ANNUAL GOVERNANCE STATEMENT

Corporate Director (Resources)

1 Purpose

1.1 This report will allow the Audit Committee to review and approve the Annual Governance Statement for Aylesbury Vale District Council which will form part of the Council's formal accounts for the financial year 2008/09.

2 Recommendations/for decision

2.1 The Audit Committee is asked to:

a) Critically review the Annual Governance Statement and the supporting documentation;

b) Consider the robustness of the Council's governance arrangements;

c) Monitor any actions arising from the review arrangements;

d) Approve the Annual Governance Statement prior to its inclusion in the Statement of Accounts.

3 The Assurance Framework

3.1 A draft version of the Annual Governance Statement was reported to this Committee in March 2009. At that meeting members of the committee had the opportunity to discuss and comment on the statement.

3.2 The final version of the Annual Governance Statement is now presented to the Committee for approval.

3.3 Once it has been approved by the Audit Committee, the statutory Annual Governance Statement will be signed by the Leader of the Council and the Chief Executive.

3.4 As discussed at the March Committee meeting the assurance gathering process is based on the management and internal control framework of the Council and in particular the independent report of the Council's Audit Manager presented to this meeting.

3.5 The assurance framework includes individual statements from each Head of Service covering the Internal Control Framework within their service. This is in the form of a self-assessment questionnaire and assurance statement covering all aspects of service operation.

3.6 Where Heads of Service have raised matters of concern they have been identified in the Annual Governance Statement together with the details of proposed remedial action. All these items will be included in the Audit Tracker system, so that the Committee will be able to monitor progress made in resolving them.

4 Options considered

4.1 None – the Annual Governance Statement is a statutory requirement.

5   Reasons for Recommendation

5.1   To comply with legislation.

6   Resource implications

6.1   The resources to produce the report have been found from within the previously agreed Budget.
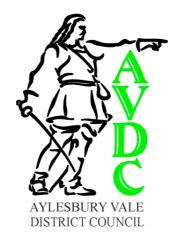
7   Response to Key Aims and Objectives

7.1   The Annual Governance Statement is an integral part of the Council's Annual Accounts and requires formal consideration and reporting at Committee.

Contact Officer   Val Hinkins 01296 585343
Background Documents   Audit Committee papers
                                        Final Account papers
                                        Audit Reports
                                        Internal Audit Manager's Annual Report

ANNUAL GOVERNANCE STATEMENT

APRIL 2008 – MARCH 2009

AYLESBURY VALE DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT 2008/09

Contents

Annual Governance Statement

1. Scope of responsibility

1.1. Aylesbury Vale 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. Aylesbury Vale District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2. In discharging this overall responsibility, Aylesbury Vale District 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.

1.3. Aylesbury Vale District Council's arrangements for ensuring good Corporate Governance are embedded in its constitution, policies and procedures. It has not approved and adopted a separate single code of corporate governance. However the principles to which the Council operates are intended to be consistent with those contained in the CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. Copies of the Council's principal policies and codes of practice can be consulted on its web site. (www.aylesburyvaledc.gov.uk) A list of the more significant documents is attached at Appendix A.

1.4. This Annual Governance Statement explains how Aylesbury Vale District Council has complied with the principles 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.

2. The purpose of the governance framework

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

2.2. 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 risk to the achievement of Aylesbury Vale District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. The governance framework

3.1. The governance framework has been in place at Aylesbury Vale District Council for the year ended 31 March 2009 and up to the date of approval of the Annual Governance Report and Statement of Accounts.

The following paragraphs include the key elements of the governance framework:

3.2. **Identifying, communicating and reviewing the Council's vision and outcomes**

3.2.1. A new corporate plan was published at the beginning of 2008/09.

3.2.2. The Corporate Plan drives the service planning process with actions being reflected in the plans for relevant services. These in turn inform the key tasks for individual officers set at annual appraisals. The Corporate Plan is also key in determining revenue and capital programme budgets – the latter in particular to ensure that the Council's major projects come to fruition.

3.2.3. There is also a strong link between the Corporate Plan and the targets set out in the Local Area Agreement (LAA) for Buckinghamshire and the Community Plan. The targets we have agreed in the LAA are included in the Corporate Plan.

3.2.4. An article about the new Corporate Plan and aims and objectives for the district was included in the July 2008 issue of District Link, the magazine which is distributed to all residents in the area.

3.2.5. Workshops for staff were held in June 2008 to communicate the Council's new aims and objectives. These workshops were also used to help develop a new set of values for the council.

3.2.6. The Council's values have been reviewed to ensure that they are meaningful and are at the heart of everything we do. The values have been promoted in the first of a series of special editions of the internal staff magazine "Districtline". This is used to ensure that staff are kept up to date with a range of important issues including the Corporate Plan.

3.2.7. A refresh of the corporate plan has been undertaken to update key actions and targets for 2009/10.

3.2.8. In December 2008, the Council agreed to adopt a new Sustainable Community Strategy (SCS) to replace both the Aylesbury Vale vision and the Community Plan. Further, this SCS will form part of a family of five linked SCS's across Buckinghamshire under the Bucks Strategic Partnership. This collaborative approach will reduce duplication of effort in consultation, gathering and analysing local data, and developing appropriate action plans to address local priorities.

3.3. **Measuring the quality of services for users and value for money**

3.3.1. AVDC recognises that is it is essential to have accurate monitoring and forecasting information in order to understand costs. This is provided to all budget holders and managers via regular financial reports and summary reports are prepared for Corporate

Board and Members. These show current expenditure, forecast predicted outturn for the year and highlight any areas where unexpected variances are apparent.

3.3.2.   As part of the preparation of budgets Cabinet Member Portfolio Holder review meetings are held each year to challenge the assumptions underlying the existing budgetary provision. Each Portfolio holder and their key officers attend a meeting with the Cabinet Member for Resources who in turn is supported by the Corporate Director (Resources) and the Head of Finance.

3.3.3.   The Business Transformation Programme was revised in 07/08 and projects identified which would deliver improved customer value and widen access channels for a range of services. A major focus for this programme is a series of service Reviews. These follow the principles of the Vanguard organisation which promotes systems and lean thinking. New operational models are designed around customer demand to reduce wasted effort and processing time, thereby improving service to the customer.

3.3.4.   In 2008/09 Vanguard reviews for Parking Services and Benefits were completed. Both reviews have resulted in improvements to the customer experience as well as making efficiency savings. Further reviews are ongoing in other areas and will be reported in 2009/10.

3.3.5.   Project Based Activity – in 2007/08 the council set up a Strategic Investment Board (SIB) to oversee the evaluation of project proposals and the allocation of funding, in particular for capital financing. Their first task was to undertake a complete review and restructuring of the Council's capital programme. This first checked that all items complied with AVDC's corporate objectives. Business case validity, contribution to service development and affordability were also then assessed for each project. A much changed capital programme resulted and has now been adopted by Council. The SIB will continue to manage capital investment in projects and ensure proper evaluation of new proposals.

3.3.6.   The Council has a Procurement Strategy and a set of Contract Procedure Rules which were updated and came into effect on 1 January 2007. The strategy sets out the framework for how goods, works and services are procured. The strategy is in line with the Council's aims and objectives and principles of best value.

3.3.7.   The Procurement Action Plan outlines the key actions that will be progressed over the next three years in order to continue developing the Council's strategic approach to procurement.

3.3.8.   Scrutiny is central to the decision making processes of the Council and each Scrutiny Committee produces an annual report of its work. Scrutiny is primarily concerned with the development of Council policy and with holding the executive to account for improving services for people in Aylesbury Vale. The Resources and Corporate Performance Scrutiny Committee received a report in November 2008 which outlined how customer opinion and satisfaction is currently measured in AVDC. An internal audit report on customer consultation was prepared during 2008/9 and is currently being considered by management with a view to improving the co-ordination of consultation exercises in future.

3.3.9. The need to understand relative cost and performance is important for Members and staff at all levels of AVDC. Information on costs and quarterly performance reports to Scrutiny Committees are used which assist in understanding relative efficiency and direct scrutiny and challenge to particular areas.

3.3.10. As a consequence various areas of AVDC participate in benchmarking exercises run by CIPFA or other organisations. The results from these are used to inform service planning and staffing decisions. Benchmarking results are used to inform challenge exercises such as the Portfolio Holder review exercise undertaken each year as part of budget planning.

3.4. Roles and responsibilities of Members and Officers

3.4.1. The Council's Constitution sets out the roles of and relationships between the full Council, the Cabinet and Scrutiny and other Committees in the policy and decision making process and sets out their legal requirements. It also sets out a record of what responsibility each Council body or individual has for particular types of decisions or for decisions relating to particular areas or functions. The Constitution requires that all decisions taken by or on behalf of the Council will be made in accordance with the principles set out in the Constitution.

3.4.2. The Constitution also sets out how the public can access the decision making process and the Cabinet's Forward Plan of decisions sets out what consultation will be undertaken before a decision is taken and with whom. In many cases statutory consultation is required before a decision can be taken.

3.4.3. The Constitution was subject to review during 2007/08 with refinements approved by Council at its meeting in March 2008.

3.5. The standards of behaviour for members and staff

3.5.1. Member behaviours are governed by a code of conduct which is set out in the Constitution. A revised code of conduct was adopted by the Council in 2007. All members of the Council have signed an undertaking to abide by its provisions and completed a register of their personal interests. Copies of guidance produced by the Standards Board for England on the revised code have been provided to every member and they have also received training from the monitoring officer. Specific training has been provided for members of regulatory committees on the code requirements for declaring interests.

3.5.2. The Constitution also includes protocols covering councillor/officer relations, Member involvement in commercial transactions and a Members planning code of good practice. Each of these protocols have been revised in 2008 in light of the revised code of conduct for Members.

3.5.3. A procedure was adopted in September 2008 for dealing with complaints to the Standards Committee that councillors had broken the code of conduct. Sub-Committees are established to carry out initial assessments, review assessment decisions and conduct hearings.

3.6. Standing orders, Financial Regulations and Schemes of Delegation

3.6.1. The constitution sets out the scheme of delegation and the Contract Procedure Rules and guidance.

3.6.2. Financial procedure notes and manuals are checked at key financial audits.

3.6.3. The Contract Procedure Rules have been reviewed and updated since their adoption in January 2007.

3.6.4. Financial Regulations are currently being reviewed. The Section 151 officer has made a commitment to produce the new regulations by the end of September 2009.

3.7. Role of the Audit Committee

3.7.1. The Audit Committee was created as a full committee of the Council after the local government elections held in May 2007. Its terms of reference, structure, composition and work programme have been developed with reference to the guidance issued by CIPFA in 2005, "Audit Committees: Practical Guidance for Local Authorities".

3.8. Compliance with relevant laws and regulations, internal policies and procedures

3.8.1. Ensuring compliance with established policies, procedures, laws and regulations involves a range of measures which include:

- Notification of changes in the law, regulations and practice to Directorates;

- Awareness, understanding and training carried out by internal officers and external experts;

- The drawing up and circulation of guidance and advice on key procedures, policies and practices;

- Proactive monitoring of compliance by relevant key officers including the Section 151 Officer (Head of Finance) and the Monitoring Officer (Head of Legal Services).

3.8.2. Compliance with new or revised policies is monitored by the relevant key officers and is incorporated in the Internal Control Checklist completed annually by each Directorate.

3.8.3. External Audit reviews are reported to the Audit Committee. Their recommendations are also included in the monitoring arrangements described below for internal audit recommendations.

3.8.4. Internal Audit reviews compliance across all areas of AVDC. Reports are produced for management, recommendations for improvements agreed and implementation monitored through to completion. Regular reports on Internal and External Audit reviews and the progress made in implementing audit recommendations are provided to the Audit Committee. This helps to ensure that appropriate resources are made available for implementation within agreed timescales.

3.8.5. The Probity Group (see section 4.8.4) looks at emerging issues and non-compliance from any source.

3.8.6. Under Section 5 of the Local Government and Housing Act 1989 the Monitoring Officer is required to report to the Council where, in his/her opinion, a proposal, decision or omission by the Council, its Members or Officers is or is likely to be unlawful and also to report on any investigation by the Local Government Ombudsman. It has not been necessary for the Monitoring Officer to issue a formal report for the year 2008/09.

3.8.7. The Section 151 officer also has a legal responsibility to issue formal reports if they have particular concerns about the financial arrangements or situation of the Council. No such formal reports have been issued during the 2008/09 financial year.

3.9. Risk Management Arrangements

3.9.1. The Council has in place a process for identifying, assessing, managing and reviewing the key areas of risk and uncertainty that could impact on the achievement of the Council's objectives and service priorities. Risk management is an integral part of the service and budget planning process.

3.9.2. There are risk registers in place for all services and major projects and these are updated on a quarterly basis.

3.9.3. The critical and high risks to the achievement of the Corporate Plan are now included in the Quarterly Performance Digest to Scrutiny committees.

3.9.4. The Audit committee receive a regular briefing on corporate and major project risks.

3.10. Whistle-blowing and Complaints procedures

3.10.1. The Contract Regulations require officers preparing contracts to consider including references to AVDC's Confidential Reporting Policy. Copies of the policy itself are available on the AVDC web site and are provided to staff when they join the Council.

3.10.2. There is a Customer Compliments/Complaints Procedure which includes a publication for the public which explains the process. There are also detailed procedures for staff who are dealing with a complaint. Complaints about Members are monitored centrally and reported to the Standards Committee every six months.

3.10.3. The Standards Committee considers any complaints made against councillors relating to breaches of the code of conduct. Details of how to make a complaint and the committee's procedure for dealing with member complaints are available on the Council's website.

3.11. Member and Officer Development needs

3.11.1. A comprehensive induction program was implemented following the elections in 2007 and an evaluation was considered by Group leaders in February 2008. Training and development in 2008/09 has focused mainly on in-house seminars to keep members acquainted with key issues such as the Local Development Framework and Pathfinder shared services. Consideration is being given to a fresh approach to elected member development in 2009/10.

3.11.2. All staff, including Directors and Heads of Service, take part in an annual appraisal. This is used to identify their development needs. There is a specific set of competencies for Heads of Service and senior managers.

3.11.3. AVDC has a comprehensive training and development programme. Details of the programme are available to all staff and Members on the Intranet. AVDC also participates in the MKOB Strategic Leadership Programme.

3.11.4. In January, 2009, the Council launched its 'Best People, Best Council' programme. The programme contains a range of initiatives designed to make staff feel more valued and involved and to ensure that staff are appropriately skilled and trained to meet the organisation's current and future requirements.

3.12. **Communication and Consultation with the public and other stakeholders**

3.12.1. The Council's Community Involvement and Consultation Strategy was updated in July 2007. This sets out how the Council will engage with the community and stakeholders.

3.12.2. The Communication and Marketing Service takes the lead in meeting the Council's consultation targets as specified by the Government as well as co-ordinating, supporting and acting as a central consultation point for specialist advice and quality control.

3.12.3. The Council uses a number of channels to both consult and communicate with the community and other stakeholders. Consultation methods range from quantitative self-completion questionnaires to focus groups depending on the target audience and the objectives of each consultation project. Regular communication channels include the residents' magazine delivered to all households, a proactive media relations programme (radio, TV, newspapers), parish and community noticeboards, and information stands in 60 locations throughout the district. The Council's website is continually expanding both in its content and its functionality. The use of electronic and digital communication channels are now being introduced by the council, including the use of text messaging and web casting.

3.12.4. The government's new Place survey was sent out to AVDC residents at the end of September 2008.The final results are still to be published by the Audit Commission.

3.13. **Governance Arrangements for Partnerships**

3.13.1. Article 1 of the constitution commits the Council to providing community leadership in partnership with local people and businesses and effective and transparent decision-making; and to improving the delivery of services in consultation with the community. The Council has identified its significant partnerships and there are appropriate governance arrangements in place. A Partnership Protocol was agreed by Corporate Team in September 2007 and a Partnership Evaluation tool has been designed for reviewing performance of partnerships on an annual basis.

3.13.2. The annual review was completed in January 2009. A report to Corporate Team highlighted that the sharing of information with members about the work of the

partnerships   was   an   issue   to   be   addressed.

3.13.3. One of the major partnerships that the Council had ultimate responsibility for establishing was the Local Delivery Vehicle, Aylesbury Vale Advantage. This is a Company Limited by Guarantee and its focus is to ensure the effective delivery of the planned growth for the area. It involves all the key agencies with a remit to enable implementation of the growth proposals and has in the last year refreshed and reformed the Board to ensure it is focused on the key activity of unlocking growth and dealing with growth blockers.

3.13.4. Alongside the LDV, the Aylesbury Vale Local Strategic Partnership has also moved forward significantly in the last year with major support from the District Council. An executive board has been created to ensure it is more effective and focused and sits alongside the wider reference group. New terms of reference and the process for nominating sector representatives have been agreed and they are leading the process of updating the Sustainable Community Strategy, scheduled to be finalised in the Summer of 2009.

3.13.5. A particularly important partnership for AVDC is the Buckingham Pathfinder. This is one of only four national Pathfinder areas, and the only enhanced two tier pilot area in the South East.

3.13.6. The programme will be subject to independent long-term evaluation by CLG against the same criteria as the new unitary structures. Critically comparison will be made in terms of efficiencies achieved and delivery of new governance structures. The CLG expect enhanced two tier Pathfinders to be innovative and push boundaries.

3.13.7. The Bucks Pathfinder has established strong governance arrangements. The programme is overseen by a Joint Improvement Board (JIB), comprising Members from all the councils across Buckinghamshire. Their arrangements allow review, scrutiny and monitoring of progress across all the individual areas and services taking part in Pathfinder initiatives.

4. Review of effectiveness

4.1. Aylesbury Vale District Council has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2. The Review of Effectiveness has to consider the following areas:

- The authority
- The executive
- The audit committee / overview and scrutiny committees / risk management committee
- The standards committee
- Internal audit

- Other explicit review / assurance mechanisms

4.3. **The Authority**

4.3.1. Aylesbury Vale District Council has adopted the Cabinet model of political management under the Local Government Act 2000. Ultimate authority rests with the Council meeting as a corporate body, but the responsibility for policy in specific areas is delegated to Cabinet and separate Committees. At the full Council meeting held on 24th May 2007 the Council formally approved the appointment of Cabinet Members and creation of full Committees. It also adopted the Scheme of Delegation. This meeting also approved the arrangements for allocating seats to political groups on all Committees.

4.3.2. Minutes and papers for all Council and Committee meetings are in the public domain and are freely available on the Council's web site.

4.3.3. To encourage participation and accountability one hour is set aside for questions from members at every full ordinary Council meeting.

4.4. **The Executive**

4.4.1. Operational Management of the Council is a partnership between the Cabinet and the Corporate Board.

4.4.2. Formal Cabinet meetings are held monthly and the papers and minutes are made available to the public on the AVDC web site. Time is set aside for questions from members at the start of every Cabinet meeting. The scheme of delegation sets out the areas for which each Cabinet post holder is responsible. Cabinet Members provide quarterly reports on their own areas to all members.

4.4.3. Regular informal Cabinet briefing sessions are held approximately once a fortnight at which the Corporate Team meet with the Cabinet and discuss Council business. Close working relationships are maintained as the Leader's, Cabinet Members' and Chief Executive's offices are all located close to each other.

4.4.4. The senior management at officer level was restructured in November 2008 to enable the Council to drive forward positively in accordance with the Corporate Plan in an increasingly difficult financial climate. A new Corporate Board was established subsequent to this review comprising the Chief Executive, Directors and Heads of Service with the purpose of ensuring that the senior officers worked as a team to enable the Council to best serve the people who live and work in the Vale.

4.4.5. Officers reporting to Heads of Service or Directors are involved in Management Forum meetings. Where required, full staff meetings are also arranged to inform all employees of significant changes, developments or requirements.

4.4.6. Urgent items, or issues where Corporate Board require feedback from staff are sent out as a Core Brief. These are publicised down the management chain to reach all staff within 48 hours. Responses are collected and returned via the management hierarchy to Corporate Board.

4.4.7. All paid staff at the Council participate in a formal appraisal process. The Chief Executive's appraisal is conducted by the Leader of the Council. Targets agreed at appraisals are linked back to the Section and Service Plans, which are themselves derived from the Council's Corporate Plan and Corporate Aims and Objectives.

4.4.8. Information on progress against the corporate plan targets, corporate plan risks, LAA targets, National and local Indicators is reported on a quarterly basis to Members and the Corporate Board.

4.4.9. AVDC was again shortlisted for the 'Best Council to work for' awards in 2008, where it was placed at 23rd (compared to a placing of 18th in 2007). Work is now underway to ensure position is retained, and hopefully improved upon for 2009.

4.5. The Audit Committee

4.5.1. The Audit Committee's first Annual Report was produced in March 2009 and circulated to all members who will have the opportunity to raise questions at full Council.

4.5.2. The effectiveness of the Audit Committee forms part of the overall assessment of the effectiveness of Internal Audit, discussed below.

4.5.3. Audit Committee meetings have included regular training and information sessions to ensure that Members are able to fulfil their responsibilities effectively.

4.5.4. The Audit Committee's Terms of Reference also include oversight of the risk management arrangements at the Council. Training on risk management has been provided to Members of the Council as part of their induction programme and additional training has been made available to Members of the Audit Committee.

4.5.5. The Audit Committee has provided challenge in some areas such as major projects by inviting the relevant directors to attend Committee meetings to discuss their management of risks.

4.6. Overview & Scrutiny Committees

4.6.1. AVDC has four Scrutiny Committees which look at issues relating to Communities, Economy, Environment, Resources and Corporate Performance. Their role includes policy development, service reviews, holding the Cabinet to account, representing community interests and external scrutiny. They look at how and why decisions are made, how services are functioning and whether there is scope for improvement and also consider wider community issues, particularly improving services to people living in the area.

4.6.2. An Annual Report on the work of the Overview and Scrutiny Committees is presented to Council each year. The report for 2008-2009 was presented to the full Council meeting held in April 2009. It shows the number of meetings held, how many meetings each Member attended, some key issues considered and also the number of decisions "Called in" for further consideration by each Scrutiny Committee. In addition it includes a form to encourage members of the public to suggest items which they would like to see raised by the Scrutiny Committees.

4.6.3. In March 2009 an informal planning event was arranged for members of all Scrutiny committees so that they could discuss and prioritise areas to be included in their work programmes for the coming year. Senior managers, Directors and Heads of Service were also invited to support the members in this exercise. Changes to the Committee work programmes following from this event will be agreed by Committees at their regular meetings.

4.7. **Standards Committee**

4.7.1. The Chairman of the Standards Committee presented his Annual Report to full Council on 18th May 2009. This sets out the work of the Committee over the year, including information on the Committee's Role and Terms of Reference, an overview of its activities during the year and a report on the monitoring of complaints and compliance with the Code of Conduct.

4.7.2. Copies of the Annual Report are sent to all parish councils and published on the Council's web site.

4.7.3. The Standards Committee prepared for the introduction of local assessment of member complaints from May 2008 by reviewing its role and composition. A recommendation to amend its composition and increase the number of independent and parish council representatives on the committee to deal with the new responsibilities was approved by full Council on 6th February 2008. As a result a fourth independent member and third parish council representative were successfully recruited.

4.7.4. Members of the Standards Committee have received training in their role and in the new duties required following the introduction of local assessment. The committee also arranged a workshop on the code of conduct for town and parish councillors in the District which was attended by 44 councillors and clerks from 24 local councils.

4.7.5. The work of the Standards Committee is appreciated within the Council and promoted within the community. The Chairman of the Standards Committee has the opportunity to speak at Council when the annual report is submitted and also meets group leaders. Members and staff have a good understanding of the importance of the ethical agenda. Standards of conduct are good which can perhaps best be demonstrated by the few complaints during the year about the conduct of district councillors. In 2008-09 one complaint about a district councillor was investigated by the an Ethical Standards Officer who found no evidence of any breach of the code of conduct and no action was recommended as a result.

4.8. **Internal Audit**

4.8.1. The Internal Audit service operates under regulation 6 of the Accounts and Audit Regulations 2003 (amended 2006) and in accordance with the CIPFA Code of Practice for Internal Audit in Local Government.

4.8.2. The Council's Financial Regulations and Internal Audit Charter grant Internal Audit an unrestricted right of access to all Council records and property. They also confirm the

organisational independence which allows Internal Audit to form an objective opinion on the adequacy and effectiveness of the whole system of internal control.

4.8.3. The Internal Audit Manager reports to the Corporate Director (Resources) and may also report direct to the Chief Executive, other Directors and Members of the Council if required.

4.8.4. A Probity Group consisting of the Chief Executive, Monitoring Officer, Section 151 Officer, Head of Internal Audit and Head of People and Payroll meets quarterly to discuss governance issues and significant risks to the Council.

4.8.5. The plan of work undertaken by Internal Audit is prepared with regard to the risks faced by the Council and following discussions with Directors and Heads of Service. It is presented to and approved by the Audit Committee.

4.8.6. The scope of work included in the annual audit plan extends beyond financial governance to include corporate governance, risk management, probity, value for money, effectiveness and compliance with laws and standards.

4.8.7. The outcome of all Audit reviews is reported to the responsible Director and Head of Service as well as to the Head of Finance (Section 151 officer) and Corporate Director (Resources). A summary of the report will also be presented to the Audit Committee.

4.8.8. Where recommendations for the improvement of controls or systems are made at the end of an Audit review, these are agreed with the responsible managers together with details of the required action and an expected date for implementation. These actions will then be included on a Tracker system which is used to monitor implementation. Reports from this system are provided to the Audit Committee on a regular basis.

4.8.9. Where action to address issues is not undertaken within the pre-determined timescales the Audit Committee can and has required the responsible manager to attend a formal meeting and be personally accountable.

4.8.10. The Council's External Auditors conduct a formal review of the effectiveness of Internal Audit once every three years. The review was undertaken in March 2008 and has confirmed that the Internal Audit service meets the expected standards. External Audit will continue to rely on the work of Internal Audit where appropriate.

4.9. **Internal Audit Findings**

4.9.1. During 2008/09 Internal Audit have not needed to give a "no assurance" opinion in any of the reviews carried out. However, a "limited" opinion has been reached in five areas. These were:

Staff car loan scheme; concessionary travel arrangements; fixed assets; car payments; and arrangements for making BACS payments.

Actions have already been taken by managers to improve the control environment in these areas.

4.9.2. This year has seen considerable upheaval in the financial markets. AVDC had money invested in two collapsed Icelandic banks and is still unsure if this will be recovered. Internal Audit undertook a review of investment decisions in respect of these deposits and were satisfied that the decisions taken complied with AVDC's policies and procedures at the time they were made.

4.9.3. A number of audit reviews have highlighted that AVDC's financial regulations and procedures are in need of updating and review. The Section 151 officer has agreed to complete this review by September 2009. A robust framework is essential and Internal Audit will continue to monitor this work through to completion.

4.9.4. The Code of Conduct for Officers is still outstanding and there is still a need for more explicit procedures for acceptance of gifts and hospitality and declarations of interest to be communicated to staff.

4.10. **Risk Management**

4.10.1. The risk management process is well established in all service areas and major projects.

4.10.2. The review of risk registers for each quarter of 2008/09 has also included an additional review of a specific aspect of the risk register. For example identifying the link to specific corporate or service objectives. This has contributed to improving the quality of risk registers.

4.10.3. Integrating risk into the quarterly performance digest is a significant step forward and this area will be developed further as services start to use the performance management system.

4.10.4. Partnership risk management has progressed in some areas such as Pathfinder and Local Area Agreement but further work is still needed across some of the other significant partnerships.

4.10.5. Major projects all have risk registers but there is still improvement required in integrating the review of risks into project board/team meetings.

4.11. **Internal Control Self Assessments**

4.11.1. In preparation for the Annual Governance Statement a formal review of the governance and control arrangements in their areas has been completed by each Head of Service. Results have been returned to and reviewed by the Section 151 Officer, Internal Audit Manager and Risk Manager.

4.11.2. Where the returns have reported significant corporate governance or control weaknesses, these are included in the section on Significant Governance Issues below.

4.12. **Other Assurance and Review Mechanisms**

4.12.1. Aylesbury Vale District Council is subject to external review by its officially appointed External Auditors, the Audit Commission. They publish a series of reports on the Council's performance each year, which are reported to the Audit Committee. They also

produce regular progress reports on their work for this Committee and are able to raise any items of concern with them.

4.12.2. The Annual Audit and Inspection Letter, which provides an overall summary of the Audit Commission's assessment of the Council was presented to the Audit Committee meeting held on 16th March 2009. This is made available to the public by the Audit Commission and is also on the Council's web site.

4.13. **Actions taken to Strengthen Governance Arrangements during 08/09**

4.13.1. The following list is a summary of the some of the key improvements made during 2008/09.

- updated protocols on member/officer relations and members involvement in commercial transactions
- revised Planning Code of Good Practice
- standards committee annual report
- dedicated web pages for the standards committee including copies of case decisions
- publication of guidance on the introduction of local assessment of members complaints in May 2008
- training for members on declarations of interests and local assessment
- Information Security Policy approved and guidance issued to all staff
- Revised Risk Management Strategy
- Quarterly performance digest includes risk information

5. Significant governance issues 2008/09

5.1. A number of significant control issues were raised in the Annual Governance Statement published with the 2007-2008 Accounts in June 2009. These have been updated and included below together with any new areas:

Year Identified	Issue / Standard	Source	Improvement Required for 09/10	Responsible Officer	Timeframe
07/08 08/09	**Joint Working and Partnerships.** The governance of all these arrangements needs to ensure full accountability for public money & openness of reporting.	Internal Control Self Assessment (ICSA) Annual Review of partnership working	1) New and revised Service Plans will need to be drawn up for the areas involved in these initiatives, to ensure that joint working arrangements meet the aspirations and objectives of all Councils involved. 2) All members need to receive regular information about the work of the partnerships 3) Joint risk registers need to be in place for all significant partnerships	Heads of Service Lead Partnership officers Lead Partnership Officers	September 2009 Ongoing September 2009
07/08 08/09	**Information Security & Data Protection.** Arrangements must be in place to ensure compliance with relevant statutory requirements and government guidelines.e.g.	ICSA	Further work is needed to ensure that all RESTRICTED, Sensitive & Personal information is securely stored and a Records Retention Policy is applied consistently.	Heads of Service	April 09

Year Identified	Issue / Standard	Source	Improvement Required for 09/10	Responsible Officer	Timeframe
	Government Code of Connection Considerable progress has been made in this area. Staff having access to RESTRICTED data have read and signed the Acceptable Use Policy for RESTRICTED Data and have received appropriate training. An independent external review confirmed AVDC's readiness to join the Government Secure Intranet.		Any document deemed RESTRICTED should be clearly marked as such.		
07/08 08/09	**Business Continuity Plans** All services should have up to date business continuity plans and ensure that they are tested.	ICSA	Plans need to be updated to reflect restructuring	Heads of Service	September 2009
07/08 08/09	**Delivery of Capital Projects** The Council has a number of high profile projects in progress, including the building of a new theatre in Aylesbury. There is extensive public interest and resources in the Capital programme are limited.	Annual Governance Statement (AGS) 2007/08	Ensure Members and managers continue to monitor and control expenditure.	Strategic Investment Board Corporate Directors	

Year Identified	Issue / Standard	Source	Improvement Required for 09/10	Responsible Officer	Timeframe
	A project manager has now been appointed.				
07/08	**Project Management framework.** Managers must ensure that all major projects are following the corporate standards and risk registers are reviewed on a regular basis.	ICSA	Now in place and managers have confirmed that this is being used		
07/08	**Officer Code of Conduct**	Internal Audit review	New code to be developed and approved. This work is still on hold waiting for guidance to be published by the Government.	Head of Legal	
07/08	**Gifts and Hospitality and Declarations of Interest** Recent reviews have shown inconsistency in practices between different services still persist.	Internal Audit review	More explicit procedures need to be communicated to all staff. These will be included in a new officer Code of conduct. However, this work is still on hold waiting for guidance to be published by the Government.	Head of Legal	
08/09	**Financial Regulations** Financial Regulations have not been reviewed for several years.	IA reviews	Complete update of Financial Regulations	Head of Finance	Sept 09

Year Identified	Issue / Standard	Source	Improvement Required for 09/10	Responsible Officer	Timeframe
08/09	**Service Plans** There is an up to date Service Plan that links clearly with the Council's key aims and outcomes contained within the Corporate Plan and includes clearly defined targets against which performance can be measured	ICSA	Up to date service plans reflecting the organisational changes are in place for all services	Heads of Service	Sept 09

6. Assurance Statement

6.1 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Audit Committee and plan to address weaknesses and ensure continuous improvement of the system in place.

6.2 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that we identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:………………………………………………………………………………

Leader

Signed:………………………………………………………………………………

Chief Executive

 on behalf of Aylesbury Vale District Council.

Council Policies, Codes of Practice

Public Documents

AVDC Corporate Plan 2008-2011 (issued May 2008) identifies the Councils
Objectives and key actions to achieve these.

District Link
Council Tax Information leaflet distributed with Council Tax bills in March 2009

Members Handbook – Constitution:
Part 2 – Articles of the Constitution
Part 3 – Responsibility for Functions
Part 4 – Rules of Procedure
Part 5 - Codes and Protocols
Part 6 – Members Allowance Scheme
Part 7 – Management Structure

Reference Handbook:
C - Membership of Cabinet/Committees/Informal Groups/PAGs
H - Members Interests
I – Receipt of Gifts and Hospitality
G – Political Balance
M – Complaints Procedures
N – Media Relations
L – Representatives on Outside Bodies

Committee Reports

Standards Committee Work Programme
See Audit Committee papers for Statement of Accounts 2007-8 and 2008-9
and the Audit Tracker which monitors implementation of recommendations made by
Internal and External Audit.
Annual Scrutiny Report

Other Documents/Policies
Medium Term Financial Strategy
Partnership Protocol
Equalities Strategy
Quarterly Financial Digest
Quarterly Performance Digest
District Line
Risk Management Strategy
Appraisal scheme
IiP Accreditation
Confidential Reporting Policy
Anti Fraud & Corruption Policy
Compliments and Complaints Procedure
IT Security Policy