Report to Audit Committee

Agenda Item:
A.5

Meeting Date: 22 July 2013

Portfolio: Finance, Governance and Resources

Key Decision: Not Applicable:

Within Policy and
Budget Framework YES

Public / Private Public

Title: ANNUAL GOVERNANCE STATEMENT 2012/13

Report of: Director of Resources

Report Number: RD22/13

Purpose / Summary:

The Annual Governance Statement (subject to Audit) for 2012/13 has been certified by the Council's S151 Officer, Chief Executive and Leader, in accordance with statutory requirements, by 30th June, and is attached at appendix A. This will be formally approved following the completion of the audit process at the end of September.

There is only one area of significant weakness in the Council's governance arrangements which need to be brought to the attention of Members and this is included within the statement.

There are no other areas of weakness which need to be brought to Members attention at this time.

Recommendations:

Members are requested to note the contents of the 2012/13 Annual Governance Statement, noting that this statement will accompany the annual Statement of Accounts.

Tracking

Audit Committee:	**22 July 2013**
Overview and Scrutiny:	**Not applicable**
Council:	**Not applicable**

1.   BACKGROUND

1.1   The CIPFA/SOLACE Framework document "Delivering Good Governance in Local Government" (and subsequent application note/addendum) requires the Council to revise and update its Code of Corporate Governance and to produce an Annual Governance Statement signed by the S151 Officer, Leader and Chief Executive.

1.2   The Framework also requires the Council to draw up an Action Plan in order to address weaknesses and to ensure that continuous improvement of the system of control is in place.

1.3   CIPFA has issued two statements relating to the role of the Chief Financial Officer in Local Government and the role of the Head of Internal Audit, which the Council must have regard to when preparing its Annual Governance Statement and when ensuring compliance with the principles contained within the Good Governance Framework.

2.   ANNUAL GOVERNANCE STATEMENT

2.1   The Annual Governance Statement for 2012/13 is attached at **Appendix A** which has been prepared in accordance with the CIPFA/SOLACE framework.

2.2   There is only area of significant weakness in the Council's Governance arrangements which has previously been reported to Members and is therefore included within the 2012/13 statement.

2.3   The Council's Code of Corporate Governance has been reviewed by officers and there are no changes required to the Code previously approved in 2008.

3.   ACTION PLAN

3.1   In accordance with established practice, an Action Plan will be prepared and monitored with an updated status report provided to Members of this Committee on a quarterly basis. The specific issue will also be subject to a formal follow up audit by the Internal Audit team which again will be reported through the Audit Committee.

3.3 There are no new areas of risk arising from the Audit reviews or from the Risk Registers that need to be drawn to Members' attention.

4. **CONCLUSION AND REASONS FOR RECOMMENDATIONS**

4.1 Members are requested to note the contents of the 2012/13 Annual Governance Statement.

5. **CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES**

5.1 To ensure that the Council has sound systems of internal control and that the governance arrangements in place comply with statutory requirements.

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Appendices **Appendix A – Annual Governance Statement 2012/13**
attached to report:

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

• **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – not applicable

Community Engagement – not applicable

Economic Development – not applicable

Governance – The Audit Committee's terms of reference require it to oversee and approve the authority's Annual Governance Statement.

Local Environment – not applicable

Resources – included in the main body of the report

Scope of Responsibility   APPENDIX A

Carlisle City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The 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, the 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.

The 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 the code can be obtained from the Director of Resources. The Council has also recognised the requirements of the 2010 CIPFA application note '*Statement on the Role of the Chief Financial Officer in Local Government* and the CIPFA Statement on the *'Role of the Head of Internal Audit (2010)'.*

This statement explains how the Council has complied with the code and application note and also meets the requirements of regulation 4 (3) of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control – the Annual Governance Statement.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council 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 the Council's framework and is designed to enable it to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore provide only 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 the Council's policies, aims and objectives;
- to evaluate the likelihood of those risks being realised and, if so realised, their impact; and,
- to manage the identified risks efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2013 and up to the date of approval of the Statement of Accounts for 2012/13.

The Governance Framework

The following are the key elements of the systems and processes that comprise the Council's governance arrangements:

The Council's vision of its purpose and intended outcomes

The Council's vision is proposed by the Executive as part of the draft Carlisle Plan which is debated and agreed by full Council. This vision is then communicated through the Carlisle Plan itself, which is a working document for staff and members. An annual report will communicate the outcomes and performance of the plan to residents with the end of year performance presenting the key outcomes to the Executive and Overview & Scrutiny Panels.

The Council's vision – implications for governance arrangements

The Carlisle Plan is annually reviewed with Members to ensure that the vision and priorities are still relevant and constant with Members' aspirations. Arrangements for Overview and Scrutiny are reviewed every year as part of the annual report - thus ensuring consistency with council priorities. Portfolios on the Executive are reviewed every year by the Leader of the Council.

Measuring the quality of service for users

The Council's Service Standards ensures that elected Members and officers monitor performance in key service areas on a regular basis. User satisfaction is measured through a variety of channels and media such as the Carlisle Focus surveys (user and resident). The Council has reached the 'achieving' level of the Equality Framework for Local Government. This external assessment has provided the Council with a detailed report identifying good practice and areas for further improvement and these recommendations have been incorporated into our equality objectives. The impact of key decisions are recorded in each of the Executive papers ensuring that impact assessments form part of all of the Council's key decisions.

Performance in services for customers was monitored through management information indicators, highlighting the short and medium term trends which are reported corporately to the Senior Management Team[1]. Progress against Carlisle Plan priorities and key actions is reviewed quarterly and reported through the Executive and relevant Overview & Scrutiny Panels.

During 2009/10 and 2010/11 the Council entered into shared service arrangements in respect of ICT, Revenue and Benefits and Internal Audit. These arrangements sought to deliver financial savings to the Council whilst also improving the resilience in the services being provided and improving and maintaining services to the public. All of the Shared Services are underpinned by sound, documented governance arrangements which encapsulate the agreements between the participating Councils.

Roles and Responsibilities

The City Council comprises 52 elected Members and holds elections by thirds in three years out of every four. The Council operates executive arrangements under the Local Government Act 2000 and has done so since September 2001. The Council operates the "strong Leader" model whereby the Council appoints the Leader for a four year period, who then nominates his/her Executive Portfolio Holders and decides the scope of their briefs and the extent of delegated powers to each.

Currently, the Executive comprises the Leader and five Executive Members, one of whom the Leader is required to nominate as Deputy Leader. The operation of the Executive itself is prescribed by the Executive Procedure Rules set out in the Council's Constitution. It meets normally on a four-weekly cycle, with the Leader having oversight over both the agenda and the Notice of Key Decisions to be considered by the Executive over the coming month.

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[1] The Chief Executive, Deputy CEO, s151 Officer, Monitoring Officer and Directors of Local Environment; Economic Development; and, Community Engagement.

The Leader has set out the powers and responsibilities that he has delegated to both Portfolio Holders and Officers in an extensive Scheme of Delegation, incorporated into the Constitution, that he/she reviews at least annually but usually more frequently in practice. Any amended Scheme of Delegation is held within the Governance Directorate and all Members of the Council receive a copy. The document is available to all on the Council's website. All decisions made by the Executive, whether collectively or individually, are properly recorded and subject to call in and scrutiny by the Council's Overview and Scrutiny Panels, subject, of course, to the provisions applying to matters deemed urgent.

Under the Executive arrangements, the full Council is responsible for setting the Council's budget and policy framework within which the Executive must operate. The Council has also established a series of Overview and Scrutiny Panels of which, currently, there are three (Community, Environment & Economy and Resources). These Panels undertake the statutory scrutiny role set out in the Act and assist with examining and commenting on those policies proposed by the Executive for adoption as part of the policy framework. The three Panels are supported by a dedicated Scrutiny Officer who services solely the scrutiny function of the Council to ensure transparency in the process. Each Panel also has a nominated member of the Council's Senior Management Team to support it in its scrutiny function. The operation of the scrutiny function is set out in the Overview and Scrutiny Procedure Rules in the Council's Constitution.

Importantly, during 2010/11, the Council reviewed its Budget and Policy Framework. Previously, the Council had over 80 'policies' reserved to it (i.e. the Council had to make any decision relating thereto). The review reduced this number to 11 policies being reserved to Council. The change means that decisions are able to be taken in a more clear and transparent manner and, from a corporate governance perspective, it is a great deal more certain where responsibility for decision making rests, i.e. with the Council or the Executive. This change has proven to be beneficial in the working period since the change was effected.

The executive/scrutiny functions of the Council are supplemented by a number of regulatory Committees, established to deal with development control, licensing and certain non-executive employment matters. Their powers and Terms of Reference are set out in the Constitution, together with the extensive delegated powers given by the Council to both the Committees and officers in respect of the various matters falling within the responsibility of the Committees. These powers are reviewed and approved by the Council annually.

The Council has an officer structure which changed substantially in 2009/10 as part of the transformation process, with other changes made following the retirement of the Chief Executive in 2011/12, and which now comprise a Chief Executive, a Deputy Chief Executive and five Directors.

The Chief Executive, Deputy Chief Executive and all Directors comprise the Senior Management Team (SMT) which meets on a fortnightly basis, to discuss corporate issues.

Codes of Conduct and Standards

The Council has formally adopted a Code of Conduct for its elected Members together with approved arrangements for dealing with standards matters. These form part of the Council's suite of constitutional documents and all Members undertake to adhere to its provisions (standards of behaviour, declarations of interest, register of gifts/hospitality etc) as part of their Declaration of Acceptance of Office when elected. The new code of conduct arrangements have been standardised across Cumbria as far as possible.

Oversight of the Members' Code of Conduct, to ensure both compliance and the proper training of Members, rests with the Council's Standards Committee, which comprises of 7 Members of the City Council who are advised by an Independent Person (appointment of 2 Independent Persons to be ratified by Council on 16th July 2013). A Parish Member would be invited to

attend the Committee if any complaint or matter related to a Parish Member. Training on both the Code itself and the ethical principles behind it is provided to all newly elected Members of the Council as part of the standardised induction process and it will also be available to all members of the Council to participate in. Further training for Members on particular relevant Standards issues is provided by way of follow-up sessions as issues arise.

The Members' Code of Conduct is supplemented by a protocol governing Member and Officer working which was adopted by the Council as an additional guide to the Council's expectations and its cultural approach to the day-to-day working relations between Members and Officers. Training on this, is again, provided as part of the Member Induction Programme. Other supplemental guidance documents, adopted by the Council to assist with probity and best practice, include the Planning Code of Conduct for those Members serving on the Development Control Committee and the Members' Protocol on the Use of IT provided by the Council. Training is again provided in the Member Induction Programme. In-year training is also given to Members of the Development Control and Licensing Committees on the specialist issues and considerations that arise because of the particular work of those Committees.

The Council has its own Code of Officer Conduct. The code was formally approved by Members in September 2010 and now forms part of the Constitution. There is also a formal Induction procedure for all new staff, supplemented by other information e.g. the Constitution, disciplinary procedures, etc.

During the year, the Council continued to develop and deliver its training schedule for both Members and officers to raise awareness of ethical governance issues across the Council, such as Counter Fraud measures, Money Laundering, Whistleblowing, Procurement & Contracts and Budgetary Control issues. This forms part of the Council's training programme which is considered and agreed by the Members' Learning and Development Group. Currently being planned are several e-learning packages so that appropriate training can be targeted at relevant officers.

Standing Orders/Financial Procedure Rules

The Council's Contracts Procedure Rules and Financial Procedure Rules, together with the extent of delegation to officers in these areas, are set out extensively in the Council's Constitution. They define the overarching rules governing procurement by the Council and the powers and constraints on Members and officers in respect of the exercise of financial powers. The core documents, including authorised levels of spend and virement and "key decision" financial limits, are reviewed at least annually (and more frequently if circumstances arise) and updated by the Council. The Contract Procedure Rules were significantly changed during 2010/11 to reflect changes in procurement regulations and particularly electronic procurement and the use of framework agreements. These changes were adopted in October 2010, and as a result the Procurement and Commissioning Strategy was amended in early 2011.

In terms of risk assessment, this is overseen in the Council by a formal Risk Management Group made up of relevant officers and the Portfolio Holder for Finance, Governance and Resources. A representative from Marsh Ltd – the Council's Insurance Brokers/Advisers – is invited to attend on an ad-hoc basis. The Group oversees the compilation and updating of both the corporate and operational risk registers maintained by the Council, where the main corporate and directorate-specific risks faced by the Council are scored against an agreed matrix and appropriate steps identified to mitigate such risks as far as possible. All risks are monitored through the management monitoring function of Covalent, the Council's performance management system.

Financial Management Arrangements

The Council has a duty to comply the key principles contained within the revised CIPFA statement of the *'Role of the Chief Financial Officer in Local Government'* and during 2012/13 the Council continued to comply with 5 key principles of the CIPFA statement.

The Director of Resources is the Council's Chief Financial Officer; is an experienced, qualified accountant and is a key member of both Senior Management Team (SMT) and Joint Management Team (JMT) and as such, has direct access to the Chief Executive. He leads and directs an adequately resourced, fit for purpose, finance function, comprising of 17 officers, who support him in the proper administration of the Council's financial affairs, including leading the promotion and delivery of good financial management to safeguard public money at all times; to ensure the effective, efficient and economic use of resources; and to ensure the short and long term implications of all material business decisions are fully considered and aligned to the Council's Medium Term Financial Plan.

The main controls for financial management are set out in the Constitution – these are the Budget and Policy Framework and the Financial Procedure Rules. These cover the arrangements for Financial Management, Financial Planning, Risk Management and Control of Resources, Financial Systems and Procedures and External arrangements. The Council also complies with the Prudential Framework for Local Authority Finance.

The Council has a Medium Term Financial Planning process (MTFP) which integrates budget and corporate planning to match resources to the corporate priorities. The planning and monitoring framework is co-ordinated through the JMT which consists of the Executive Members and SMT. The MTFP for 2014/15 to 2018/19 will be presented to Executive, Resources Overview and Scrutiny Panel (ROSP) and Council between July and September 2013.

Regular meetings are held with identified budget managers from which budget-monitoring reports are prepared for both Capital and Revenue expenditure and considered by the Executive and ROSP. The Council is committed to improving the effectiveness of its budget monitoring arrangements and in strengthening the links between budget and performance monitoring.

The annual Statement of Accounts has been produced to statutory deadlines and year-end actual results are reported against budgets. The summary revenue position is shown within the explanatory foreword, comparing actual results against revised budgets. Out -turn reports produced for revenue and capital expenditure are presented to the Audit Committee and are considered by Executive, ROSP and Council. The Council is committed to making continuous improvements to comply with the Local Authority Code of Practice and International Financial Reporting Standards.

Audit Committee

As a means of ensuring best practice, the Council has established an Audit Committee to oversee the workings of the corporate governance arrangements of the Council and to report to Council on these and related financial probity issues. The Audit Committee operates in accordance with CIPFA's *"Audit Committees – Practical Guidance for Local Authorities".* This is supplemented by the Council's Standards Committee, established under the Act to be responsible for conduct issues relating to elected Members**.**

The Council has a duty to comply the key principles contained within the 2010 CIPFA statement of the *'Role of the Head of Internal Audit'* and during 2012/13 the Council continued to comply with 5 key principles of the CIPFA statement.

The Head of Internal Audit for the Internal Audit Shared Service is the Group Audit Manager but the Head of Internal Audit role at participant organisations within the Internal Audit Shared Service is carried out by the relevant Audit Manager.

The scope of internal audit work covers all aspects of the organisation's risk management, internal control and governance frameworks and the Internal Audit annual report feeds in to the preparation of the Council's Annual Governance Statement. Where appropriate, Internal Audit advises the organisation on emerging risks and may undertake 'hot assurance' work on new projects and developments as they take place.

An annual audit opinion is provided to the Audit Committee based on the work undertaken by Internal Audit during the year based on the agreed risk based audit plan which includes a wide range of council operations along with risk management, internal control and governance considerations.

The Audit Manager reports to the Council's section 151 officer through the deputy section 151 officer and has access to the Senior Management Team (SMT) and Chief Executive as required. The Audit Manager attends all Audit Committee meetings and has the opportunity for private dialogue with the Chair as appropriate.

The resources available within the Internal Audit Shared Service have been assessed as fit for purpose. This will be subject to regular review going forward by the new Group Audit Manager. The audit team has a range of skills and qualifications including AAT, IIA and CCAB.

The Group Audit Manager is CIPFA qualified and has 15 years' experience in Local Government Internal Auditing, nine of these in a management capacity. The Audit Manager is MIIA qualified and has 17 years experience in local government internal auditing, approaching 3 years at team manager level.

Ensuring Compliance with Relevant Laws

Systems are in place to ensure that appropriate legal and financial advice is provided at relevant points in the decision-making process to ensure the vires of decisions made by the Council.   All reports to Members requiring a decision incorporate an addendum from both the Directors of Governance and Resources who are the Monitoring Officer and Chief Finance Officer respectively. This ensures that checks are made on the legal and financial consequences of any course of action prior to a decision being made.   Both statutory officers are also members of the Joint Management Team and the Senior Management Team to ensure that financial and legal advice is available at the inception of any particular matter and when any issues relating to the Council's powers and duties are under consideration.

Similar representation by legal and financial officers is provided for on Officer Working Groups dealing with relevant policy issues so that a check is maintained on vires and financial issues at that level.   Legal representation and advice is also provided as a matter of course at the Development Control and Licensing Committees to ensure that the quasi-judicial functions carried out by those Committees are undertaken lawfully.

The Council has a variety of methods of receiving updates in legislative changes. In addition to the departmental roles in keeping up to date with legislative, regulatory and guidance changes, the Council subscribes to a corporate legal updating service which provides for daily updates directly to officers. The usual method of direct notification of legislative changes by Central Government also occurs on an ongoing basis.

Complaints and Whistle blowing

The Council operates a formal Corporate Complaints System in accordance with best practice recommended by the Local Government Ombudsman, giving members of the public capacity to

complain about aspects of the Council's services with which they may be dissatisfied. The objective of the complaints process is to endeavour to resolve the complaint satisfactorily at local level, rather than it being referred to the Ombudsman, although this, of course, is always an entitlement of the complainant if they remain dissatisfied with the Council's handling of the matter.

The basis of the corporate complaints process is that the relevant Directorate deals with the complaint initially but, in the event of the complainant still being dissatisfied, the process provides an internal Right of Appeal to a small panel of three elected Members who review the position. This includes a formal hearing at which the complainant may attend, in an endeavour to resolve the matter. Members of the Council's Appeal Panels receive training on the type of matters that they may consider in that role.

The Council has a Confidential Reporting Policy that is available to all members of staff on the Intranet.

Identifying the development needs of Members and senior officers

The Council has a formal team appraisal scheme, which is mandatory for all officers, including all senior managers. It is carried out each year and forms part of the review of the Carlisle Plan. Team appraisals are recorded in the performance management system and the number of completed appraisals is reported as management information. There is routine monitoring of compliance by SMT along with an annual report to Members of the Resources Overview and Scrutiny Panel which includes the key findings of the annual Employee Opinion Survey.

During 2011/12 a revised framework for Member Learning and Development was introduced following approval of the framework by Council in April 2011. This includes provision for a Member/Leader Annual Review. An analysis of all Members' roles including those of a strategic nature has been undertaken and is used to identify training needs for Members holding or aspiring to strategic office. The framework was fully implemented in 2012/13 and proved to be successful with 40 Members taking part. A report on the training needs identified was produced by Organisational Development and taken to the Member Learning & Development Working Group for discussion and implementation. The success of the scheme also supported the council's application to retain the North West Charter for Members Development, for which we need proof that at least 75% of our Members had completed a Member/Leader Review.

Clear channels of communication

The City Council's Communication Policy and Consultation Policy clearly set out its commitment to high quality, timely, relevant communications and consultation that encourage feedback from all sections of its local communities. These policies underpin the Council's developing Community Empowerment and Engagement Policies that will ensure local peoples' involvement in the design and delivery of more responsive local services. The Council works closely with local groups representing those that are in a minority in our local communities, including those with a disability and ethnic minorities, to ensure that their communications and consultation needs are met.

Good governance in respect of Partnerships

The Council's key governance arrangements and procedures ensure that partnerships are entered into for the right reasons, all factors/ implications are fully considered as part of the set-up process, the Council's role is clearly defined, expected outputs and outcomes are identified and the appropriate monitoring arrangements are in place. In all, the Council has robust managing arrangements in place and a clear framework in which to operate. It is important to note that whilst these central control mechanisms exist, the actual appliance of and delivery of partnerships is the responsibility of individual service areas. Key control measures are outlined below:

The Council has a robust Partnership Policy in place that provides guidance on the nature and risks of partnerships. This Policy includes a clear definition of a partnership and, more specifically, what constitutes a significant partnership.   Responsibilities for setting up, delivering and monitoring partnerships are clearly defined both in the Policy and in general working practices.

The Corporate Partnerships Register, maintained by Financial Services, is the central monitoring tool used to track all partnerships in progress. Consideration is given towards Exit / Succession strategies (if appropriate) at the initial set up and as part of the Annual Review.

A Business Case model, based around good practice measures, is used for all new proposed partnerships. These are considered by SMT. Proposed significant partnerships are also reported to the Executive.

Appendix E of the Council's Financial Procedure Rules contains specific guidance on officers' duties and responsibilities regarding partnerships. A flowchart provides an aid for officers to guide them through the partnership process. Supplementary guidance notes are also in place as well as the availability of one to one training and support to guide officers setting up new partnerships, through to annual reviews.

Operationally, risk assessments are maintained and shared with partners throughout the life of the partnership. Emerging significant risks are brought to the attention of the Council's Risk Management Group. Strategically, the Council manages the potential risk of new and existing partnerships through the Corporate Risk Register. The Corporate Risk Register is reviewed quarterly by the Risk Management Group and reported to Resources Overview and Scrutiny Panel and the Audit Committee.

Significant partnerships are subject to a robust set of measures. Annual reviews are undertaken for all significant partnerships, which has been extended to include all Shared Service arrangements, the results of which form part of the proposed annual summary reporting on partnership working arrangements. This reporting is co-ordinated by Financial Services and is considered by SMT and Executive.

Review of Effectiveness

The 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 effectiveness is informed by the work of the managers within the Council who have responsibility for the development and maintenance of the governance environment, the Audit Manager's annual report, and by comments made by the External Auditors and other reviewing agencies and inspectorates.

The following processes have been applied in maintaining and reviewing the effectiveness of the governance framework:

An effective Governance Framework is maintained by ensuring that the Council's Constitution is reviewed and up-dated on a regular basis. This includes both the Council's and the Leader's Schemes of Delegation for Directors and Chief Officers, and encompasses and defines the roles of the Council, the Executive and the standing Committees including Overview and Scrutiny, Standards Committee and the Audit Committee.

Regular meetings of the Council and its Committees are held during each year and all reports to the Executive include comments from the Director of Resources (the Council's Chief Financial Officer) and the Director of Governance – the latter also being the Council's Monitoring Officer. The aforementioned Directors also oversee the reports considered by the Council's Regulatory and Audit Committees.

The Council also undertakes a continuous review of its risk-management responsibilities by ensuring that each Directorate maintains an up-to-date Operational Risk Register. Any risks that are considered to affect the Council as a whole are incorporated into the Corporate Risk Register (CRR). This is reviewed and updated by the Corporate Risk Management Group that meets on a regular basis. Progress on the CRR is reported quarterly to Members.

In accordance with the requirements of the CIPFA Code of Practice for Internal Audit, the Audit Manager reports to the Audit Committee on a regular basis, to appraise Members of any emerging control/governance/risk issues. The Audit Manager also presents an annual report that includes a statement of assurance relating to the Council's overall standard of internal control.

A full review of the Council's Code of Corporate Governance has been undertaken and all of the requirements outlined in the CIPFA/SOLACE document "Delivering Good Governance in Local Government" have been assessed. Where necessary any areas where action is required to ensure that the Council meets all of the defined requirements are identified on the Action Plan that forms part of this Statement.

During 2012/13 an internal review of key service contracts highlighted a themed weakness with regard to the robustness of internal contract monitoring procedures and processes and recommendations were made to address these. Action plans have been prepared to consider, address and implement the internal control recommendations, and will be subject to a formal follow up audit by the Internal Audit Team during 2013/14.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee and that they continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

Significant Governance Issues

Issue Identified	Target Date
During 2012/13 and as part of the delivery of the annual audit plan, internal reviews identified a significant weakness with regard to the internal monitoring of Council key contracts with recommendations being made to improve internal procedures and processes. Action plans to address these weaknesses have been developed and further consideration of the issues have been debated by the Council's Corporate Risk Management Group. Relevant Directors will have regard to the issues raised when implementing any revised staffing structures. Completion of the action plans will be subject to a formal audit follow up during 2013/14 and be reported to and closely monitored by the Audit Committee.	January 2014

We propose, over the coming year, to address these issues and to monitor and implement improvements to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of our next annual review.