensure that residents’ views are used effectively to inform council decision-making. This Strategy is reviewed and updated on an annual basis.

The Constitution

The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure that its aims and principles are given full effect. Major changes to the Constitution have to be approved by Full Council and reflect any changes to the Council’s structure and responsibilities.

In addition, the Overview and Scrutiny Committee has the power to “call in” a decision, which has been made by a policy committee but not yet implemented, to enable them to consider whether the decision is appropriate. No decisions were called in during 2012/13.

The Overview and Scrutiny Committee scrutinises key policy issues, recommending and reporting back actions to the main policy committees. Their annual reports to Full Council set out details of their work and outcomes during the year. The Annual Report for 2012/13 is available at:

<http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1381/Committee/283/Default.aspx>

Propriety in the Conduct of Business

For the 2012/13 reporting period, South Derbyshire District Council has not been the subject of a finding of maladministration by the Local Government Ombudsman.

No elected member of South Derbyshire District Council was found to be in breach of the Code of Conduct during 2012/13.

There were 3 reportable accidents (10 in the previous year) under Health & Safety Regulations during 2012/13. Following investigation of each accident, risk assessments were reviewed and updated as appropriate. No enforcement or other action was taken by the Health & Safety Executive.

Monitoring Performance

The Performance Management framework specifies the performance monitoring regime. A “traffic light” monitoring system is used to highlight areas at risk of not being achieved. During the year, policy committees received quarterly performance monitoring reports and agreed remedial measures where these were necessary. In addition, the Finance and Management Committee received quarterly financial monitoring reports.

Improving Service Performance

The Council has attained the Gold Award in the prestigious Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Programme. This is in recognition of an excellent safety record. The Award is only given to those organisations that have demonstrated their commitment to continuous improvement in accident and ill health prevention.

The Council continues to qualify for Investors in People (IIP) accreditation following an independent review. This is a national quality standard for the training and development of employees.

Value for Money (VFM) Assessment

The External Auditor is required to make a judgement on the Council’s performance in securing value for money. During 2012/13, their opinion was as follows:

“On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2011, we are satisfied that, in all significant respects, South Derbyshire District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2012.”

In addition, the Annual Audit Letter of the External Auditor reports any significant weaknesses in the overall control framework. None were reported in 2012/13. The Audit Letter for 2011/12 is available at:

<http://south-derbys.cmis.uk.com/south-derbys/Meetings/tabid/70/ctl/ViewMeetingPublic/mid/397/Meeting/1557/Committee/275/Default.aspx>

E KEY GOVERNANCE ISSUES FOR SOUTH DERBYSHIRE

The Council operates within a fast changing environment with constant development in ICT and increasing public expectations. The Council is also facing unprecedented reductions in its core funding from Central Government, together with a major change in the way in which local government is funded, from April 2013.

Consequently, Governance needs to be subject to constant review to take account of changing circumstances. Indeed, issues identified in the corresponding statement for 2011/12 have been addressed in 2012/13, together with other developments to strengthen Governance at the Council; these are summarised below:

Implementation of the New Standards Regime for Local Government

Following the implementation of regulations arising out of the Localism Act 2011, the Council reviewed its arrangements for Standards in June 2012. It was resolved to maintain a Standards Committee, with the appointment of independent persons, whose main responsibility would be to recommend and police the Code of Conduct for Elected Members.

A revised Code of Conduct was also adopted for Members, although it was based largely on the existing Code.

Community Rights

The Localism Act also extended the rights of local communities to become more involved in providing local services and how potential community assets are utilised. The Council adopted a process in December 2012 which allows parish councils, together with local voluntary and community groups, to nominate local land or buildings to be included in lists of community assets. Ultimately, subject to certain conditions, the local group then have the right to purchase the asset for community use.

Local Development

As a recognised growth area, the impact of development on local communities and the services that they receive is a key issue for the Council. During 2012/13, extensive public consultation took place across the District on the Council's preferred growth strategy for South Derbyshire.

The Council's role is to lead and the strategy sets out the amount of new housing considered appropriate for South Derbyshire up to 2028, together with the proposed strategy for future house building and employment.

The responses to the consultation will help us draw up a 'Publication Draft' Plan which will include our proposed vision, strategy, objectives, development site and detailed policies to guide the determination of planning applications. We expect to publish this in 2013 and there will be a statutory six-week consultation period during which time there may be further comment.

All representations received at this stage, along with the Plan will then be submitted to the Secretary of State who will appoint an independent Planning Inspector to convene a Public Examination into the soundness of the Plan.

Following the Examination, the Inspector will issue a report recommending whether changes are needed to the Plan and the Council will then issue a report recommending whether changes are needed. The Council will then proceed to formally adopt the Plan.

In late 2013 we expect to consult on our 'Site and Boundaries' or 'Local Plan Part 2'. This document will set out the detail of smaller development sites and propose any detailed amendments to settlements and Green Belt boundaries.

Risk Management

Following a review by Internal Audit, the Council allocated responsibility for its corporate risks to a specified officer. In addition, risks are now assessed with regard to a “risk appetite” i.e. how far is the Council willing to accept a risk and the degree to which it is treated. Decisions on individual risks are recorded in risk registers and monitored in service plans.

Safeguarding

The Council has a role in the local community and in service delivery to help ensure that children and vulnerable adults are kept safe from harm. Following some high profile incidents in recent times elsewhere in the Country, the Council looked closely at its role in 2012/13 and revised its policy, together with guidance for Members and Officers.

The main changes were to bring in a corporate approach to safeguarding with departmental responsibilities assigned and a Member Champion appointed. The Council’s role and work in this area is now overseen by the Council’s Equalities and Fairness Group.

Training and Development

During 2012/13, the Council approved a set of “management competencies” for its managers and supervisors. These lay down the expected standards and behaviours of Officers in managerial positions, operating in a modern Council. Following recent changes in the Council’s structure and in times of diminishing resources, a new Leadership and Management Development Programme is currently being procured for 2013/14. This is intended to provide managers with the attributes required in order to take the Council forward.

Procurement

During 2012/13, the Council engaged external support to review its arrangements for the delivery of value for money in major procurement exercises. This focused on the planned capital spend on housing maintenance projects, following the increase in funding the Council obtained on the introduction of self-financing for Council Housing.

Following the review, the Council strengthened its process by introducing more evidenced based whole life costing into projects, together with supplier market analysis. In addition, it was introduced to alternative buying solutions such as E-auctions which are an option in future procurement exercises.

Work Plan 2013/14

Other areas have been identified that are considered important in maintaining and strengthening Governance at the Council. The developments are summarised below:

- A new Leadership and Development Programme for Officers
- An on-going review of Members Training, in particular through the induction process
- Application of the new Internal Auditing Standards for the Public Sector
- Introduction of E-committees to make greater use of IT in local democracy
- Introducing a policy for developing Neighbourhood Plans in local communities
- Updating the Scheme of Delegation to reflect the Council’s new management structure
- Reviewing the Whistleblowing Policy following new legislation expected in October 2013
- A review of the Corporate Plan

Primarily, these areas have been highlighted from a review of the Local Code of Corporate Governance, audit work during 2012/13, the Council’s improvement programme, together with changes in legislation. The detailed Governance Work Plan is shown **Appendix 1**. The Work Plan will be monitored through the Local Code.

Council Sign Off

We propose over the coming year to take steps to address the issues identified in the Work Plan 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. This Annual Governance Statement is signed by the Leader of the Council and the Chief Executive on behalf of South Derbyshire District Council.

Signed:
(Leader of the Council)

Dated:

Signed:
(Chief Executive)

Dated:

APPENDIX 1: GOVERNANCE WORK PLAN 2013/14

Work Area	Timescale	Responsible Officer	Action/Comment
Continue to review the Local Code of Corporate Governance and to monitor the Governance Work Plan for the year	½ yearly review	Legal and Democratic Services Manager	Reviews to be held in December 2013 and June 2014
A new Leadership and Development Programme for Managers	Expected to commence in October 2013	Director of Housing and Environmental Services	This will help to provide managers with the attributes required in order to take the Council forward.
On-going review of Members' training and development and in particular, their role and responsibilities as community leaders	March 2014	Legal and Democratic Services Manager	To review the induction process for Members ahead of the next District Council Election
Application of the new Internal Auditing Standards for the Public Sector	March 2014 with a progress report in September 2013	Director of Finance and Corporate Services	The work of the Internal Audit function will need to be tested against the new standards; a new independent review of its effectiveness will be required at the year end.
Introduction of E-Committees	October 2013	Director of Finance and Corporate Services	Committee meetings to be conducted using technology rather than being paper based; Members to use "handheld" equipment to communicate and for Committee work in their role as community leaders.
Development of Neighbourhood Plans for local communities	March 2014	Director of Community and Planning Services	To be reviewed following consultation on second part of proposed Local Plan.
Update the Council's Scheme of Delegation to reflect the Council's new structure	July 2013	Legal and Democratic Services Manager	The existing scheme will be updated following the introduction of the new Council structure in May 2013.
Review of Whistleblowing policy	December 2013	Director of Finance and Corporate Services	A review will be undertaken following expected changes to legislation in October 2013.
A Review of the Corporate Plan, 2009 - 2014	March 2014	Director of Finance and Corporate Services	The current 5-year Plan ends in March 2014. Outcomes and projects to be reviewed.

