

**Agenda Item No:** 4

**Report To:** SELECTION & CONSTITUTIONAL  
REVIEW COMMITTEE



**Date:** 10<sup>TH</sup> JUNE 2009

**Report Title:** Annual Governance Statement

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**Summary:**

Under the Accounts and Audit Regulations 2003 the Council was required to review, at least once a year, the effectiveness of its systems of internal control and include a statement on internal control with the Council's Statement of Accounts.

Following a CIPFA/SOLACE review on local authority governance in 2007 the requirement to publish a Statement on Internal Control has been replaced by the requirement to publish a more wide ranging Annual Governance Statement.

The attached Annual Governance Statement meets this statutory requirement.

**Key Decision:** YES

**Affected Wards:** None

**Recommendations:** Selection & Constitutional Review Committee be asked to:-

- Consider the Annual Governance Statement Recommend the approval of the Annual Governance Statement to the Council.

**Financial Implications:** None

**Risk Assessment** YES - The Annual Governance Statement may be considered as an assessment of risk to the Council.

**Background Papers:** None

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**Report Title: Annual Governance Statement**

**Purpose of the Report**

1. The Annual Governance Statement is an assurance that the Council has a sound system of governance and internal control designed to help and manage risk in relation to the delivery of the Council's stated aims and ambitions. This statement illustrates the systems of governance and internal controls in place within the Council and shows to Members and the public that the governance framework and internal controls of the Council accord with proper practice.

**Issue to be Decided**

2. Selection & Constitutional Review Committee be asked to:-
  - Consider the Annual Governance Statement
  - Recommend the approval of the Annual Governance Statement to the Council

**Background**

3. In 2008 the Council approved an amendment to the Selection & Constitutional Review Committee's terms of reference to widen its terms to include consideration and recommendation of approval, to the Council, of the Annual Governance Statement.
4. Accordingly the Selection & Constitutional Review Committee is asked to consider and recommend for approval by the Council the Annual Governance Statement attached.

**Risk Assessment**

5. As part of the review of the effectiveness of the Council's governance arrangements the way risk is dealt with by the Council is considered and any major risks are included within the Annual Governance Statement.

**Consultation**

6. The Annual Governance Statement has been considered by the Governance Management Board which consists of the Chairs of the Audit Committee, Standards Committee, Overview & Scrutiny Committee and Selection & Constitutional Review Committee. Also on the Governance Management Board are the Chief Executive, the Deputy Chief Executive, The Monitoring Officer and the Head of Internal Audit.
7. Following a meeting of the Governance Management Board the board recommend the Annual Governance Statement for approval.

## Handling

8. Exceptions listed within the Annual Governance Statement will be reported upon on a quarterly basis to either the Selection & Constitutional Review Committee or the Audit Committee as indicated with the Annual Governance Statement.

## Conclusion

9. The Council's governance framework and arrangements, including its systems of internal control, which were in place within the Council for the period 2008-2009, other than those reported upon within the Annual Governance Statement, accord with proper practice

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**ASHFORD**  
BOROUGH COUNCIL

# **Annual Governance Statement (2008-2009)**

## **Annual Governance Statement**

### ***Scope of Responsibility***

Ashford Borough 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. Ashford Borough 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.

In discharging this overall responsibility, Ashford Borough Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

Ashford Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of this code is available on our web site or from Ashford Borough Council's council offices'. The statement explains how Ashford Borough Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

### ***The Purpose of the Governance Framework and System of Internal Control***

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.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Ashford Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realized and the impact should they be realized and to manage them efficiently, effectively and economically.

The governance framework has been in place at Ashford Borough Council for the year ended 31<sup>st</sup> March 2009 and up to the date of the approval of the statement of accounts.

## ***The Governance Framework***

The key elements of Ashford Borough Council's corporate governance and internal control environment are as follows. Some of the elements can be placed in multiple categories however, for simplicity, the elements are only included once below.

### **Community Focus**

1. The Council's long term, medium term and short-term vision and objectives are set out in its Corporate Plan, Sustainable Community Strategy and Local Development Framework. Monitoring against the objectives of these visions and objectives is undertaken by the Executive, Overview & Scrutiny and ultimately the full Council.
2. In May 2007 the Council formally adopted a new Corporate Plan for the period 2007-2010. All services develop Service Plans that are updated annually and which enable the Council to implement and deliver the Corporate Plan. During 2008-2009 the Council refreshed and updated both its Corporate Plan and its Sustainable Community Strategy
3. Due to the increasing importance of partnerships the Council formed the Community Partnership Group during 2007. This Group operates in a similar manner to a Policy Advisory Group with the ability to make recommendations to the Executive in relation to Council partnerships.
4. All legally binding partnerships have formal terms of reference agreed and adopted by the partners. During 2008-2009 the Council adopted a new Partnership Framework which outlines the way in which the Council will approach forming partnerships. The new framework advocates taking a risk based approach to forming partnerships and the governance arrangements that should be implemented for each partnership.

### **Performance Management**

5. Through reviews by external auditors, external agencies, Internal Audit and internal groups, the Council constantly seeks ways of ensuring the economical, effective and efficient use of resources and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
6. Services are delivered by trained and experienced people with appropriate professional qualifications. In 2007-2008 the Council successfully renewed its Investors in People accreditation. All posts have a detailed job description and person specifications. Training needs are identified through Personal Development Discussions and needs are fulfilled by a combination of internal and external training providers.
7. During 2008-2009 the Council began rolling out its new Talent Management process. Talent Management aims to identify the skills that the Council requires in the future and to develop its staff in order to match these requirements where possible.

8. All new Members are provided with an induction programme which provides training, information and assistance in those areas that members will deal with on a regular basis. The Monitoring Officer manages the Annual Training Plan for members which provides additional training as identified by Members or Officers. Briefing sessions are provided to Members when necessary to provide members with more information on various topics and comprehensive training is provided to Members on the Licensing and Planning Committees.
9. Senior Officer training requirements are identified, as with other officers, through the Council's PDD process. The Council also runs tailored Leadership programmes aimed at providing training and guidance to senior Officers of the Council to enable them to perform their roles more efficiently and effectively.
10. The Council has an effective performance management framework. The system is driven by the Corporate Plan which focuses attention on corporate priorities. This is cascaded through departmental service plans, individual employee appraisals and action plans. It provides the mechanism for targets, performance indicators and objectives to be reviewed by the Executive and Scrutiny Committees and for reviews of Service Objectives to be fed back into the policy and planning cycle.
11. As part of the performance management framework the Council conducts quarterly performance management meetings for all services. These meetings review the services performance in relation to performance indicators, budget monitoring, service plan delivery, health & safety and service risk updates and reports. During 2008-2009 the performance management meetings were expanded to include work each service area is conducting in relation to equalities.

### **Structures and Processes**

12. The Council has adopted a constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and that the Council is accountable to local people.
13. Most major policy issues are considered by the Executive Committee in public meetings on the basis of published reports. Where necessary, recommendations to the full Council are then made based upon these considerations. The facilitation of policy and decision-making is through the Policy Advisory Group. The Overview and Scrutiny Committee provides a scrutiny function over the decisions made by the Executive as well as providing public reviews of issues or council services that affect local people. In addition senior officers of the council can make decisions under delegated authority within the parameters set out in a published Scheme of Delegation. The Council publishes a Forward Plan which contains details of key decisions to be made by the Council, its committees and officers under their delegated powers.
14. Members of the public have the right to attend meetings of the Council and its Committees to listen to the debate. To enhance the public's ability to contribute to the democratic process the Council maintains a comprehensive Scheme of Public Participation. The Scheme provides members of the public with the ability to submit petitions and speak at all meetings of the Council and its Committees

(other than the Planning Committee and Overview & Scrutiny Committee, which have their own arrangements for consulting the public).

## **Risk Management & Internal Control**

15. The Council's Risk Management Strategy was approved by the Executive on 23<sup>rd</sup> March 2006. Annual Service and Strategic Risk assessments are undertaken and from the assessments Service and Strategic Risk Registers and Service and Strategic Risk Action Plans are created. These are reviewed on a quarterly basis (half yearly for Strategic Risk). Risk management is becoming firmly embedded throughout the Council and the Deputy Leader of the Council's Portfolio of responsibilities now includes Risk and Business Continuity. There are clear linkages between objectives and the risk evaluation process that ensures that service risks are minimized and aligned to delivery of the Council's Corporate Plan.
16. The Council has a comprehensive Health & Safety Policy in place and a Risk Register for the protection of staff. Operational issues are overseen by an officer working group which conducts on-going and comprehensive audit and assessment of Health & Safety throughout all services,
17. The Council has designated the Head of Legal & Democratic Services as Monitoring Officer. It is the function of the Monitoring officer to monitor compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service and Chief Finance Officer, the Monitoring Officer will report to the Executive or the Council if he considers that any proposal, decision or omission has given rise to or would give rise to a contravention of any enactment or rule of law or maladministration following an Ombudsman investigation. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.
18. The financial management of the authority is conducted in accordance with the financial rules set out in Part 4 of the Constitution and within Financial Regulations. The Council has designated the Deputy Chief Executive as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The Chief Finance Officer has statutory responsibilities to determine, monitor and report on the Council's financial arrangements including reporting on any unlawful or potentially unlawful decisions. The Council has in place a MTFP (Medium Term Financial Plan), updated annually, to support the medium-term aims of the Corporate Plan. Financial monitoring arrangements are in place and reported at least quarterly to the Executive.
19. The Council's Audit Committee provides independent assurance on the adequacy of the risk management framework and associated control environment. It also provides independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment.
20. The Council maintains an Internal Audit Section, managed from September 2005 by a partnership arrangement with Maidstone Borough Council, which



operates to the standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'. During 2008/09 the Audit Commission conducted its triennial review of the adequacy of internal audit within the Council and concluded that it fully met the statutory standards set out in the CIPFA Code of practice for Internal Audit in Local Government.

21. The Council has an objective and professional relationship with external auditors and statutory inspectors as evidenced by the Annual Audit Letter.

### **Standards of Conduct**

22. The Council has in place robust arrangements to ensure probity in all its decision-making. It adopted the model code of conduct in 2002 and it adopted the revised model code of conduct during 2007.
23. The Council has adopted a comprehensive good practice protocol for councillors dealing with planning matters. The Council's Standards Committee, chaired by an independent member of the public oversees conduct issues. The Standards Committee has in place fully documented procedures for making local filtering decisions on complaints made about borough or parish councillor conduct. Where these result in local investigations, hearings will be held by sub committees in accordance with statutory requirements. In-house and external training has been undertaken for councillors on probity matters.
24. The Council has adopted a Whistleblowing Policy which is incorporated within the conditions of service for officers and is reviewed on an annual basis. The Whistleblowing Policy allows any officer within the Council to raise legitimate concerns relating to any unlawful conduct, fraud, corruption or dangers to the public or the environment that they believe exist without fear of retribution or reprisal of any kind.
25. The Council has a comprehensive complaints procedure which allows anyone to make a complaint about the Council and the services it provides. The Council is committed to providing a full and fair investigation on any complaint received.

### **Review of Corporate Governance**

26. The Council has a local code of Corporate Governance which constitutes the governance framework for the Council. Following revised guidance issued by CIPFA/SOLACE during 2007 the Council revised the Local Code of Corporate Governance and this revised version was approved during 2008-2009.
27. The Local Code of Corporate Governance is reviewed on an annual basis and the report into the Local Code will be produced annually as the Council's Annual Governance Statement. Following the review of the Local Code of Corporate Governance for 2008-2009 no changes have been proposed.

### **Review of Effectiveness**

28. Ashford Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed by

the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

29. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework and system of internal control includes:
30. During 2007-2008, in light of the new governance framework published by CIPFA/SOLACE, the Council reconsidered its arrangements for reviewing governance issues and in its approach to formulating and considering the Council's Annual Governance Statement. A governance management board was formed consisting of the Chairs of the Audit, Standards, Overview & Scrutiny and Selection & Constitutional Review committees as well as the Chief Executive, Deputy Chief Executive, Director for Community Engagement, Head of Legal & Democratic Services and the Head of Internal Audit. This board is responsible for considering the Annual Governance Statement and recommending its adoption to the Selection & Constitutional Review committee.
31. As part of the review of the Council's governance arrangements the Council has decided to continue to publish a Statement on Internal Control. The Statement will focus on financial and risk management issues and will continue to be considered by the Audit Committee. Any exceptions identified within the Statement on Internal Control will be included within the Annual Governance Statement.
32. The Head of Legal & Democratic Services (the 'Monitoring Officer') has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council's constitution was refreshed and updated during the course of 2007-2008.
33. The Monitoring Officer presents an annual report to the Council and the Standards Committee regarding probity and code of conduct issues. His annual report for 2008-2009 will be presented to the Council in July 2009 and it will show that the incidence of formal complaints about parish councillors is low, whilst there have been no formal complaints against borough councillors during 2008-2009.
34. The Council has an Executive Committee which carries out the functions of the Council which are not exercised by the Council itself or delegated by the Council to a Committee or to an Officer. The Executive is responsible for executive functions which involve a recommendation to the Council including budget and policy proposals. The Executive is also responsible for making key decisions on any matter determined in the forward plan and included in the budget. The Executive is also responsible for receiving and responding to reports from the Overview and Scrutiny Committees, the Monitoring officer, the Chief Finance (Section 151) officer and recommendations from the Council.
35. The Council has appointed a Standards Committee to promote and maintain high standards of conduct by Members and to assist Members in observing the Members' Code of Conduct. The Standards Committee also advises the Council

on all matters relating to the Code of Conduct including revisions to the Code, monitoring of the operation of the Code and training and arranging for training of Members on matters relating to the Code. The Standards Committee now also has a duty to consider locally all complaints of code of conduct breaches against parish or borough councillors. The Standards Committee has the power to censure, suspend or partially suspend a Member in accordance with the provisions of the Local Government Act 2000 or other relevant statute or regulation.

36. The Council has an Overview and Scrutiny Committee. It can "call in" a decision which has been made by the Executive but not yet implemented, to enable them to consider whether the decision is appropriate. It allows matters of wide ranging interest to the Council to be publicly reviewed and scrutinised. During 2008-2009 the Overview and Scrutiny Committee called in one decision made by the Executive Committee in relation to relocation of the town's market.
37. The Community Partnership Group reviews the progress on the Local Strategic Partnership as well as the operation and effectiveness of the Crime and Disorder Reduction Partnership and Community Safety Strategy. It also considers proposals and outcomes of the Ashford Future Partnership and considers the implications for Ashford of the Kent Partnership, Kent Public Service Board and the Kent Local Area Agreement.
38. During 2007-2008 the Council reviewed the operation and effectiveness of the Ashford's Future Partnership. As a result of this review the Council and its partners drew up and signed a more formal Partnership Agreement and subsequently (in November 2008) established a Special Purpose Vehicle (the Ashford's Future Company Ltd) to help ensure the more effective delivery of the desired outcomes of the partners and the public. The members of the company (Ashford Borough Council, Kent County Council, the South East England Development Agency and English Partnerships, now the Homes and Communities Agency) agreed the Memorandum and Articles of Association for the Company and entered into a Members' Agreement to govern their approach to the business of the company. These arrangements fully protect the interests of the Council in respect of the operation of the Company. The four Founding Partners have also entered into a formal Service Level Agreement with the Company in respect of the overall programme management function it carries out on behalf of the Partnership Board. The Company Business Plan has to be approved by the Partnership Board. The Council remains the statutory planning authority for the whole Borough Council area, and is the Accountable Body for the bulk of the capital funding available to the Partnership although it has formally delegated much of the day to day administration to the Company.
39. The Crime and Disorder Reduction (CDRP) partnership holds weekly liaison meetings of the partner groups to assess issues surrounding anti-social behaviour. The Community Safety Unit reports on a quarterly basis to the Community Safety Partnership providing an overview of the activity of the CDRP.
40. Extensive governance arrangements have been put in place to in relation to the Kent Local Area Agreement (KLAA). The Governance Framework sets out the roles, accountabilities and responsibilities of those involved with the KLAA and how performance, risk and finance will be managed. The Kent Public Service

Board, on behalf of the Kent Partnership, oversees the implementation of the Governance Framework for the KLAA.

41. During 2007 a review of the Council's Overview & Scrutiny (O&S) function and Policy Advisory Groups (PAGs) was carried out. This review looked at the lack of clarity about the respective roles of the O&S and PAGs in relation to policy development and uncertainty about how best O&S should carry out its scrutiny function. The results of this review recommended that there be one Overview & Scrutiny Committee and one Policy Advisory Group with more focused and specific roles. These changes were implemented during 2008-2009.
42. The Council holds an annual State of the Borough Debate. This meeting allows for the widest possible public involvement and provides a further opportunity for public questioning and scrutiny of the Council and its activities. The results of the debate are disseminated as widely as possible within the community and to agencies and organisations in the area. The results are also considered by the Executive when proposing the budget and policy framework to the Council for the forthcoming year.
43. The Council has an Audit Committee that undertakes the core functions of an audit committee, as identified in CIPFA's *Audit Committees – Practical guidance for Local Authorities*. The Audit Committee has responsibility for reviewing the adequacy of internal controls and monitoring the performance of internal audit. It also reviews the External Audit Plan, reviews the Annual Audit Commission Letter, reviews the adequacy of arrangements for Risk Management within the Council and approves the Council's financial accounts.
44. Internal Audit is responsible for monitoring the adequacy and effectiveness of systems of internal control. A risk model is used to formulate a three-year plan, which is approved by the Audit Committee, from which the annual workload is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Head of Service with a copy to the Chief Executive and the Directors. The report includes recommendations for improvements to internal controls and these are detailed within an Action Plan for agreement or rejection by Heads of Service. The process also allows for follow up work to be completed for all reports issued in order to confirm that the action proposed by the Head of Service has been implemented in practice. The results of the follow-up are reported to the Head of Service, the Chief Executive and Directors and reported to the Audit Committee on a six monthly basis.
45. To further strengthen the governance of the Council for 2008-2009, all internal audits that returned an assurance control level of minimal or limited during this period (and where a follow-up audit has not been undertaken by the 31<sup>st</sup> March 2009 to confirm that the control weaknesses have been rectified) will be included within the Annual Governance Statement where the control issues have strategic or material implications to the Council. Internal audits with a minimal or limited assurance that are not considered strategic or material to the Council but to impact only locally on a service/function will continue to be reported upon to the Audit Committee by the Head of Internal Audit.
46. As part of the monitoring of the Internal Control processes within the Council, Internal Audit issue an Annual Report that considers the work of Internal Audit over the financial year and the Opinion of the Head of Internal Audit in relation to

the Council's control environment. Due consideration is given to this report and the reports conclusions are used to inform the judgment on the Annual Governance Statement. For 2008-2009 the Head of Internal Audit's report entitled Internal Audit Annual Report 2008-2009 concluded that generally, a substantial level of internal control exists within the Council's systems and procedures subject to the qualifications recorded within the report.

47. The Internal Audit Section is subject to regular appraisal by the Council's external auditors who review the adequacy of compliance with the Code of Practice for Internal Audit. The external auditors place reliance on the work carried out by Internal Audit subject to being satisfied with the quality and comprehensiveness of the work. For the financial year 2008-2009 they were able so to do. During 2008 the Audit Commission carried out their triennial review of the adequacy of Internal Audit within the Council. The Audit Commission's auditors concluded that the service fully meets the statutory standards which are contained within the CIPFA Code of Practice for Internal Audit in Local Government.
48. Apart from forming a view on the effectiveness of the Council's Internal Audit arrangements the Council's External Auditor provides a check on the overall effectiveness of the Council's governance arrangements including separate service based audits through to the approval of the Council's Statement of Accounts.
49. A report on progress against National Indicator and Local targets and budget monitoring is brought to Management Team and the Executive as part of the Quarterly Budget and Performance Monitoring Report. Monthly updates are available on all National and Local Indicators on the Internet and Intranet. Monthly monitoring reports on budgets are prepared and are posted on the intranet.
50. Following the publication of the framework '*Delivering Good Governance in Local Government*' by CIPFA/SOLACE in 2007 the Council undertook a review of its Local Code of Corporate Governance. Following this review a revised Code was approved and adopted in 2008-2009. In line with the revised framework and the Council's revised Local Code of Corporate Governance the Council will now publish an Annual Governance Statement (this document) on an annual basis. Any major exceptions which are identified will be reported upon on a quarterly basis to the Audit Committee or Selection and Constitutional review Committee dependant upon the nature of the exception.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, Selection & Constitutional Review Committee, Management Team and other senior officers of the council and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## **Significant Governance Issues**

The following significant governance issues have been identified during the period 2008-2009. These exceptions and the actions being taken to rectify them will be reported upon to the Audit Committee or Selection & Constitutional Review Committee (as indicated) on a quarterly basis within a governance issues report.

<b>Exception</b>	<b>Description/Action</b>
Partnership Framework (S&CR)	During 2008-2009 the Council adopted a new Partnership Framework. As part of the framework Management Team must review the Council's partnerships and identify those partnerships that should be considered as key partnerships. This review is still outstanding and will be undertaken during 2009-2010.
Race Equality Scheme and Gender Equality Scheme (S&CR)	The Council's Race Equality Scheme was due to be reviewed in 2005 and this review is still outstanding and needs to be urgently undertaken. Although identified as an exception during 2007-2008 further work on this was delayed. Additionally the Council's Gender Equality Scheme went out for consultation during 2007-2008 and further progress needs to be made so the Council can adopt the scheme. (Overview and Scrutiny have been asked to review the Council's current position in relation to equality work).
ICT Physical and Environmental Controls (AC)	An internal audit into ICT physical and environmental controls highlighted a number of control weaknesses. A follow-up audit will be conducted during 2009-2010 to monitor improvements that have been made as a result of the audit's recommendations.
Scheme of Public Participation. (S&CR)	The Council's Scheme of Public Participation (contained within the Constitution) needs to be reviewed to see whether more public engagement can be achieved particularly in relation to e-petitioning. Work on this was deferred during 2008-2009 as the Government introduced the Local Democracy, Economic Development and Construction Bill into the House of Lords. The Bill covers various aspects of public participation and it is prudent to await the final legislation and then review the council's procedures in light of the legislation.

Exception	Description/Action
Recruitment (S&CR)	Following an audit of recruitment, various control weaknesses were indentified in relation to statutory requirements relating to equalities and other issues. A follow-up audit will take place during 2009-2010 to ensure the necessary improvements have been made.
Debtors (AC)	Some recommendations from a previous debtors audit had not been carried out during a follow-up audit in November 2008. The Head of Financial Services has compiled a comprehensive action plan setting out a schedule to implement all of the audit recommendations and a follow-up audit will be conducted during early 2009-2010 to review progress
Grounds Maintenance (AC)	The initial audit concluded that control assurance was substantial. However, this opinion gave some consideration to the expectation that the audit recommendations would be implemented. The follow-up in May 2008 found that the majority of the recommendations had not been implemented. A second follow-up audit will take place in 2009 and this will be reported upon to the Audit Committee at its June 2009 meeting.
Financial reporting (AC)	The Audit Commission undertake an annual Use of Resources review of the Council. For the past four years the Council has received a score of 1 (out of 4) for Financial Reporting even though improving our result for this element of the Use of Resources has been considered a priority. It is proposed to maintain Financial Reporting as an exception until the Council's Statement of Accounts are approved by the Audit Commission with no material errors being identified.
Corporate Complaints (S&CR)	An internal audit into the Council's Corporate Complaints procedures returned a control assurance of 'limited'. A comprehensive response has been received to the audit and a follow-up audit will take place in early 2009-2010 to check if the audit report's recommendations have been implemented.

Exception	Description/Action
Housing Contracts (AC)	An internal audit of Housing Contracts identified a number of occurrences where Council Contract procedure rules had not been adhered to. A follow-up audit will take place during 2009-2010 to confirm that recommendations contained within the audit have been implemented.
Management of utility provision and purchasing arrangements	Work during 2008-2009 identified a number of weaknesses with regards to the management of the supply, use and purchasing of utilities (specifically electricity and gas). A review of the Council's contractual and management arrangements for the supply of electricity and gas will take place during 2009-2010

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

Chief Executive

Leader of the Council

Dated.....