

## **DRAFT ANNUAL GOVERNANCE STATEMENT FOR 2016-17**

### **1 Purpose**

- 1.1 The purpose of this report is to present the committee with the draft Annual Governance Statement for 2016-17 prior to its inclusion in the Statement of Accounts. .
- 1.2 The Annual Governance Statement has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2015/16 following the principles set out in the CIPFA Delivering Good Governance in Local Government Framework (2016).
- 1.3 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 2016-17 (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 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 at the same time they sign the Annual Statement of Accounts.
- 3.2 The assurance gathering process is based on the management and internal control framework of the Council.

### **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 There are no resource implications to report.

Aylesbury Vale District Council



# Annual Governance Statement 2016/17 (Draft)

# Introduction

The annual governance statement is a valuable means of communication. It enables an authority to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.

Aylesbury Vale District Council (AVDC) 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. AVDC 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.

AVDC is responsible for putting in place proper arrangements for ensuring good corporate governance. These are embedded in the constitution, policies and procedures. We have 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.

## What is corporate governance?

Corporate Governance refers to “*the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved*” (*The International Framework: Good Governance in the Public Sector; CIPFA/IFAC, 2014*). The “International Framework” also states that:

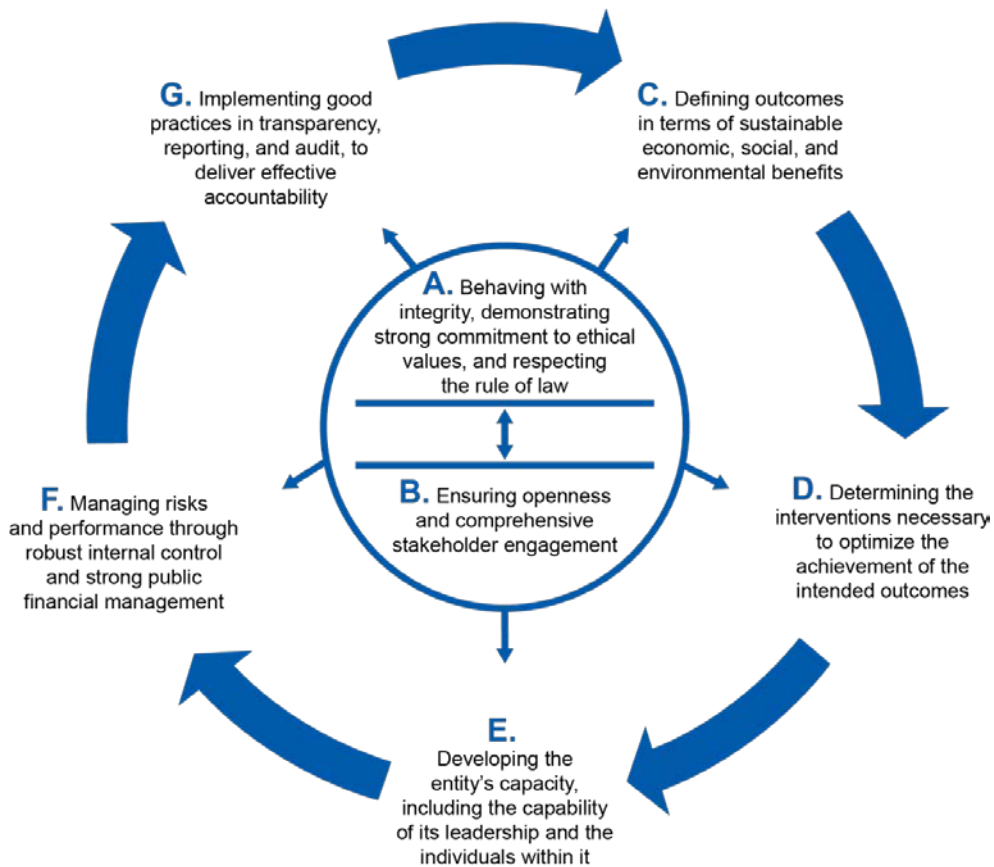
*“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders”.*

Our governance arrangements aim to ensure that we meet our objectives and responsibilities in a lawful, timely, open, inclusive and honest manner and that public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.

## The principles of good governance

The diagram below, taken from the International Framework, illustrates the various principles of good governance in the public sector and how they relate to each other. Both the Accounts and Audit Regulations 2015 and the national Code of Practice on Local Authority Accounting in the United Kingdom 2016 require that the Framework be adopted as ‘proper practice’.

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



## How do we know our arrangements are working?

Each year we (AVDC) review our corporate governance processes and systems and the overall compliance with the principles set out in the framework and publically report this in the Annual Governance Statement... The Annual Governance Statement provides a summary of the governance framework which has been in place for the year ending 31 March 2017 and up to the date of approval of the statement of accounts, and records any significant governance issues that need to be addressed over the coming year.

As we are continually changing and seeking improvement it is important that the governance arrangements are robust and flexible enough to manage change effectively and positively support our aims and objectives. We recognise that the governance framework cannot eliminate all risk and therefore only provides reasonable and not absolute assurance of effectiveness.

# 1 The Council: How it works

All councillors meet together as the council. Meetings are normally open to the public. The conduct of AVDC's business is defined by formal procedures and rules, which are set out in the constitution.

The constitution explains the roles and responsibilities of the executive, non-executive, scrutiny and officer functions and the delegation arrangements that are in place. It also contains the Financial and Contract Procedure Rules and the Code of Conduct for Members.

## Council

Consists of 59 elected councillors, covering 33 wards. The council appoints the Leader who in turn appoints the cabinet. Council holds the cabinet and committees to account. They decide the council's overall policies and set the budget each year.

### Overview & Scrutiny

Four scrutiny committees, supporting the work of cabinet and council as a whole. They can hold inquiries in public into matters of local concern. These lead to reports and recommendations which advise the cabinet and the council on its policies, budget and service delivery. Scrutiny committees monitor the decisions of the cabinet.

They can 'call-in' a decision which has been made by the cabinet but not yet implemented. This enables them to consider whether the decision is appropriate. They may recommend that the cabinet reconsider the decision. They may also be consulted by the cabinet or the council on upcoming decisions and the development of policy.

### Leader & Cabinet

Cabinet is made up of a leader and 7 councillors, appointed for 4 years. The Leader is appointed by the council. The Leader then appoints a Deputy Leader and Cabinet Members.

The cabinet meets every month. Meetings are generally open to the public although some meetings or parts of meetings are held in private.

Cabinet's role is to develop, propose and implement policy. It guides the council in the preparation of its policy framework, including setting the budget and council tax levels. It discharges all executive functions not discharged either by a cabinet member or through delegation to officers.

### Regulatory Committees

#### Strategic Development Management Committee

- To carry out the council's functions as local planning authority for large growth related developments.

#### Development Management Committee

- To carry out the council's functions as local planning authority for functions not falling under the remit of the Strategic Development Management Committee.

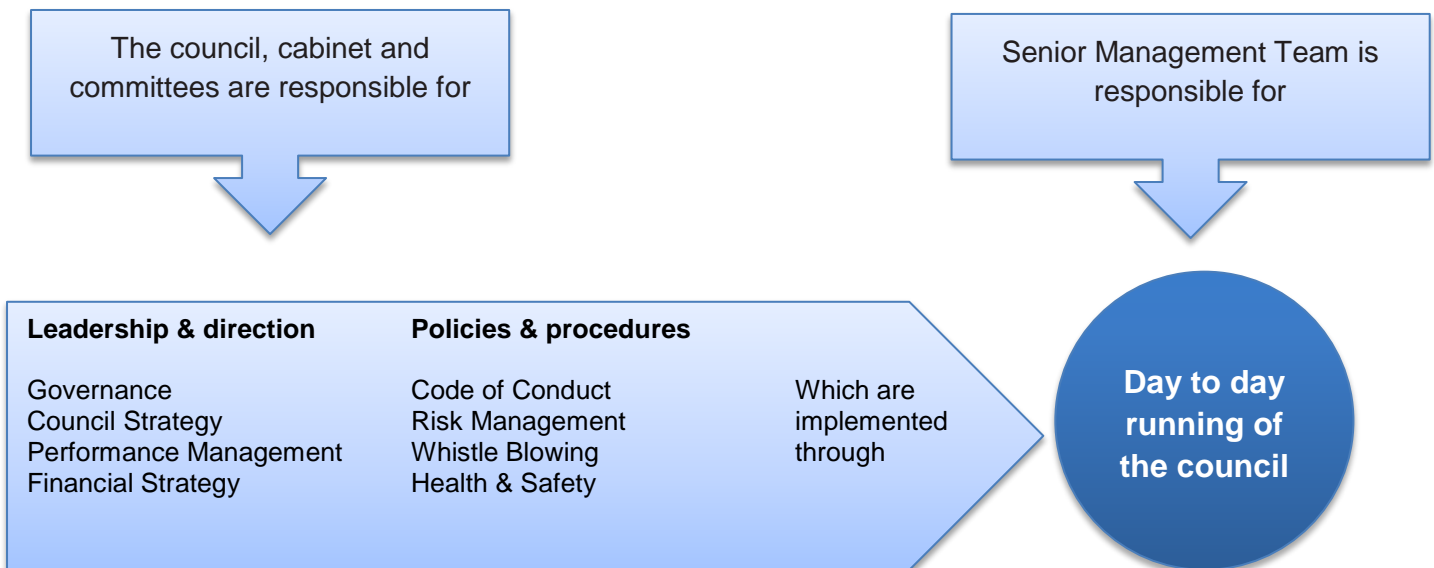
#### Licensing Committee

- To carry out the Council's nonexecutive functions relating to licensing and registration.

### Audit Committee

- To provide independent assurance of the adequacy of the risk management framework and associated control environment, independent scrutiny of the authority's financial and non-financial performance, and to oversee the financial reporting process.

**Chief Executive** supported by **Senior Management Team** comprising 2 Directors, 6 Assistant Directors, the Head of Transformation and the Digital Programme Director.



### 1.1 Constitution

The constitution is available on [our website](#) and sets out how we operate, how decisions are made and the processes that are followed to ensure that decision making is efficient, transparent and accountable to local people. A number of the codes of practice and procedures within the constitution are required by law, whilst some are chosen to reflect best practice arrangements.

The constitution further sets out the role of key governance officers, including the statutory posts, and explains the role of these officers in ensuring that processes are in place to ensure that AVDC meets its statutory obligations and also for the provision of advice to councillors, officers and committees on staff management, financial, legal and ethical governance issues.

The statutory posts / roles are:

Head of Paid Service	Chief Executive
Chief Finance Officer (Section 151)	Corporate Director
Monitoring Officer	AVDC Monitoring Officer

The senior management structure within the council has seen some major changes over the last year and the constitution will need updating to reflect these changes, however the highest levels (Chief Executive and Directors) have remained stable during this time. The key governance officers have been involved in the preparation of this statement and are satisfied that the arrangements in place are working effectively and that no matters of significance have been omitted.

### 1.2 The standards of behaviour for members and staff

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 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.

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.

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

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 and deals with matters such as accepting gifts and hospitality.

## 2 AVDC's Vision

Our vision statement sets out what AVDC is working to achieve.

**“To secure the economic, social and environmental wellbeing of the Vale”**

To enable us to realise our vision, everyone at AVDC is working:

- To **enable essential infrastructure for growth and sustainability** of the area, be it physical or social
- To **ensure fair and speedy access to essential services** and their referral to partners
- To **provide a healthy and dynamic institution** for making effective decisions about the area, to which everyone can contribute
- To **stimulate, innovate and enable economic growth** of the area, its regeneration and the attraction of inward investment
- To **provide or commission services and products** that customers and businesses have agreed add value to their lives

AVDC's vision is the foundation for everything we do, across all services. By referring back to the vision statement, we can ensure that we continue to move in the same direction, adapting and growing, whilst keeping the wellbeing of our residents and businesses at the centre of everything AVDC does.

### 2.1 Engaging our stakeholders in the vision for the district

This is an important time for the district, which like many places across the country will see significant development over the next two decades. The developing Vale of Aylesbury Local Plan will shape Aylesbury Vale's future and when finalised, the Plan will manage and direct that growth up until 2033 in a way that will protect what makes the district a special place.

As well as over 28,000 new homes, the Plan will bring more employment, retail/leisure facilities, infrastructure and opportunity/investment, helping the district to thrive. Aylesbury and area will accommodate most of this growth and this is reflected in the Government awarding Aylesbury Garden Town status.

Every significant stage of the Plan has been subject to extensive public consultation and engagement with Parishes, surrounding districts, county councils, Local Economic Partnerships and central government. We are close to finalising the Plan and expect to get council sign off in October 2017, before submitting to government for independent examination in 2018.

## 2.2 Partnership working

We have been working in close partnership with the other district councils in Buckinghamshire on the Modernising Local Government agenda, submitting our proposal to the Secretary of State for Communities and Local Government in January 2017.

We also work closely with the other councils in Buckinghamshire on other issues, such as homelessness through the Connection Support Resilience Service.

## 2.3 Communication and consultation with the public and other stakeholders

Consulting effectively with local people and others who have an interest in the district is key to decision making within AVDC.

We use 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.

A residents' phone survey was conducted in November and December 2016. 1006 residents representative of the range of people within the district gave feedback on how they felt about the local area they live in, attitudes towards recent changes by AVDC and opinions towards new ways of working and communicating. The survey showed a big majority are impressed by how AVDC runs things.

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. We launched an eNewsletter in September 2016, and email residents monthly with news from around the Vale.

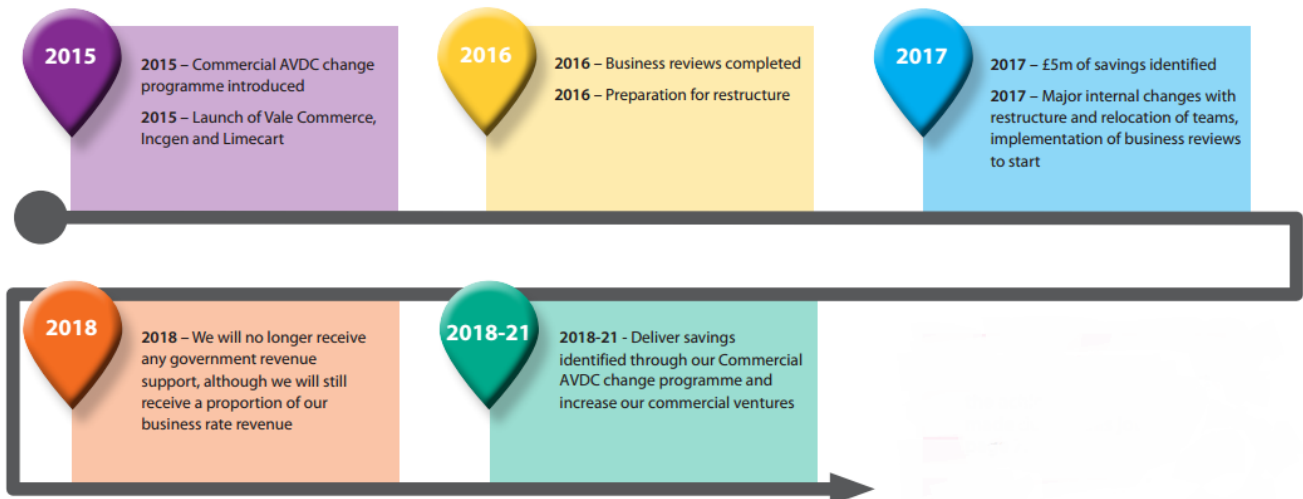
# 3 Commercial AVDC

Seven years ago we forecast that government grants would disappear by 2020 so started to remodel our budgets accordingly. We've been proved right and have saved £16m in that time, whilst losing 66% (two-thirds) of our government grant.

This has been achieved through both efficiencies and new income streams. We have identified the £5m of savings we needed to achieve in 2017 and AVDC is now moving forward to deliver these savings through the implementation of business reviews and increasing our commercial ventures. AVDC is becoming a more commercial organisation, providing the services that our customers and communities really want in a cost effective way.

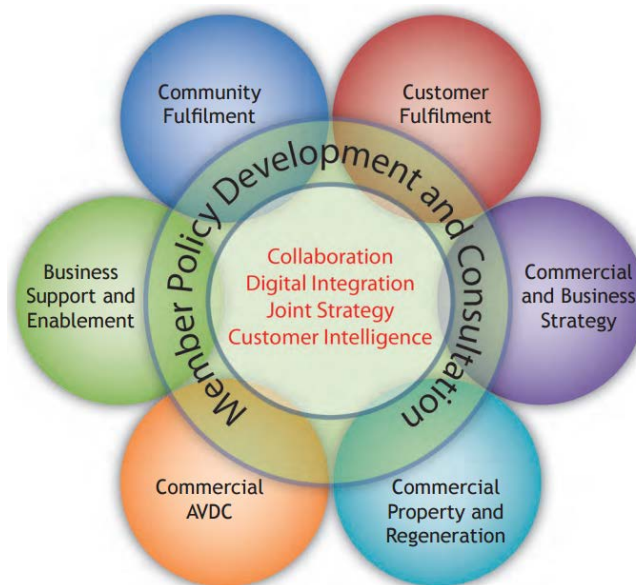
In 2015 we launched our Commercial AVDC programme.





### 3.1 Transformation programme

Over the past year, we have completely challenged and changed the way we work, removing the silos and changing to a customer focused, demand led structure rather than organised by departments. We now are organised into six areas, Customer Fulfilment (anything that interacts or provides services for the customer, planning, waste collection etc.), Commercial Property and Regeneration, Community Fulfilment (green spaces, community safety, strategy and partnerships etc.), Business Support and Enablement, Commercial and Business Strategy and Commercial AVDC. This is a far-reaching and impactful change that is helping us transform into a new streamlined and efficient organisation.



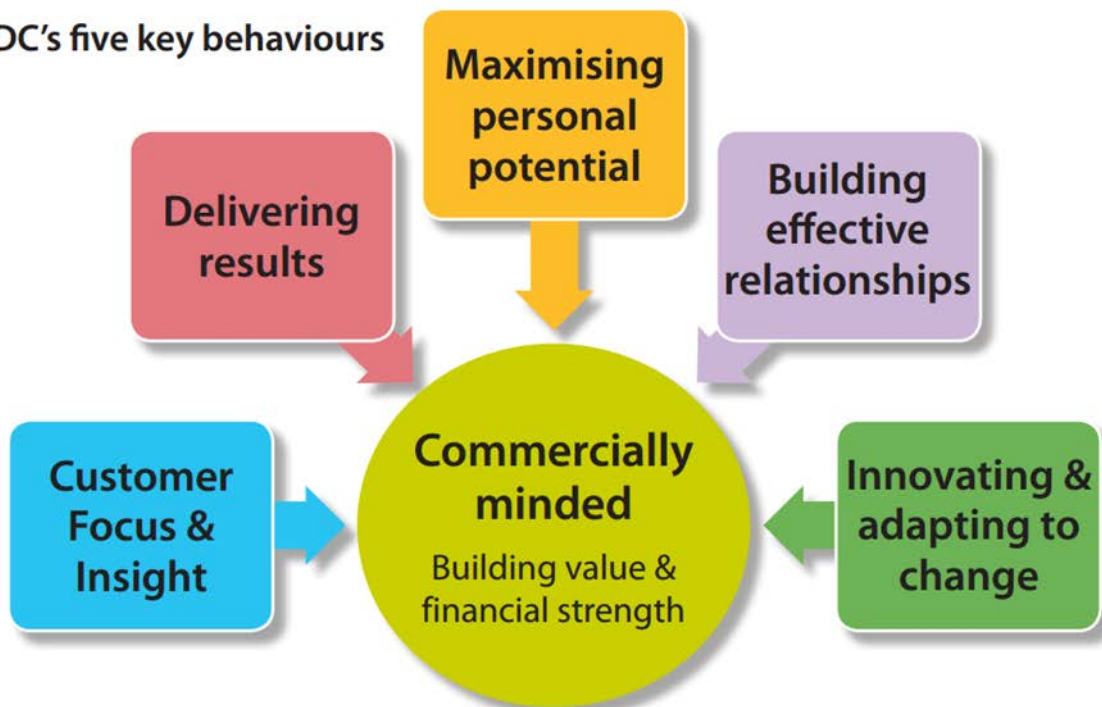
This diagram shows how AVDC will work with **collaboration, digital integration, joint strategy and customer intelligence** central to the organisation and driving AVDC forward.

To achieve our vision all our staff need to be more commercially focused. The Behaviour Framework was designed to provide a guide on how we need to work in order to deliver commercially viable products and services that are profitable and valued by the customer.

The framework was developed in close consultation with staff and Trade Union representatives. Focus groups were also carried out with staff to gather real examples of how they demonstrate the behaviours.

As part of the transformation programme, all staff have undergone a behavioural assessment, and any person applying for a role within the council either internally or externally is required to have undertaken an assessment.

### AVDC's five key behaviours



### 3.2 Commercial companies

In December 2015 we registered Vale Commerce, a limited liability company wholly owned by Aylesbury Vale District Council which aims to:

- generate a substantial income stream for the Council.
- support improvement in the local economy
- help foster an enterprise management perspective within the Council
- showcase the Council's determination to become more self-sufficient



We are also starting a community interest company to grow enterprise and innovation within Aylesbury Vale and the surrounding areas. Budding local entrepreneurs will have access to training, incubation, developmental support and even investment.

During the spring of 2016, a guide to working with our wholly or partly owned companies was approved by Cabinet. This clearly sets out the working arrangements between AVDC and the companies in which it owns or holds shares, including for example, processes for company set up, how directors should be appointed and how council staff should work with the companies.

### **3.3 Connected Knowledge**

In December 2016 we launched our Connected Knowledge - Technology Strategy 2017-2022, which sets out the vision and strategic aims we have for our future use of technology and data.

Connected Knowledge supports the strategic aims of AVDC as a whole. For that reason it is not simply an IT strategy. It is intended as a detailed narrative that describes how we will make full use of technology to meet our organisational aims, at the same time creating commercial opportunities so we can continue to thrive amidst increasing budgetary pressures.

The advances we made with our previous five year 'cloud' strategy (storing and accessing data and programmes over the internet rather than on local hard drives and servers) have created a strong foundation for the next five years, enabling us to think bigger and more creatively about the challenges and opportunities and how we are best positioned to benefit from them.

### **3.4 Medium term financial strategy**

Considerable effort at Member and officer level has been directed at establishing a budget framework that covers future years and marries the need to identify efficiency savings and new income streams with corporate priorities. This work has delivered a balanced budget proposal for 2017/18.

General Fund revenue reserves and balances have been determined with full consideration of the risks identified. They are, therefore, deemed to represent a sufficient level of provision against the potential financial risk inherent within the Medium Term Financial Plan, provided the Council stays focused on delivering its targets.

Budget planning has been undertaken over an appropriate period of time and has allowed full understanding of the issues in an operational and financial context. Every effort has been made to include all Members in the financial planning process through the circulation of reports and associated information. Finance and Services Scrutiny has been invited to comment on initial proposals put forward for consideration by Cabinet and separately have had the opportunity to review the process for identifying savings. In addition, two Members' seminars dealing with budget planning issues were held. The views expressed during the scrutiny process have been fully considered by Cabinet.

Where material changes are proposed to service delivery in 2017/18, these were presented in separate reports, have been subject to scrutiny where required and the views of those impacted by those savings proposals have been taken into account. Consideration has been given to corporate priorities, residents' views and the Council's Risk Register in formulating the budget proposals.

The budget formulation process at officer level has been subject to on-going review which has tested the validity of pressures and deliverability of savings options in order to ensure that Members have been made aware of all aspects and implications of actions when formulating the budget proposals.

Beyond 2017/18 there is now greater certainty on the scale of resourcing and service challenges and a clear strategy exists for dealing with it. However, given the debate around local government

structures, the future of local government funding and the extent of growth within the Vale the financial future for AVDC remains as complex as ever.

Historically, in facing resource uncertainty, AVDC has always faced up to its financial challenges and created bold and innovative solutions. These are not without risks, and the Council's risk appetite has needed to change and expand in the face of the greater challenges facing the sector, and against the backdrop of preserving core services this strategy is both warranted and justified.

Achievement of AVDC's strategy will require significant business transformation and a radical rethinking about what services the Council provides and the way in which they are provided. It is evident, via the Commercial AVDC programme, that considerable importance is being attached to this at both Member and senior officer level.

## 4 Developing capacity and capability

AVDC has a comprehensive training and development programme. Details of the programme are available to all staff and Members on the Intranet.

### 4.1 Members

An all party Member Development Steering Group is in place to oversee, monitor and help deliver learning and development for elected Members to meet individual and corporate needs and in particular planning, licensing and safeguarding

### 4.2 Officers

AVDC has introduced a continuous improvement approach to performance review, which is supported by ongoing feedback, with a strong focus on individual and team development, aligned to the behaviour framework.

The new "REACH" approach is very flexible. It is expected that conversations will take the form of regular "check-ins" (at least 4 times a year) and that individuals and teams will seek feedback from colleagues, customers and managers which will help them to develop and improve what they do.

The new approach is being rolled out in phases and will be reviewed by the end of 2017, so that we can improve it as necessary.

The Council operates a joint coaching scheme with Buckinghamshire County Council (BCC). 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.



## 5 Managing risks and performance

We have in place a process for identifying, assessing, managing and reviewing the key areas of risk and uncertainty that could impact on the achievement of our objectives and service priorities.

Responsibilities for managing individual risks are clearly allocated. Risks are regularly reviewed with the Commercial Board and the corporate risk register is reported to Audit Committee and Cabinet.

Following the restructure, sector level risks are being reviewed further reviewed and it is anticipated that arrangements for regular monitoring and reporting will be embedded during 2017/18.

Performance management through regular review and reporting of real-time management information against corporate targets will be further developed during 2017/18. Enhanced use of technology platforms is being embraced to ensure accurate, reliable information is available to inform decisions.

#### **4.1 Compliance with relevant laws and regulations, internal policies and procedures**

We ensure compliance with established policies, procedures, laws and regulations through a range of measures, including:

- 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

Our policies and procedures are reviewed and updated to respond to changes in legislation or enhancements in best practice working. For example, the Financial Regulations and Financial Procedures were fully reviewed and revised in April 2016 to ensure alignment to best practice financial controls and to reflect changes following the implementation of the new finance system in 2015.

Our current Contract Procedure Rules and Procurement Code of Practice came into effect in June 2016. These documents provide the governance structure we follow to procure goods, services and works and ensure that we are:

- Procuring in a transparent, fair, proportionate way and applying equal treatment throughout the process.
- Getting value for money
- Delivering contracts efficiently and effectively
- Not exposed to unnecessary risk or challenge
- Complying with legislation

The Corporate Governance Manager develops a risk based annual audit plan which includes consideration of compliance across all areas of AVDC. Reports are produced for management, recommendations for improvements agreed and implementation monitored through to completion. Internal and external audit updates and reviews are reported to the Audit Committee.

Under Section 5 of the Local Government and Housing Act 1989, the Monitoring Officer is required to report to AVDC where, in his opinion, a proposal, decision or omission by AVDC, 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 2016/17.

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 2016/17 financial year.

#### **4.2 Whistle-blowing and complaints procedures**

The Whistleblowing Policy and reporting procedures are available on [our website](#). This forms part of the Anti Fraud and Corruption Strategy. There have been no whistle-blowing reports in 2016/17.

There has been no use of the Regulation of Investigatory Powers Act during 2016/17. There was an Inspection Report by the Office of the Surveillance Commissioner (Dated 9th June 2016) which recommended that the council revise its RIPA (Regulation of Investigatory Powers Act 2000) Policy document with some minor amendments. These amendments have been made and were purely for clarification and updating purposes. There was no criticism of the council and the arrangements were considered satisfactory. The next inspection is due in 2019.

We have a Customer Comment, Compliments and Complaints Policy which includes a public document explaining 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.

The Standards Committee considers any complaints made against members 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 our website and hard copies of a complaints leaflet have been distributed to information points throughout the District. There were no complaints against councillors which led to a full investigation in 2016/17. There were a total of fourteen (14) councillor Code of Conduct Complaints that did not proceed beyond Stage 2 Initial Assessment (of the 14 councillors 4 were district councillors and 10 were parish councillors).

#### **4.3 Anti fraud and corruption**

The Corporate Governance Manager and the Director responsible for Finance are responsible for developing and maintaining AVDC's anti-fraud and corruption strategies. In 2015/16 a benchmarking assessment was performed against CIPFA's 'Code of Practice on managing the risk of fraud and corruption' and an action plan was developed to further strengthen governance and operational arrangements in place to counter fraud and corruption.

#### **4.4 Information governance**

Information governance is overseen 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). The Assistant Director for Commercial and Business Strategy is the Data Protection Officer. The IGG's membership and terms of reference was revised in 2016/17 along with best practice and the new organisational structure.

In July 2017 a new Information Management Strategy was approved which provides a foundation to help AVDC continually improve by promoting better and more creative management of information, encouraging appropriate sharing and transparency, while ensuring data security and compliance with data protection legislation. The strategy outlines principles which the Council will adopt through the development and implementation of supporting policies and standards. It also highlights impending legislation changes, which will have a significant impact on how AVDC information is managed, and includes a roadmap for the coming years.

## 6 Review of effectiveness

AVDC 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 AVDC who have responsibility for the development and maintenance of the governance environment, the Corporate Governance Manager's (Head of Internal Audit) annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The governance framework enables us to identify any areas of our activities where there are significant weaknesses in the financial controls, governance arrangements or the management of risk. The annual review of effectiveness has considered the following areas:

- the authority
- the executive
- the audit committee / finance and scrutiny committees
- the standards committee
- Internal audit
- Chief Financial Officer
- Other explicit review/assurance mechanisms

### 5.1 Internal Audit

Our internal audit operates under regulation 6 of the Accounts and Audit Regulations and in accordance with the CIPFA Public Sector Internal Audit Standards.

The Head of Internal Audit (Corporate Governance Manager) is required to deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the Council's system of internal control).

This is achieved through the completion of a risk-based plan of work, agreed with management and approved by the Audit Committee, which is designed to provide a reasonable level of assurance. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

Where recommendations for the improvement of controls or systems are made at the end of an internal audit 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 reports.

Based on the results of the work undertaken during the year, the Head of Internal Audit's overall opinion is that governance, risk management and control in relation to business critical areas is generally satisfactory. However, there are some weaknesses in the framework of governance, risk management and control which potentially put the achievement of AVDC's objectives at risk. Improvements are required in those areas to enhance the adequacy and effectiveness of governance, risk management and control. Further details are provided below.

## 7 Significant governance issues and action plan

### Financial control

In 2015/16 internal audit highlighted a number of weaknesses relating to the design of financial controls and processes and the way they were operating within the new financial system. Improvements have been made during the year in some key financial systems (Accounts Payable, General Ledger, Budget Management) to strengthen the overall control environment.

Improvements are still required in a number of areas. High risk reports were issued for Accounts Receivable and Housing Benefits.

#### *Accounts Receivable*

There has been a lack of corporate and local oversight of the debt held in each service area and irregular monitoring of the age profile of debt. There are no corporate performance indicators to identify areas which are performing less well in their debt management to allow more effective corrective action to be taken.

There is also a lack of clarity over the roles and responsibilities regarding responsibility for debt management. The Council recognises these challenges and in November 2016 set up a Corporate Debt Project to address the issues and improve debt management processes.

Through the work of the Debt Project, issues have been identified between the system interfaces and manual processes that ensure information on housing benefit overpayment debt is consistent and reconciled between the finance system (TechOne) and benefits system (Northgate). During June/July 2017 the project team has been working to reconcile the two systems and clear any discrepancies. At the time of concluding this report all electronic matching and sorting has been completed on the data from both systems. The task in process is to work through manually each unmatched item and investigate both systems to correct the difference. Work is also progressing with the software providers to address the underlying issue around the interface between TechOne and Northgate. In the mean time, dedicated resource has been identified to ensure manual processes will operate effectively to maintain ongoing updates and accuracy.

This will not result in a material adjustment to the reported debt figures.

#### *Housing Benefits*

The structure of the benefits administration team changed significantly as a result of the Commercial AVDC restructure. Internal audit reported inadequacies in both the current structure and the knowledge and experience of the staff. Quality checks have been performed inconsistently and there has been inadequate follow-up of outcomes from quality checks during the year. In addition, there has been a lack of performance monitoring and reporting of key housing benefit metrics.

Since issuing the internal audit report action has been taken to address these issues.

### Management information

A number of internal audit reports have highlighted inadequacies in the level of management information, both at a corporate and service level to enable effective monitoring and oversight of both financial and non-financial performance, and inform decisions. This issue has been highlighted



on the corporate risk register. The restructure has created two new posts to support enhanced Business Intelligence across the Council and investment has been made in software to enable data extraction and reporting across all the systems. This is an area of focus during 2017/18.

## 8 Approval of the Annual Governance Statement

This statement explains how AVDC 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, which requires all relevant bodies to prepare an annual governance statement in accordance with proper practices in relation to internal control.

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 systems in place.

Signed:.....

Leader

Signed:.....

Chief Executive

On behalf of Aylesbury Vale District Council