

## **ANNUAL GOVERNANCE STATEMENT 2015/16**

### **1 Purpose**

- 1.1 The purpose of this report is to update the committee on the progress in developing the Annual Governance Statement for 2015/16 and report the current draft statement. Appendix 1.
- 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 committee is requested to discuss and comment upon the initial draft statement

### **3. Supporting information**

- 3.1 The statement including the action plan is still a draft. Part of the key assurance gathering process includes assurance from Service Managers and Heads of Service. A new Service Risk Assurance process was introduced at the end of 2013/14 to replace the previous “Internal Control Assessment”. This process has proved to be very helpful in assessing the level of assurance that can be obtained from management. Some minor improvements have been made to the process following a feedback session with some key staff.
- 3.2 The assessment was undertaken slightly earlier than usual to avoid clashing with the Office Move at the end of January 2016. The results will be incorporated into the statement.
- 3.3 The Introduction of the new CIPFA Good Governance Framework in April 2016 will require changes to the Annual Governance Statement for 2016/17.

### **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

Contact Officer

Tamsin Ireland, Business Intelligence and Assurance Officer, 01296 585004

Background Documents

Names of Background documents



# **ANNUAL GOVERNANCE STATEMENT**

**APRIL 2015 – MARCH 2016**

**AYLESBURY VALE DISTRICT COUNCIL****ANNUAL GOVERNANCE STATEMENT 2015/16****Contents**

	<b><u>Page</u></b>
<b>Section 1 – <u>Scope of responsibility</u></b>	3
<b>Section 2 - <u>The purpose of the governance framework</u></b>	3
<b>Section 3 – <u>The governance framework</u></b>	3-9
<b>Section 4 – <u>Review of effectiveness</u></b>	9-12
<b>Section 5 – <u>Significant governance issues</u></b>	13-16
<b>Section 6 – <u>Assurance statement</u></b>	17
<b>Appendix A - <u>Council policies, codes of practice</u></b>	18

## 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](http://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:

*"To secure the economic, social and environmental wellbeing of the people and businesses in the area."*

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 its Commercial AVDC programme.

Key Plans include:

Medium Term Financial Plan 2015/16-2019/20  
 Capital Programme  
 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 Commercial AVDC programme 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 Commercial AVDC programme is being overseen and directed by the Cabinet member for Business Transformation and is being subjected to scrutiny by Finance and Services Scrutiny Committee.

3.3.3. To ensure greater accountability, a separate Programme Board has been established and meets fortnightly.

### **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. Managers and budget holders are able to access financial reports through the TechOne finance system. 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 recently reviewed its Contract Procedure Rules these will go live in June 2016 replacing the current set.

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 is in place to report key measures to Transition Board. This includes both performance and financial measures. The Council is currently undertaking a review of Business Intelligence and the scorecard will be part of this review.

### **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.

The Constitution is subject to review as and when it is considered necessary.

### **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 will go live in April 2016.
- 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 Transition 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 that have continued in place since the 2011 and 2015 District Council elections. Council agreed changes to the Audit Committee's Terms of Reference to bring them into line with CIPFA Guidance at their meeting on 24 February 2016.
- 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.
- 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 and Business Assurance 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 2015/16.
- 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 2015/16 financial year.

### **3.11 Risk Management Arrangements**

- 3.11.1 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.
- 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 Transition Board.
- 3.11.4 As a result of the Commercial AVDC programme and the substantial changes facing the Council the risk management arrangements are being reviewed to ensure they are appropriate for the current change programme.

### **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 2015/16.
- 3.12.3 There has been no use of the Regulation of Investigatory Powers Act during 2015/16.
- 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 maintained the British Standards Institute Complaints Standard. However it was decided not to continue with this certification in 2015/16 due to the cost. The process for complaints, however, remains the same as when the council had the certification.
- 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 2015/16.

### **3.13 Member and Officer Development Needs**

- 3.13.1 An all-party Member Development Steering Group (MDSG) has been in place since 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. The MDSG has continued its work, with some changes in membership, following the 2015 District Council elections. A Member Induction Programme was successfully delivered to newly elected Councillors following the 2015 elections. This included training on the Code of Conduct and ethical standards.
- 3.13.2 The MDSG undertook surveys of Members in July-August 2015 asking them to identify their future development and support needs. The survey results have been used to put together a Member Development Programmes (MDP) which covers 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, housing matters and safeguarding.
- 3.13.3 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 which were introduced in 2011. As part of the process quarterly Personal Performance Plans (PPP or one to ones) continue to take place for all staff.
- 3.13.4 As part of the commercial AVDC programme the Council is reviewing the Annual Talent Review Process and developing a new behavioural framework as part of this review.
- 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. Nine teams have employed apprentices during 2015/16.
- 3.13.8 iTrent, the HR and Payroll system is well established; with staff able to submit time and expense claims on-line, book on learning events and inputting sickness directly onto the system through the self-service portal.

### **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. Social media including text messaging, Twitter, Facebook and web casting are being used proactively by the council.



3.14.3 The Council launched its new website in August 2015. The website is clear, easy to use and available on any device at any time. The website was developed in consultation with residents, customers and council services to ensure the site provides what is needed in this advancing digital environment.

3.14.4 The Council uses Acorn customer segmentation data to help the council understand the profile, likes and dislikes of residents living in the Vale to inform service provision. A review of Business Intelligence is currently underway and this will include customer insight.

### **3.15 Information Governance Arrangements**

3.15.1 Information governance is managed by the Information Governance Group (IGG) which is chaired by the director with responsibility for Finance 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 December 2014 the list of significant partnerships was circulated to Corporate Board for review, and a number of changes were made. Partnership reviews were completed in July 2013. This will be considered as part of the risk management review in 2016/17

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.
- Shared Procurement Partnership with Improvement and Efficiency South East (IESE). A special purpose vehicle established to deliver savings through improved procurement.
- Aylesbury Vale Advantage
- Aylesbury Vale Broadband is a joint venture, backed and supported by the Council. Its aim is to develop a future proof fibre network to deliver at least superfast broadband speeds in hard to reach areas of Aylesbury Vale in Buckinghamshire that are not currently covered by the Connected Counties rollout.
- Vale Commerce Ltd

## **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.
- 4.3.2 At the full Council meeting held on 11 September 2013 the Council formally elected a new Leader who made some changes to the membership of the Cabinet. The Cabinet structure and the membership of the committees was reviewed after the 2015 elections having regard to the political balance rules and some changes were made. The effect of which was to consolidate some of the portfolios resulting in a reduction of Cabinet Members from eight to seven. The Leader intends to keep the individual workloads under review, but at present is satisfied with the current arrangements.
- 4.3.3 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.
- 4.3.4 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 and Strategic Development Management Committee are now webcast.

## 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 Transition Board which comprises the Corporate Team and senior managers 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 All managers 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 2015/16 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

- 4.5.5 The Audit Committee's Annual Report will be discussed at their meeting in July 2016. 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.

- 4.5.6 The effectiveness of the Audit Committee forms part of the overall assessment of the effectiveness of Internal Audit and in 2014 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. The self assessment results were reported to the committee in July 2014 and this included a list of areas of improvement. An update on the self assessment was undertaken in March 2014 and fed into the Audit Committees Annual Report.
- 4.5.1 Audit Committee meetings have included regular training and information sessions to ensure that Members are able to fulfil their responsibilities effectively. During 2015/16 this included sessions on risk management and the role of the audit committee.
- 4.5.2 The Audit Committees Terms of Reference have been updated to reflect the CIPFA best practice model and were approved at the Council meeting on 24 February 2016.
- 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 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. Subsequently, however, the Leader of the Council took the view that scrutiny was operating satisfactorily and that no immediate changes should be made. An annual report on the work of the Scrutiny Committees is presented to Council each year and for 2016 will be considered by full Council on 18 May 2016. The annual report will summarise the issues considered by the Scrutiny Committees during the course of 2015-16 and will continue to provide opportunities for members of the public and the wider Council membership to suggest possible topics for review.
- 4.7 Standards Committee**
- 4.7.1 The Annual Report of the Standards Committee for 2015/16 will be submitted to the full Council on 18 May 2016. 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. From March 2016 there will be two independent people.
- 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.
- 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 Sector Lead for Strategy and Governance and may also report direct to the Chief Executive, other Directors and Members of the Council if required. Within their role as Head of Internal Audit they also report to the Audit Committee Chairman.
- 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 Sector Leads. 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.

4.8.11	Based on the results of the work undertaken during the year my opinion overall is ... ( to be completed for final version)
--------	--

#### **4.9 Other Assurance Work Undertaken**

4.9.1 To be completed

#### **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 CIPFA's "Code of Practice on managing the risk of fraud and corruption" supports organisations seeking to ensure they have the right governance and operational arrangements in place to counter fraud and corruption. It is a voluntary code that can be applied in any public service organisation. Business Assurance Services (BAS) has performed a fraud benchmarking assessment of the current state of the Council's governance structures and processes against the CIPFA code.
- 4.10.3 The Council has reached a basic level of performance against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. This includes having adequate arrangements in place against most of the performance criteria that are fundamental to the management of fraud and corruption risks. There remain a number of key areas where performance should be improved before a good standard of performance can be achieved. Overall the Council needs to do more to ensure it's resilience against fraud and to support good governance.
- 4.10.4 Having considered all the criteria set out in the CIPFA code and the gaps, a high level action plan has been developed to strengthen the Council's position in managing the risk of fraud.

#### **4.11 Assurance Model**

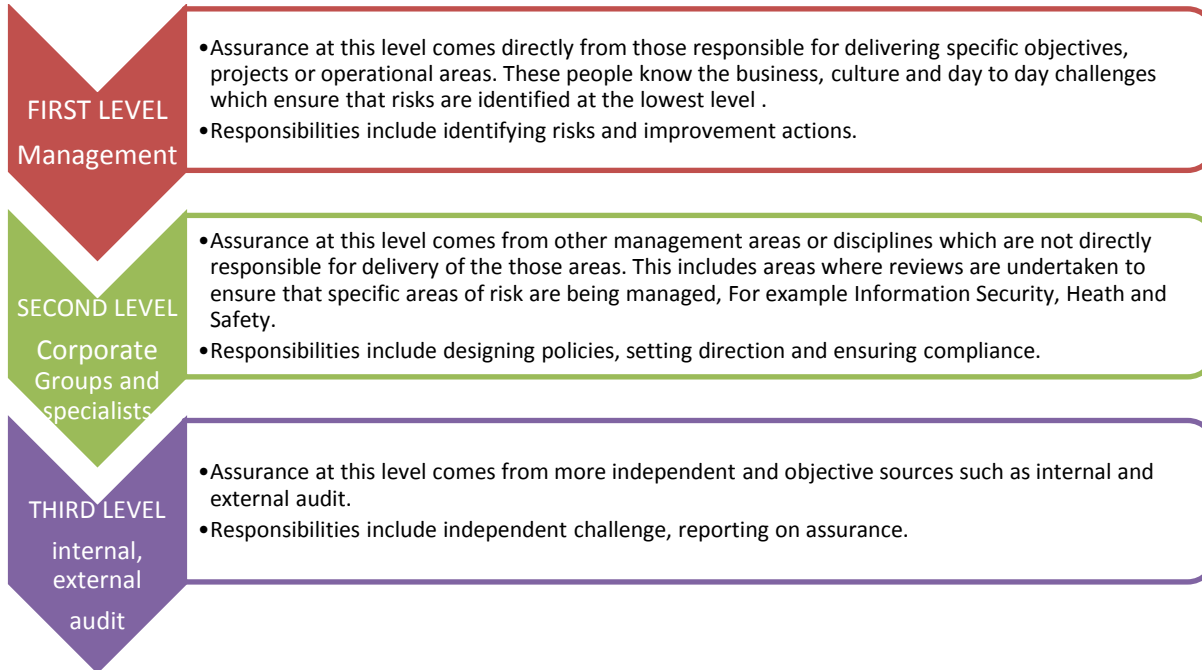
4.11.1 To be updated

#### **4.12 Other Assurance and Review Mechanisms**

4.12.1 To be updated

**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.



**OVERALL ASSURANCE MODEL ON KEY POLICY AREAS**

The key areas of assurance are listed below together with the assessment of assurance for 2014/15. Areas with weaknesses are addressed through either Business Assurance recommendations or specific actions listed in the Action Plan in Appendix 2.

*To be updated in next version*

---

**SIGNIFICANT GOVERNANCE ISSUES**

---

To be updated

**Update on actions identified in 2013/14**

---

To be updated

**New Areas of weakness identified in 2014/15**

---

*To be updated*

**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