

ANNUAL GOVERNANCE STATEMENT 2014-15

1 Purpose

- 1.1 The purpose of this report is to update the committee with the final version of the Annual Governance Statement for 2014-15 prior to its inclusion in the Statement of Accounts. Appendix A.
- 1.2 The preparation and publication of the Annual Governance Statement (AGS) is a statutory requirement of the Accounts and Audit Regulations 2011. 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 Audit Committee is requested to:

- a) Review the Annual Governance Statement(AGS)
- b) Consider the robustness of the Council’s governance arrangements
- c) Approve the AGS prior to its inclusion in the Statement of Accounts

3. Supporting information

- 3.1 A draft version of the Annual Governance Statement was reported to this Committee in March 2015. 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.
- 3.5 The assurance framework includes reference to the sources of assurance obtained from management. This includes the new service risk assurance process which has been reported in more detail in the Business Assurance Service Progress Report.
- 3.6 The statement has also been updated to reflect the independent report of the Business Assurance Manager’s which is a separate item on the agenda.
- 3.7 Improvements to the internal control environment are documented in Section 5 of the AGS and these will be monitored via the Business Assurance Service Progress Reports.

4. Options considered

- 4.1 None – this is a statutory requirement.

5. Reasons for Recommendation

5.1 To comply with legislation

6. Resource implications

None

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Background Documents Names of Background documents



ANNUAL GOVERNANCE STATEMENT

APRIL 2014 – MARCH 2015

AYLESBURY VALE DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT 2014/15

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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 website (www.aylesburyvaldc.gov.uk). A list of the more significant documents is attached at Appendix A.
- 1.4. This statement explains how Aylesbury Vale District Council has complied with the principles of corporate governance and also meets the requirements of regulations 4(2) and 4(3) of the Accounts and Audit Regulations 2011, which requires all relevant bodies to prepare an annual governance statement prepared in accordance with proper practices in relation to 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 on-going 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 2015 and up to the date of approval of the Annual Governance Report and Statement of Accounts.

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

- 3.2.1. Aylesbury Vale District Council's statement of its long-term vision for the Vale:

"Making Aylesbury Vale the best possible place to live, work and visit."

The council has an ambitious agenda to meet the financial pressures facing the Council and is committed to supporting the local economy and transforming the district through the various major projects and schemes. Key Plans include:

Medium Term Financial Plan 2014/15-2018/19
Capital Programme
Economic Development Strategy Action Plan 2011-2014
Housing and Homeless Strategy 2014-2017
Vale of Aylesbury Local Plan (under development)

3.3. Ensuring effective management of change and transformation

- 3.3.1. The approach adopted to achieve this organisational change is through the 'New Business Model' and in turn this will see each service fundamentally reviewed in terms of what is delivered, to whom, by who, at what cost

and what the recipient should be expected to pay for it.

3.3.2. The work being undertaken within the New Business Model is being overseen and directed by the Cabinet member for Resources and is being subjected to scrutiny by Finance and Services Scrutiny Committee. The Resources portfolio has been broadened to encompass the majority of service improvement or change initiatives across the council to enable benefits to be tracked, remove duplication and increase collaboration.

3.3.3. To ensure greater accountability, Corporate Board have been appointed as the Programme Board, and appropriate members nominated as leads with direct responsibility for realising the savings for key projects.

3.3.4. Ideas/proposals for projects are discussed at the programme board and approved as appropriate.

3.4. Measuring the quality of services for users and value for money

3.4.1. 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.

3.4.2. 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.

3.4.3. Projected budgetary pressure resulting from the Government's public sector efficiency agenda have made reduction of the Council's cost base through either efficiency, cuts or increasing its income the top strategic priority. The extent of the reduction in available funding are predicted to be such that this will fundamentally reshape the size and structure of the organisation.

3.4.4. The Council has a Procurement Strategy and a set of Contract Procedure Rules which were updated in 2013. 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.

3.4.5. To promote best practice in procurement the Council has entered into a joint arrangement with Improvement and Efficiency South East (IESE). IESE are a sector wide organisation with considerable cross cutting experience and knowledge of various procurement approaches. The performance of this arrangement is being kept under review by the Finance and Services Scrutiny Committee.

3.4.6. The need to understand relative cost and performance is important for Members and staff at all levels of AVDC. Information on costs and performance are used by Scrutiny committees in understanding relative efficiency and direct scrutiny and challenge to particular areas.

3.4.7. A corporate scorecard which includes key performance and financial measures is reported to Corporate Board monthly.

3.4.8. The use of benchmarking is now in decline as largely these have only served to confirm that the services covered are generally of low cost and offer good value. Increasingly joint working opportunities are being explored as an alternative way of saving cost, and this exercise allows for the detailed comparison of cost base between similar organisations. Where this does identify areas of higher than average cost this information is used to target cost reduction.

3.5. Roles and Responsibilities of Members and Officers

3.5.1. 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. The Leader is now responsible for determining the scheme of delegation for executive functions which is included in the Constitution.

3.5.2. The Constitution also sets out how the public can access the decision making process. Cabinet publishes a plan 28 days before each meeting publicising key decisions to be taken at the meeting. Other issues which are due to be considered by Cabinet or the Major Projects Committee at the time of publication of this document are included for information. Notice is also given of the intention to hold a meeting or part of a meeting in private to enable confidential or exempt information to be discussed.

3.5.3. The Constitution is subject to review as and when it is considered necessary. The Scheme of Officer Delegation was reviewed in March 2015 to ensure that it reflected changes to officer structures and responsibilities.

3.6. The Standards of Behaviour for Members and Staff

3.6.1 Member behaviours are governed by a code of conduct which is set out in the Constitution. The code covers disclosable pecuniary interests as required by the Localism Act 2011 and also retains the requirements to disclose personal and prejudicial interests and those to register gifts and hospitality received in a member's official capacity together with interests in outside bodies' charities and pressure groups. The Code of Conduct was adopted by full Council in July 2012.

3.6.2 All members of the Council have completed a register of their pecuniary and personal interests. Copies of guidance produced by the Department for Communities and Local Government on the revised code have been provided to every member and they have also received information from the monitoring officer highlighting the key aspects.

3.6.3 The Constitution also includes protocols covering member/officer relations, member involvement in commercial transactions and a members planning code of good practice.

3.6.4 There is a three stage procedure for dealing with complaints that councillors have broken the code of conduct. Hearings sub-committee considers complaints at stage 3 following an investigation report and a hearing procedure has been agreed.

3.6.5 A code of conduct for employees was approved in 2013 in conjunction with trade unions and employee representatives. This covers all aspects of conduct at work from how to treat colleagues to any conflicts of interest or dealing with matters such as accepting gifts and hospitality.

3.7 Standing Orders, Financial Regulations and Schemes of Delegation

3.7.1 The constitution sets out the scheme of delegation and the Contract Procedure Rules and guidance. Revised Contract Procedure Rules were approved by the Council on 4 December 2013.

3.7.2 Compliance with financial procedure notes and manuals are checked as part of key financial audits.

3.7.3 Financial regulations and procedures are incorporated into the constitution of the Council.

3.8 Role of the Chief Financial Officer

3.8.1 The Council largely mirrors the recommendations made by CIPFA with regards to the role of the Chief Financial Officer and his or her position and status within the organisation.

3.8.2 For this purpose the Chief Financial Officer is the Director with responsibility for Finance.

3.8.3 The Director with responsibility for Finance has a key position within the organisation and sits as a member of the Corporate Board, this being the main Officer Decision making body of the organisation responsible for developing, implementing and delivering the strategic objectives of the organisation.

3.8.4 All material financial decisions must be approved by the Director with responsibility for Finance or his deputy and the decision making structure of the organisation is designed to ensure that this happens through the report approval framework.

3.8.5 Processes, systems, internal controls and risks are maintained and frequently reviewed in order to ensure that good financial management exists within the organisation and that value for money is achieved.

3.8.6 The Director with responsibility for Finance is professionally qualified and skilled and is provided with the necessary resources to provide a finance function that is fit for purpose and suitably equipped to meet organisational and stakeholder needs.

3.9 Role of the Audit Committee

- 3.9.1 The Audit Committee was created as a full committee of the Council after the local government elections held in May 2007, arrangements. Its terms of reference, structure, composition and work programme have been developed with reference to the guidance issued by CIPFA in 2013, "Audit Committees: Practical Guidance for Local Authorities". A revised set of terms of reference were presented to the Audit Committee in March 2015. The constitution will be updated in due course when the Terms of Reference have been through a General Purposes Committee.
- 3.9.2 This committee aims to provide independent assurance of the adequacy of the Council's risk management framework and the associated control environment, independent scrutiny of the financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

3.10 Compliance with Relevant Laws and Regulations, Internal Policies and Procedures

- 3.10.1 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 (Director with responsibility for Finance) and the Monitoring Officer (Head of Legal Services).
- 3.10.2 Compliance with new or revised policies is monitored by the relevant key officers and is incorporated in the Service Risk Assurance Process.
- 3.10.3 External audit reviews are reported to the Audit Committee. Their recommendations are also included in the monitoring arrangements described below for internal audit recommendations.
- 3.10.4 Business Assurance Services 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.
- 3.10.5 The Probity Group (Head of Paid Service, S151 Officer, Monitoring Officer, Business Assurance Manager and People and Payroll Manager) looks at emerging issues and non-compliance from any source.
- 3.10.6 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 2014/15.
- 3.10.7 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 2014/15 financial year.

3.11 Risk Management Arrangements

- 3.11.1 The Council has a Risk Management Strategy in place which sets out the 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.
- 3.11.2 A Service Risk Assurance process in place for all services and risk registers are in place for major projects.
- 3.11.3 Strategic risks for the Council have been identified and monitoring arrangements in place through six monthly updates to Corporate Board.

3.12 Whistle-blowing and Complaints Procedures

- 3.12.1 The Confidential Reporting Policy has been updated and replaced with a Whistleblowing Policy and reporting procedures are now available on the Council's website. This forms part of the Anti Fraud and Corruption Policy Strategy which was reviewed and update in 2013.
- 3.12.2 There have been no whistle-blowing reports through to the Business Assurance Service in 2014/15.
- 3.12.3 There has been no use of the Regulation of Investigatory Powers Act during 2014/15.
- 3.12.4 The Contract Regulations require officers preparing contracts to consider including references to AVDC's Confidential Reporting Policy.
- 3.12.5 There is a Customer Comment, Compliments and Complaints Policy which includes a publication for the public which explains the process. There are also detailed procedures for staff who are dealing with a complaint. All staff are required to complete the Customer Comment, Compliments and Complaints e-learning module.
- 3.12.6 In 2014/15 the Council has maintained the British Standards Institute Complaints Standard.
- 3.12.7 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.
- 3.12.8 There were no complaints against councillors in AVDC which lead to a full investigation in 2014/15.

3.13 Member and Officer Development Needs

- 3.13.1 An all-party Member Development Steering Group (MDSG) is in place 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. Agreement has been reached on the Member Induction Programme to be delivered following the 2015 elections. This will include training on the Code of Conduct and ethical standards.
- 3.13.2 The MDSG undertook surveys of all Members in June 2013 asking them to identify their future development and support needs. There was an excellent response to the surveys, with over 40 Councillors being interviewed. The survey results were used to put together successive Member Development Programmes (MDP). The current MDP 2013/14 will run up until the 2015 District Council elections MDP events have covered a range of issues including scrutiny skills, casework/advocacy, the local Member role in planning applications and enforcement, public speaking, effectively communicating with the media, Council procedure rules, speed reading and safeguarding.
- 3.13.3 Following over two years of work by the MDSG and Officers, the Council was successful in October 2012, following an external inspection, in achieving accreditation under the South East Employers Charter for Elected Member Development. The charter status, which lasts for 3 years, recognises the robust and structured approach that AVDC has put in place for Councillor development. South East Employers conducted a 'light touch' 18 months review in April 2014 which confirmed that AVDC is continuing to meet the standard.
- 3.13.4 All staff, including Directors and Heads of Service, take part in the Annual Talent Review process. This is used to identify their development needs and assess performance and career potential. All staff are assessed against a set of behavioural competencies. As part of the process quarterly Personal Performance Plans (PPP or one to ones) continue to take place for all staff.
- 3.13.5 AVDC has a comprehensive training and development programme. Details of the programme are available to all staff and Members on the Intranet. This takes into account both the organisation development needs as well as individual needs. The elearning hub is now well established with a wide range of learning and development opportunities, alongside more traditional classroom programmes. We continue to work collaboratively with other public sector organisations across Buckinghamshire to deliver management and leadership training. This has the benefits of staff being able to receive training in a timely manner and also learn from other organisations.
- 3.13.6 The Council operates a joint coaching scheme with Buckinghamshire County Council. Staff can self nominate or be referred to the scheme by their managers; they are then able to choose a coach from BCC or AVDC. This has been well used over the last 12 months.
- 3.13.7 The council has further developed its apprenticeship programme offering training opportunities to young people. Six departments have employed apprentices during 2014/15.

3.13.8 The HR and Payroll system (iTrent) has been further developed during 2014/15 with the introduction of self service facilities. This had led to further efficiencies with among other things, staff submitting time and expense claims on-line, booking on learning events and inputting sickness directly onto the system.

3.14 Communication and Consultation with the Public and Other Stakeholders

3.14.1 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.

3.14.2 The Council uses a wide range 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, poster sites and targeted literature. The Council's website is continually expanding both in its content and its functionality. Social media including text messaging, Twitter, Facebook and web casting are being used proactively by the council.

3.14.3 A new customer insight programme has been developed to support the new business model approach. The programme makes greater use of Acorn customer segmentation data to help the council understand the profile, likes and dislikes of residents living in the Vale.

3.15 Information Governance Arrangements

3.15.1 Information governance is managed by the Information Governance Group (IGG) which is chaired by the Deputy Chief Executive who fulfils the role of Senior Information Risk Owner (SIRO). This group comprises of managers from key departments who are empowered to take decisions on information management. The IGG's key responsibility is to ensure that the Information Management Strategy is maintained and that actions are taken to implement the strategy and kept it up to date.

3.16 Governance Arrangements for Partnerships

3.16.1 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.

3.16.2 In January 2013 the list of significant partnerships was circulated to Corporate Board for review, and a number of changes were made. Reviews were completed for all of the partnerships on that list between March and July 2013. A further review is planned in 2015/16.

3.16.3 The significant partnerships are:

- Aylesbury Vale Estates (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. The main aims are to improve AVDC's ageing commercial estate and support the local economy, whilst maintaining a future income for the Council.
- Local Enterprise Partnerships - South East Midlands LEP (SEMLEP) and Buckinghamshire Thames Valley LEP (BTVLEP). AVDC is in overlapping LEP arrangement as they both have a natural geographical fit with the Vale and reflect the common "travel to work areas' and shared workforce, housing, skills and infrastructure issues. AVDC has had a seat on both of the LEP Boards, which is helpful in being in a strong position to influence and ensure there is LEP impact in the Vale and its economic growth, benefitting AVDC's communities.
- Buckinghamshire Advantage acts as the operational arm of Buckinghamshire Thames Valley Enterprise Partnership (BTVLEP) on the delivery of any BTVLEP funded capital schemes, ensuring local growth funds are invested to maximum effect. Its mission is to add value to planned development by promoting growth, identifying opportunities and removing barriers to sustainable development.
- Aylesbury Vale Local Strategic Partnership (AVLSP) - . Following a review and revision to its terms of reference in 2012, the AVLSP continues to meet and is seeking to focus its attentions upon a select range of activities which are important to those who live and work in the Vale and are not being actioned by other

bodies in the area.

- Shared Procurement Partnership with Improvement and Efficiency South East (IESE). A special purpose vehicle established to deliver savings through improved procurement.

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 Business Assurance Manager'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
- Chief Financial Officer
- other explicit review/assurance mechanisms

4.3 The Authority

4.3.1 The Council has a governance model for executive arrangements commonly referred to as the 'strong leader model'. 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 management 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. The Leader has responsibility for appointing members of the Cabinet and determining the scheme of delegation for executive functions. The membership of committees will be reviewed after the 2015 elections having regard to the political balance rules.

4.3.2 Minutes and papers for Council, Cabinet and Committee meetings which are open to the public are freely available on the Council's web site. The only papers not available will be those that are exempt under the Council's procedures rules as set out in the Constitution.

4.3.3 To encourage participation and accountability one hour is set aside for questions from members at every ordinary meeting of the full Council. There is also provision for public participation at meetings of the development management control committees and a facility for the public to make statements relevant to a matter on the agenda at Council, Cabinet and other committees. Full Council meetings are now webcast and a review of other meetings that might be webcast will be undertaken during 2015.

4.4 The Executive

4.4.1 Operational management of the Council is a partnership between the Cabinet and the Corporate Team, which consists of the Chief Executive, the Deputy Chief Executive and Directors.

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.

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

4.4.4 The Corporate Board which comprises the Corporate Team and remaining Heads of Service ensures that the senior officers work 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 Managers Group meetings which receive information on corporate issues and projects.

4.4.6 The series of "Let's Get Talking" sessions continued in 2014/15 where Directors and Cabinet members meet with staff across the Council to discuss current issues and give staff the opportunity to ask questions. Feedback from these sessions continues to be positive.

4.5 The Audit Committee

- 4.5.1 The Audit Committee's Annual Report was discussed and agreed at their meeting on 18 March 2015. It has been 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 and in 2013 CIPFA produced a publication 'Audit Committees – Practical Guidance for Local Authorities and Police (2013 Edition)' This included a self assessment against which Audit Committees could identify if they are meeting recommended good practice. An update on the self assessment was undertaken in March 2015 and fed into the Audit Committees Annual Report.
- 4.5.3 Audit Committee meetings have included regular training and information sessions to ensure that Members are able to fulfil their responsibilities effectively. During 2014/15 this included sessions on the role of the audit committee, fraud and the governance of major projects.
- 4.5.4 The Audit Committees Terms of Reference has been updated to reflect the CIPFA best practice model and will be formally approved by General Purposes Committee in 2015.

4.6 Overview & Scrutiny Committees

- 4.6.1 Following a review of the scrutiny structure and the effectiveness of the scrutiny process, AVDC moved to a structure of three Scrutiny Committees from four Scrutiny Committees from August 2012. Committee responsibilities have been divided between Economy and Business Development, Environment and Living, and Finance and Services. 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. During 2014 it was decided to establish another scrutiny committee tasked with steering the development of the new Local Plan.
- 4.6.2 A Task and Finish Group was established in during 2014 to review the operation of Overview and Scrutiny and the general view was that the current arrangements were working reasonably well. However a few minor requirements were suggested and these will be considered after the 2015 elections. An annual report on the work of the Scrutiny Committees is presented to Council each year. The report for 2014/15 will be presented to the full Council meeting on 15 April 2015. 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.

4.7 Standards Committee

- 4.7.1 The Annual Report of the Standards Committee for 2014/15 will be submitted to the full Council on 15 April 2015. This set 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. The Annual Report is published on the Council's website.
- 4.7.2 The Standards Committee comprises seven district councillors plus two councillors from town or parish councils and three independent persons who are not entitled to vote. The two parish/town council representatives have been nominated by the Aylesbury Vale Association of Local Councils and the three independent persons have been appointed following public advertisement and interview.
- 4.7.3 The work of the Standards Committee is appreciated within the Council and promoted within the community. The Chairman of the Standards Committee, who is also a Cabinet member, has the opportunity to speak at Council when the annual report is submitted. Members and staff have a good understanding of the importance of the ethical agenda.

4.8 Business Assurance Service

- 4.8.1 The Business Assurance Service operates under regulation 6 of the Accounts and Audit Regulations 2003 (amended 2006 & 2011) and in accordance with the CIPFA Public Sector Internal Audit Standards.
- 4.8.2 A review of effectiveness against the standards is completed annually as part of the Business Assurance Manager's Annual Report.

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- 4.8.3 The Council's Financial Regulations and Internal Audit Charter grant Business Assurance Services an unrestricted right of access to all Council records and property. They also confirm the organisational independence which allows Business Assurance Services to form an objective opinion on the adequacy and effectiveness of the whole system of internal control.
- 4.8.4 The Business Assurance Services Manager reports to the Director with responsibility for Finance, who is also the Council's Section 151 officer, and may also report direct to the Chief Executive, other Directors and Members of the Council if required.
- 4.8.5 The plan of work undertaken by Business Assurance Services 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 in March.
- 4.8.6 The scope of work included in the annual assurance 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 assurance reviews are reported to the responsible Director as well as to the Director with responsibility for Finance (Section 151 officer) and the Deputy Chief Executive. 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 assurance review, these are agreed with the responsible managers together with details of the required action and an expected date for implementation. Any concerns regarding overdue actions are reported to the Audit Committee as part of the regular progress report.
- 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 Audit Committee receives a progress report at each meeting which covers the assurance reviews and advisory work undertaken since the last report and any amendments needed to the Assurance plan.

Annual Assurance Opinion

Based on the results of the work undertaken during the year my opinion overall is that **satisfactory** assurance can be provided on the adequacy and effectiveness of the control environment.

There are no specific governance, risk management and internal control issues of which I have been made aware of during the year which cause any qualification of the above opinion.

4.9 Other Assurance Work Undertaken

- 4.9.1 A number of advisory pieces of work were completed as part of the Assurance Plan including a health check on project management, advising on the new Data Transparency Requirements and ongoing assurance on major projects through the attendance at project board meetings.
- 4.9.2 Three data breaches and one IT security breach were investigated by Business Assurance Services.

4.10 Anti Fraud and Corruption

- 4.10.1 Business Assurance Service and the Audit Committee are responsible for developing and maintaining the Council's anti-fraud and corruption strategies and culture. Anti fraud safeguards are the cornerstone of good governance and control across all areas of the Council.
- 4.10.2 Business Assurance Services drew up an 'Anti-Fraud and Corruption Improvement Plan' which was endorsed by the Audit Committee in September 2013, together with an updated Anti-Fraud Strategy. The main focus of the Improvement Plan was to strengthen the reporting mechanisms for how our employees, suppliers, contractors and partners are able to raise their concerns if they have suspicions over the Council's conduct or if they consider that the Council itself is a target for illegal activity. In addition the Confidential Reporting Policy was updated and renamed the Whistle-Blowing Response Procedure. Anti-Fraud will be prominent on Business Assurance Services work-plans in future as a result of the transfer of the fraud investigation staff to the Department of Works and Pensions on 2 February 2015.

4.11 Assurance Model

4.11.1 In preparation for the Annual Governance Statement a high level review of all the key areas of assurance has been carried out which takes into account three sources of assurance (as set out in the model on page 13):

- Management (through the Service Risk Assurance Process)
- Executive Management (through corporate board, corporate groups)
- Independent (i.e. internal/external audit)

4.11.2 Any areas of weakness identified through the service risk assurance process are listed in the action plan in Section 6..

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, Ernst & Young. Their work is focused on the audit of the Council's Statement of Accounts and on reviewing the effectiveness of material core financial systems controls. They also produce regular progress reports on their work for this Committee and are able to raise any items of concern with them.

to be updated

4.12.2 External Audit Opinion – to be updated when the final accounts work completed in September 2015

5 AVDC Assurance Model

5.1 Assurance can come from many sources within the Council and part of the role of Business Assurance Service is to map out where those assurances come from in order to identify any gaps and this will help determine the scope of some of assurance reviews that need to be planned. There are broadly three main categories of assurance modelled below and by working towards defining these across areas of risk it will help the council understand how each contributes to the overall level of assurance and how best they can be integrated and mutually supportive.



6. SIGNIFICANT GOVERNANCE ISSUES

Update on actions identified in 2013/14

Year Identified	Area of Weakness	Source	Further improvements required in 14/15	Responsible Officer	Timeframe	Progress @31/3/15
13/14	Financial Procedures Financial Procedures do not reflect changes that have been implemented since 2010	Policy compliance review	Financial Procedures need to be reviewed and updated to reflect changes and communicated to staff	Tony Skeggs Finance Manager	September 2014	Outstanding. New finance system delayed revision. New target date Sept 2015
13/14	Policy Compliance Monitoring Where policies require staff to confirm they have read and understood the policy or procedure e.g. Information Security, the e-learning hub has been used but it has limitations in terms of monitoring compliance and is resource intensive tracking and chasing staff that have not completed the modules.	Policy compliance review	Complete review of policy compliance software and produce business case to Probity Group.	Business Assurance Services Manager	September 2014	Preferred solution identified and project implementation commenced in June 15 with go-live target date September 15

New Areas of weakness identified in 2014/15

Area of Weakness	Source	Action Required	Responsible Officer	Timeframe
Data Transparency – Not compliance with all areas of the Data Transparency Code	Business Assurance Review	Service areas to ensure that data is published on the website	Andrew Small	30 June 2015
Information Security Management – 7 out of 18 services had identified their assurance level as “amber” which means there are some areas of weakness that still need to be addressed	Service Risk Assurance Process	Services to complete the actions in the service risk assurance plan	Service Managers	30 September 2015
Service Resilience – 4 out of 10 services assessed their service continuity plans as “amber” and 1 identified as “red” (Waste & Recycling)	Service Risk Assurance Process	Services to update their service assurance plans	Service Managers	30 September 2015

6. Assurance Statement

6 Assurance Statement

- 6.1.1 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.
- 6.1.2 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

Appendix A Council Policies, Codes of Practice

Public documents

District Link

Council tax Information leaflet distributed with council tax bills in March 2015

– 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

Member details

Membership of Cabinet and Committees

Calendar of meetings

Public participation opportunities

Member information on the intranet

Membership of informal groups

Receipt of gifts and hospitality

Political balance

Comments, compliments and complaints guidance

Representatives on outside bodies

Question time arrangements at Council

Members' services

Committee reports

Standards Committee Work Programme

See Audit Committee papers for Statement of Accounts

Annual scrutiny report

Other Documents/Policies

Medium term financial strategy

Partnership protocol

Equalities strategy

Quarterly financial digest

Aylesbury Vale Times

Risk management strategy

Annual talent book scheme

Whistleblowing Policy

Anti fraud & corruption strategy

Compliments and complaints procedure

IT security policies