

**ANNUAL GOVERNANCE STATEMENT
PREPARATION 2009-10**

1 Purpose

- 1.1 The purpose of this report is to update the committee on the progress in developing the Annual Governance Statement for 2009/10 and report the current draft statement. Appendix A.
- 1.2 The preparation and publication of the Annual Governance Statement (AGS) is a statutory requirement of the Accounts and Audit Regulations. The Council is required to “conduct a review at least once in a year of the effectiveness of its system of internal control” and to prepare a statement on internal control “in accordance with proper practices”.

2 Recommendations for decision

- 2.1 The committee is requested to discuss and comment upon the initial draft statement including the areas for improvement.

3. Supporting information

- 3.1 The assurance framework for gathering evidence to complete the Annual Governance Statement was reported the Audit Committee held on 15th February 2010.
- 3.2 The statement is still draft as there are some actions that may still be completed by the end of the year which will not then need to be rolled forward into the action plan for 2010. Also the internal control self assessments completed by Heads of Service are not due to be completed until 15 March 2010. There were a number of new questions added this time which may raise some further issues. These will be highlighted verbally at the meeting.

4. Options considered

- 4.1 None – this is a statutory requirement.

5. Reasons for Recommendation

- 5.1 To comply with legislation

6. Resource implications

- 6.1 Completion of the AGS will be resourced from within existing budgets.

7. Response to Key Aims and Objectives

7.1 The AGS is an integral part of AVDC's annual accounts and requires formal consideration and reporting at Committee.

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Background Documents	Audit Committee Papers



AYLESBURY VALE
DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT

APRIL 2009 – MARCH 2010

AYLESBURY VALE DISTRICT COUNCIL**ANNUAL GOVERNANCE STATEMENT 2009/10****Contents**

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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 2010 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 and refreshed for 2009/10..
- 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 Sustainable Community Strategy. The targets we have agreed in the LAA are included in the Corporate Plan.
- 3.2.4. 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.
- 3.2.5. 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 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 Council has a sound understanding of its costs and performance and the factors influencing these. Cost and performance information is used in financial and service

planning to make policy and service provision decisions and to identify efficiency savings. The Council regularly reviews costs to assess whether they are commensurate with the range, level and quality of services provided. It actively seeks and evaluates new ways of delivering services to achieve efficiencies and works with partners and other service providers to compare and evaluate processes, costs and outcomes.

- 3.3.4. The Business Transformation Programme has continued in 2009/10 to identify projects 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.
- 3.3.5. In 2009/10 Vanguard reviews for Planning, Benefits and Revenues were completed. These 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 2010/11.
- 3.3.6. Project Based Activity – the Strategic Investment Board (SIB) continues to oversee the evaluation of project proposals and the allocation of funding, in particular for capital financing..
- 3.3.7. 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.
- 3.3.8. 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.
- 3.3.9. 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 and service prioritisation meetings.

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 2009/10 with refinements approved by Council at its meeting in 24th February 2010.

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 were 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 had made a commitment to produce the new regulations by the end of September 2009. Unfortunately this review has not been completed to schedule. See paragraph 4.9.2 for further details.

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 Self Assessment completed annually by each Head of Service.

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 2009/10.

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 2009/10 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 and hard copies of a complaints leaflet have been distributed to information points Throughout the District. The Council's leaflet was mentioned by Standards for England as demonstrating "notable practise" in their Annual Review of 2008/09 published in July 2009.

3.11. **Member and Officer Development needs**

- 3.11.1. Training and development in 2009/10 has focused mainly on in-house seminars to keep members acquainted with key issues such as the Local Development Framework, Pathfinder shared services and on the Council's revenue and capital budgets. An all-party Member Development Steering Group was formed in October 2009 to oversee, monitor and help progress delivery of learning and development for elected Members to meet individual and corporate needs, and to achieve value for money. In March 2010, AVDC agreed to sign up and work towards achieving accreditation under the South East Employers Charter for Elected Member Development.
- 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.

- 3.11.5. In February, 2009 the Council launched its 'Skills Share' initiative, as part of its 'Best People, Best Council' programme. The programme aims to develop and retain talent within the Council, by filling vacancies internally by focussing on the transferable skills of the role, rather than the exact amount/type of experience or be fully qualified to undertake that job if it were advertised externally. This is aimed at nurturing skills and talent with the organisation and encouraging staff to gain experiences beyond their own work area. It is also designed to assist with succession planning.
- 3.11.6. In January 2010 a Leadership programme called "Be the Change" was launched. The programme aims to provide managers with ideas, tools and techniques to enhance their leadership skills and competence. A programme of one day workshops has started.
- 3.12. **Communication and Consultation with the public and other stakeholders**
- 3.12.1. The council recognises and welcomes the importance of consulting effectively, with local people and other stakeholders who have an interest in life in the district.
- 3.12.2. In the councils' key aims and outcomes, we have a specific outcome that we make Aylesbury Vale a place in which all the individuals feel able to play a part. Reports have been submitted to Corporate Board in 2009, highlighting the benefits of a more coordinated approach to consultation
- 3.12.3. The Council's Community Involvement and Consultation Strategy is currently under review.
- 3.12.4. An Internal Audit Review completed in 2009 on consultation in AVDC resulted in the launch of a toolkit for key officers to help improve the quality of consultation. Customer satisfaction will now be measured more regularly and the use of the consultation planner is not mandatory.
- 3.12.5. 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.
- 3.12.6. 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.
- There are four ways by which customer satisfaction is currently measured:

(i) The Place Survey – a Government postal survey which all councils have to conduct every two years. The questions are set by the Government.

(ii) The residents’ survey commissioned directly by AVDC usually every two years and carried out by interviews in the home.

(iii) Surveys commissioned by individual services usually on an adhoc basis to feed into a service review or test out a change to a service.

(iv) On-going collection, through for example, the corporate customer complaints procedure, the exit cards in the Customer Service Centre

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 first annual review of partnerships was completed in January 2009. A report to Corporate Team, also in January 2009, highlighted that the sharing of information with members about the work of the partnerships was an issue to be addressed.

3.13.3. The next annual review is scheduled to take place by the end of April 2010, as part of the service planning process. This will include a review of the key issues for the major partnerships, as carried out following the last review.

3.13.4. 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 following the refresh to the Board in 2008/09, has developed a new business plan that sets out the major issues and projects it will focus on in the period to 2011. The priority projects are grouped under three overall categories:

- Tackling and dealing with ‘growth blockers’
- Helping to accelerate the provision of critical infrastructure that supports growth
- Consolidating investment and commitment from key partners and developers
- Adding value to the activity, no duplication of effort and being clearly defined and focused.

3.13.5. Alongside the LDV, the Aylesbury Vale Local Strategic Partnership has also continued to move forward with major support from the District Council. The executive board has worked effectively together to lead the process of updating the Sustainable Community

Strategy, which was completed in the autumn of 2009. It has also developed a communications plan and is engaging more regularly with the wider reference group through the LSP newsletter and symposium events.

- 3.13.6. The Buckinghamshire 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.
- 3.13.7. The future programme for the Buckinghamshire Pathfinder project will be reviewed in the light of the recent decisions relating to the shared services aspect of the project.
- 3.13.8. In October 2009 AVDC entered into an innovative new partnership for the management of its commercial property portfolio with Aylesbury Vale Estates LLP (AVE). AVE is a limited liability partnership between AVDC and Akeman LLP, a private sector organisation with considerable experience of estates management and property development. AVE was procured through an EU competitive dialogue process and is a 20 year partnership with each party holding an equal share. Governance arrangements are dealt with in the Members Agreement and each partner has 3 representatives in the partnership board. The main aims are to improve the AVDC's aging commercial estate and support the local economy, whilst maintaining a future income for the Council.

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. The Constitution sets out the functions which are the responsibility of full Council such as the significant plans and strategies and the

budget. Committees deal with certain matters notably in respect of development control and licensing. The Cabinet deals with all other functions which are not the responsibility of another part of the Council whether by law or under the Constitution. At the full Council meeting held on 24th May 2007 the Council formally approved the appointment of the Leader, Cabinet Members and creation of full Committees. It also adopted the Scheme of Delegation and approved the allocation of seats to political groups on all Committees. These arrangements apply for the four year term of the Council with the exception of the Leader and Cabinet who are appointed annually.

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. There is also provision for public participation at meetings of the development control committees and a facility for the public to make statements relevant to a matter on the agenda at Council, Cabinet and other committees.

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. In 2009 a series of "Lets Get Talking" sessions were introduced whereby directors met with staff across the council in various locations to discuss current issues and give staff the opportunity to ask questions. Feedback was positive from these sessions and another series was held in March 2010.

4.4.6. MAVIS the Council's Intranet is used to communicate messages to staff and is updated on a daily basis. The site won a Gold award in 2009 for the best website from the Chartered Institute of Public Relations.

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.

4.5. **The Audit Committee**

4.5.1. The Audit Committee's Annual Report is due to be discussed at their meeting on 15th March 2010. Once agreed it will be circulated to all members, who will have the opportunity to raise questions at full Council. It will also be published on the Council's website.

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 Scrutiny Committees is presented to Council each year. The report for 2009-10 was presented to the full Council meeting held in April 2010. 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 July 2009 a "Councillor Call for Action" protocol was introduced which allows for any Councillor to raise an issue in their ward for discussion with a Scrutiny Committee. There are conditions placed on the kinds of issues that can be raised, and for the Scrutiny Committee to formally consider a request and report back their view to the Councillor concerned.

4.7. **Standards Committee**

4.7.1. The Chairman of the Standards Committee presented his Annual Report to full Council on 8th July 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 refresher training in their role and in the new duties required following the introduction of local assessment. The committee has worked in partnership with the Buckinghamshire association of local councils to provide training on the code of conduct for town and parish councillors and also worked with the local branch of the Society of Local Council Clerks.

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 the fact there have been no complaints about the conduct of district councillors during the year.

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 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 2009/10 Internal Audit have given one "no assurance" opinion and five "limited" areas. The no assurance area is as a result of an internal investigation. The limited assurance areas were for:

Card payment refunds, BACS payments, Consultation, Casual staff management and one performance indicator NI14.

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

- 4.9.2. A number of audit reviews have highlighted that AVDC's financial regulations and procedures are still in need of updating and review. The Section 151 officer had agreed to

complete this review by September 2009. A robust framework is essential to ensure that roles and responsibilities are clear. Without the updated regulations there is an increased risk of financial impropriety. It will be essential that these regulations are formally adopted as early as possible in 2010/11. Internal Audit will continue work with the Section 151 Officer to bring this issue to a satisfactory conclusion.

- 4.9.3. 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 2009/10 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. A challenge exercise is also being piloted in March 2010.

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 and arrangements are in place for the significant partnerships except for the Joint Waste Partnership project which is currently being developed.

4.10.5. Major projects all have risk registers and are discussed at 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 15th February 2010. This is made available to the public by the Audit

Commission and is also on the Council's web site. The opinion of the external auditors is that there were no significant weaknesses in the Council's internal control environment.

4.13. Actions taken to Strengthen Governance Arrangements during 09/10

4.13.1. The following list is a summary of the some of the key improvements made during 2009/10.

- Councillor Call for Action Protocol
- All-party Member Development Steering Group was formed to oversee, monitor and help progress delivery of learning and development for elected Members
- Leadership programme called "Be the Change" was launched
- "Let's Get Talking" sessions for staff
- Improved approach to consultation

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Year Identified	Issue / Standard	Source	Improvement Required for 09/10	Improvement Required for 10/11	Responsible Officer	Timeframe
			all partnerships except Joint Waste			
07/08 08/09	<p>Information Security & Data Protection.</p> <p>Arrangements must be in place to ensure compliance with relevant statutory requirements and government guidelines.e.g. Government Code of Connection</p> <p>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.</p> <p>An independent external review confirmed AVDC's readiness to join the Government Secure Intranet.</p>	ICSA	<p>Further work is needed to ensure that all RESTRICTED, Sensitive & Personal information is securely stored and a Records Retention Policy is applied consistently.</p> <p>Any document deemed RESTRICTED should be clearly marked as such.</p> <p>Update 1/3/10 Work completed</p>		Heads of Service	April 09
07/08 08/09	<p>Business Continuity Plans</p> <p>All services should have up</p>	ICSA	Plans need to be updated to reflect restructuring	Review plans in light of office moves	Heads of Service	May 2010

Year Identified	Issue / Standard	Source	Improvement Required for 09/10	Improvement Required for 10/11	Responsible Officer	Timeframe
	to date business continuity plans and ensure that they are tested.		Update 1/3/10 Plans have been updated regarding Flue Pandemic but office moves will require revisit of all plans			
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. A project manager has now been appointed.	Annual Governance Statement (AGS) 2007/08	Ensure Members and managers continue to monitor and control expenditure. Update 1/3/10 External Audit satisfied with arrangements for managing major projects No need to be flagged for monitoring in 10/11		Strategic Investment Board Corporate Directors	ongoing
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. Update 31/3/10 No guidance received yet. Move to 10/11		Head of Legal	When government guidance published
07/08	Gifts and Hospitality and	Internal Audit	More explicit procedures		Head of Legal	When

Year Identified	Issue / Standard	Source	Improvement Required for 09/10	Improvement Required for 10/11	Responsible Officer	Timeframe
	Declarations of Interest Recent reviews have shown inconsistency in practices between different services still persist.	review	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. Update 31/3/10 No guidance received yet. Move to 10/11			government guidance published
08/09 09/10	Financial Regulations Financial Regulations have not been reviewed for several years.	IA reviews	Complete update of Financial Regulations Update 1/3/10 Review no completed to schedule. High priority for 2010/11	Complete update and formal approval by Council	Head of Finance	?
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	ICSA	Up to date service plans reflecting the organisational changes are in place for all services Update 1/3/10 Plans not all updated by September 2009 deadline but report to Corporate Board with revised	No action unless 31 March deadline not met	Heads of Service	Sept 09

Year Identified	Issue / Standard	Source	Improvement Required for 09/10	Improvement Required for 10/11	Responsible Officer	Timeframe
	can be measured		guidance requires completion by 31 March 2010			
09/10	Preparation for IFRS	Annual Audit & Inspection Letter		Complete preparation in accordance with timetable	Andrew Small	31/10/2011

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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.

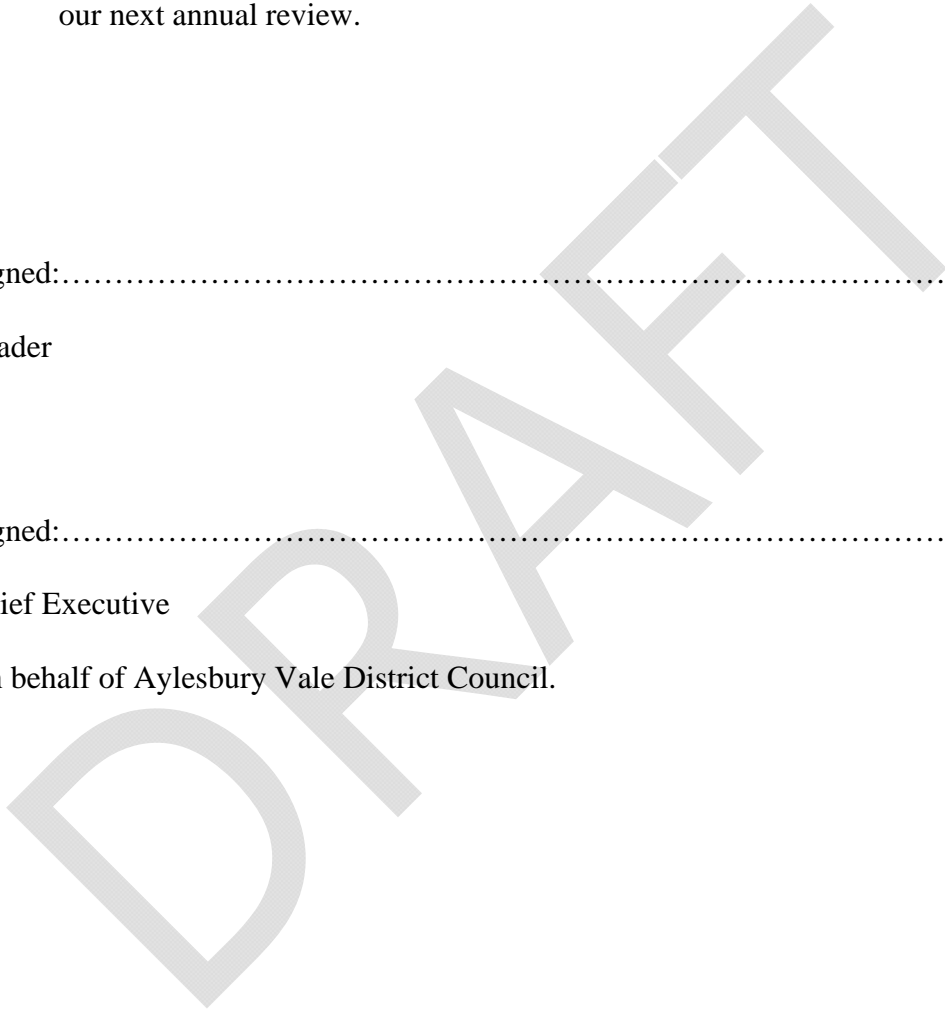
Signed:.....

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 2008-09 and 2009-10 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

iP Accreditation

Confidential Reporting Policy

Anti Fraud & Corruption Policy

Compliments and Complaints Procedure

IT Security Policy