| Committee and Date | Item |
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| Audit Committee<br>21 June 2013<br>10.00am | **11**<br><br>Public |

# ANNUAL GOVERNANCE STATEMENT AND REVIEW OF THE EFFECTIVENESS OF THE COUNCIL'S SYSTEM OF INTERNAL CONTROLS 2012/13

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## 1.    Summary

The Council is required under Regulation 4(3) of the Accounts and Audit Regulations 2011, to produce an Annual Governance Statement to accompany the annual statement of accounts, which must be signed by the Leader of the Council and the Head of Paid Service.  This statement should be considered following a review of the effectiveness of the Council's system of internal controls as required by the Accounts and Audit Regulations 4(2).  Members are asked to consider the proposed statement, the basis on which it has been compiled and comment on its contents, this will help ensure that it remains a true reflection of the internal controls of the Council for 2012/13.

## 2.    Recommendations

The Committee is asked to consider and approve with appropriate comment, the Annual Governance Statement 2012/13 at **Appendix A**.

## REPORT

## 3.    Risk Assessment and Opportunities Appraisal

3.1.   Risk management is part of the overall internal control arrangements and contributes to the Council's strong governance.

3.2.   The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and the Accounts and Audit Regulations 2011.

3.3.   There are no environmental consequences of this proposal and consultation has been used to inform the Annual Governance Statement by seeking assurances from senior officers as to the effectiveness of internal controls.

## 4.    Financial Implications

4.1.    There are no financial implications in respect of the Statement, these may arise when implementing future improvement activities and will be reported separately.

## 5.    Background

5.1    Shropshire Council is required to prepare an Annual Governance Statement (AGS).  The requirement was introduced in the Good Governance Framework introduced by CIPFA/SOLACE in 2007, supported by the Delivering good Governance in Local Government: Framework Addendum 2012, and is a statutory requirement set out in Regulation 4(3) of the Accounts and Audit Regulations 2011.

5.2    The CIPFA/SOLACE governance framework clearly sets out the fundamental principles of corporate governance.  The framework is a discretionary code but the Council is judged against it as part of best practice.  The framework outlines six core principles of good governance focusing on the systems and processes for the direction and control of the organisation and its activities through which it accounts to, engages with and leads the community.

5.3    The framework emphasises that good governance should be corporately owned. The degree to which the Council follows these principles should be declared in its Annual Governance Statement.  The purpose of the Annual Governance Statement is to provide assurance that the Council has sound governance arrangements in place that are supported by effective systems of internal control.

5.4    The six core principles referred to in the framework defining the principles of good governance are:

   i)    Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

   ii)    Members and officers working together to achieve a common purpose with clearly defined functions and roles.

   iii)    Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

   iv)    Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

   v)    Developing the capacity and capability of members and officers to be effective.

   vi)    Engaging with local people and other stakeholders to ensure robust public accountability.

5.5    In line with best practice the Council's existing Code of Corporate Governance has been reviewed and compliance assessed in light of the guidance issued.

5.6     In compiling the Annual Governance Statement the guidance identifies it should include the following information:

   i) Scope of Responsibility.

   ii) The purpose of the governance framework.

   iii) A description of the governance framework and the key elements of the systems and processes that comprise the authority's governance arrangements.

   iv) Review of effectiveness.

   v) Significant governance issues including an outline of the actions taken, or proposed, to deal with any significant governance issues identified.

5.7     The Annual Governance Statement is a key corporate document with the Head of Paid Service and the Leader having joint responsibility as signatories for its accuracy and completeness.  It is also important that all other senior officers provide assurances to the process.  The preparation of the Annual Governance Statement will be overseen and approved by senior management as a corporate document which is owned by all senior officers and Members.

5.8     In compiling the Annual Governance Statement assurance a review of the effectiveness of the Council's systems of internal controls, as required by the Accounts and Audit Regulations 2011 4(2), is conducted and information is obtained from a range of sources so that the signatories to the Statement can assure themselves that it reflects the governance framework for which they are responsible.  **Annex A** of the Annual Governance Statement Framework 2012/13, clearly identifies the areas from which assurance and supporting evidence has been obtained to support the Annual Governance Statement and therefore demonstrates the effectiveness of the Council's systems of internal control and further key assurances are provided from:

   i) The Head of the Paid Service.

   ii) The directors and senior management.

   iii) The Head of Finance, Assurance and Governance, Section 151 Officer and Responsible Financial Officer.

   iv) The Head of Legal and Democratic Services, Monitoring Officer.

   v) The Audit Service Manager.

   vi) Performance and risk management officers and

   vii) External Audit and other review agencies.

5.9     Where any significant governance issues are identified within the assurances received these must be identified in the Annual Governance Statement.

5.10    The Annual Governance Statement is a key document which identifies the strong systems and processes the Council has in place contributing to our

continuing high standards or corporate governance.  A copy of the Statement is attached as **Appendix A**.

5.11    The Council has identified the following significant governance issues.

The main challenge facing the Council is the delivery of services to acceptable standards whilst achieving budget savings of £24m in 2013/14 with initial estimates of £80m of savings required over the next three years whilst retaining adequate balances.  To ensure we deliver this we will:

• Review the Council's priorities following the elections to ensure we have a clear Council plan/ vision linked to the Medium Term Financial Strategy to achieve the necessary savings from 2014/15 to 2016/17.

• Implement a new approach to business planning based on delivering the new council priorities based on a bid for investment, assuming a zero base

• Improve the general reserve to a prudent level as the Council moves into new funding mechanisms with increased levels of uncertainty and risk over future funding reductions.

• Ensure that the staffing resources, given the changing shape of the council, remain skilled, knowledgeable and appropriate to deliver the Council's vision.

• Improve the delivery of our key transactional services in the areas of Human Resources, Finance and ICT to maximise efficiencies and effectiveness.

• Deliver outcomes based on demand to deliver value for money through commissioning especially in the areas of:
    i)   Local commissioning
    ii)  Children's services
    iii) Adult services and
    iv)  Ip&e and other delivery models

• Ensure robust business cases for any project involving new delivery models are properly constructed, widely consulted upon and professionally scrutinised to ensure they meet the requirements of the Medium Term Financial Strategy and are financially viable before any implementation decision.

5.12    The associated risks have been identified, remain under close review and will be continually managed throughout the year given how key they are to ensuring the continued delivery of our high quality services.

5.13    Action plans and programmes of monitoring and evaluation are in place and are regularly updated to support both of these issues over the current and future years.  An overall outcome report will be made to the Audit Committee at the end of the year.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

➢ CIPFA/SOLACE - Publication - Delivering good governance in local government. Guidance note for English Authorities and Framework.

➢ CIPFA: Delivering Good Governance in Local Government: Framework Addendum 2012

➢ Accounts and Audit Regulations 2011.

➢ Application Note to Delivering Good Governance in Local Government: A Framework CIPFA/SOLACE (March 2010)

**Cabinet Member (Portfolio Holder)**

Keith Barrow, Leader of the Council and Brian Williams, Chairman of Audit Committee.

**Local Member**  N/A

**Appendices**  Appendix A - Annual Governance Statement 2012/13

**SHROPSHIRE COUNCIL**
**ANNUAL GOVERNANCE STATEMENT**
**2012/13**

**Standards of Governance**
2.  The Council expects all of its members, officers and contractors to adhere to the highest standards of public service with particular reference to the formally adopted Codes of Conduct, the Constitution and policies of the Council as well as the applicable statutory requirements.  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 Council's Code is on our website at http://www.shropshire.gov.uk/democracy.nsf/viewAttachments/MJOS-968CWR/$file/05-part-5-codes-and-protocols.pdf

3.  This statement explains how the authority has complied with the code and also meets the requirements of Accounts and Audit Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

**Scope of Responsibility**
4.  Shropshire 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.  Shropshire 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.

5.  In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of the Council's functions, which includes arrangements for the management of risk.

6.  The Council continues to review its arrangements against best practice and implement changes to improve overall governance arrangements.

**The Purpose of the Governance Framework**
7.  The governance framework comprises the systems and processes, culture and values, by which the authority is directed and controlled 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 services and value for money.

8.  The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level.  It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Shropshire Council's policies, aims and objectives,

to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically.

9. The governance framework accords with proper practice and has been in place at Shropshire Council for the year ended 31<sup>st</sup> March 2013 up to the date of approval of the Statement of Accounts.

**The Governance Framework**

10. Shropshire Council's Governance Framework encompasses all systems, processes and procedures covering a wide range of services to the public. The Council's Constitution provides the framework for its decision making processes and sets out the detailed procedures, protocols and codes by which members and officers operate to achieve service delivery and achievement of the Council's key priorities. **Annex A** identifies the process which leads to the preparation of the Annual Governance Statement being signed off and published with the Statement of Accounts.

11. Under the Constitution the Leader and Cabinet form the decision-making Executive. Their decisions must be in line with the Council's objectives and are subject to examination by a number of overview and scrutiny committees.

12. The Senior Management are responsible for overseeing and monitoring the control environment. These officers have overall responsibility for the risks and should routinely monitor and review the related controls as an integrated part of the risk management process. This key management responsibility is supported by the designated roles of the three statutory officers; the Head of Paid Service (Chief Executive), the Chief Financial Officer (Head of Finance Governance and Assurance) and the Monitoring Officer (Head of Legal and Democratic Services), plus Internal and External Audit and other external review agencies, such as Ofsted, Care Quality Commission etc.

13. The key elements of the governance framework within Shropshire Council can be sub-divided into the following areas, as detailed below:

**Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users**

14. The Shropshire Council Plan 2011 – 2013, approved in 2011, clearly sets out the role and purpose of the council and our plans to deliver services, to the vision and priorities of Shropshire's longer term Community Strategy.

15. The plan describes how the council focuses its activities on what matters most to Shropshire people, to create:
   • Flourishing Shropshire communities.
   • Economic growth and prosperity.
   • Greater public confidence.
   • Better health and wellbeing.
   • Better educational attainment and work places skills.
   • Service transformation and organisational development.
   The Shropshire Council Plan is in an electronic format and is interactive. It is updated throughout the year, showing real examples of what the council is doing across Shropshire. Following the Unitary elections in May 2013, the plan

will be revisited and refreshed to reflect the intentions and priorities of the new administration.

16. The Council's Financial Strategy 2012/13 -2021/22 was agreed by full Council on the 23rd February 2012.  This set out the Council's savings proposals for 2012/13 and 2013/14.  Throughout 2012/13, as more information became available, savings proposals required for 2013/14 were updated.  In particular the Strategy was reviewed for the implications of the Resource Review and new funding regime for local authorities- Business Rates Retention.  As the achievement of savings in 2012/13 was monitored so the risk around the achievement of further savings in 2013/14 was reviewed.   This led to the reallocation of £5.8m of 2013/14 savings previously agreed by Council in February 2012 and additional savings of £3.m giving a revised savings total for 2013/14 of £23.9m.The final Financial Strategy for 2013/14- 2022/23 was approved by Council on 28 February 2013.

17. The Council recognises the importance of communicating its vision and uses a number of channels to this effect.
    - Our website www.shropshire.gov.uk (receiving approximately one million unique visitors a year) can help residents understand the Council's vision and purpose and access services on a day to day level.
    - The Shropshire Newsroom (www.shropshirenewsroom.com) hosts all the latest Council news stories with podcasts videos and photographs available from our Flickr account.
    - We work with colleagues in the local, regional and national media to compliment Shropshire Newsroom and ensure people can access information about the Council.
    - We work with all service areas to ensure that they are reaching and targeting the key customers, stakeholders and partners in the most appropriate way.
    - We use social media, Twitter and Facebook, as a further method of disseminating our information and listening to feedback on a number of issues.
    - We provide performance information for local areas detailing how the Council is delivering its vision.
    - We aim for a consistent approach to communication across the Council, reaching and targeting the key customers, stakeholders and partners in the most appropriate way.

**Reviewing the authority's vision and its implications for the authority's governance arrangements**
18. Planning for the future is vitally important to the Council, particularly given the level of uncertainty and speed of change it will face over the next few years.  In December 2012 the new Chief Executive advised members and officers that he had been working with the Leader of the Council and Cabinet on how to deliver the future vision of the Council.  The vision of the Council is to become a commissioning council and the purpose over the next two years is 'To deliver value for money for Shropshire people by commissioning outcomes, based on need, working with local elected Members'.  The priorities are:
    - Keeping children safe.
    - Looking after vulnerable people.
    - A high quality education.

- Economic Growth.

These priorities will be reaffirmed with the Leader of the Council and Cabinet and used to develop a revised Council Plan for 2013 and beyond

19. The Local Code of Corporate Governance is reviewed annually and reported to Audit Committee.

20. Information governance is a strategic risk for the Council. The Corporate Head of Legal and Democratic Services is the Senior Information Risk Owner (SIRO) and the Information Governance Group considers and reviews risk assessments on the use of personal information on an on-going basis. Risk assessments are updated to reflect system and service changes.

21. In relation to information governance all employees handling personal data are required to complete on line learning.

**Translating the vision into objectives for the authority and its partnerships**

22. Work will be completed with the Cabinet in the new Council to define these priorities and this work will be used to underpin the Council's development as a Commissioning Council and the roll-out of developing Business Plans as Service Plans.

23. Work will continue to translate these priorities into outcomes that can be communicated and understood by the community. The opportunity presented by locality commissioning to use the vision to shape what practically happens in communities will be explored by the council and where possible with partners.

**Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money**

Reports present the Council's Organisational Health scorecard which consists of key performance measures, progress with transformation priorities, strategic risks, and information on staffing and financial information. Monthly performance reports are by exception and forwarded to the Council's Senior Management and the Performance and Finance Cabinet Sub-group. Quarterly reports are fuller, publicly available and reported to the Council's Senior Management, the Performance and Finance Sub-Group, Cabinet and Performance and Strategy Scrutiny Committee. Performance and Finance information is from the corresponding periods, and all information within the Organisational Health scorecard are commonly reported within three to four weeks of the end of each reporting period. These arrangements will be reviewed to ensure alignment with new Council priorities following the election.

24. Areas where reported performance raises concerns are set out in more detail in the quarterly reports and monitored through the monthly exception reports. The reasons for concerns being raised and corresponding solutions are considered by the Cabinet Sub-group. Cabinet may refer issues of continuing concern to scrutiny for review.

25. Specific service areas seek customer feedback both through systematic processes, and through annual surveys, for example the Adult Social Care Survey continues to engage with service users. The results help us to

understand and evidence what has been achieved for local people, supporting local service and enabling people to make better choices about care.  An example of which is where the Council consulted on the allocations of sites for residential and industrial use across the county, involving residents, town and parish councils, businesses and the voluntary sector in shaping the future of their communities.

26.    In addition, a survey targeting carers has been carried out for the first time.  The results will tell us what is working well and where improvements can be made and to ensure our resources are being used to their full potential.

27.    The Council also works with service users, enabling them to participate in the design and planning of services within the Council's objectives whilst achieving value for money. An example is Partnership Boards which are in place for people with learning and physical disabilities and family carers. The Boards receive information on service performance and provide the forum for service user representatives to feedback on the services they receive.

28.    Council receive annual Portfolio Holder Statements including areas of achievement and areas for improvement.

29.    Further initiatives in relation to procurement activities have continued to deliver significant savings through tendering processes, negotiations, improved practices and innovation. The Procurement and Commissioning Group have looked to strengthen their Category and Contract Management work and Supplier Relationship Management. The Group has also continued to strengthen links with the VCS, Local Procurement Group (COGS), The Regional Social Value Group and The Regional Improvement and Efficiency Partnership.  Work has also continued for and with other Local Authorities to undertake collaborative procurement activity.

30.    The Council continues to benchmark its services to assist in identifying areas for review and to ensure that as many performance indicators as possible are performing to the standards that the Council sets. Benchmarking services used include:
- Society of County Treasurers (SCT)
- Association for Public Service excellence (APSE)
- Chartered Institute of Public Finance Accountants (CIPFA).
- Association of Local Authority Risk Managers (ALARM).
- Housemark, Landlord Services for Housing.
Plus the development of a baseline report is used to identify gaps in comparative data and look for opportunities to work with other authorities and organisations that provide the same or similar services.

31.    The Council had a savings target of £19.8m to achieve in 2012/13 and has monitored the achievement of this target throughout the financial year. Management action has been taken where required to ensure that alternative one off savings are utilised where savings plans are delayed.  Management action has included improving discipline around budget management and increased control around commitment of new expenditure.   The estimated outturn for 2012/13 is a £284k overspends, with spending pressures in services such as Assessment and Eligibility managed within year.

32. In their Annual Audit Letter the Audit Commission identified that, "for 2011/12 the Council's revised net revenue budget was £224.9 million and the actual spend was £2.7 million less than budgeted. This was mainly because the Council introduced additional budgetary control procedures and spending controls in response to a significant potential overspend identified during 2011/12. The better than anticipated outturn was noticeable in areas such as Safeguarding, Learning & Skills and corporate budgets.

33. The Council has identified that the main area of overspend in 2012/13 is in Assessment and Eligibility where there is a forecast outturn overspend of £5.2 million for the year. New overspend pressures have been identified within Shared Services and Facilities Management but there are also expected compensatory underspends within Care & Wellbeing, Learning & Skills and Finance & Commerce . Overall, the 2012/13 projected outturn is currently estimated to show overspend of £1.0 million.

34. The Council's current reserves policy is to maintain general fund balances of between 0.5 per cent and 2 per cent of the gross revenue budget. At the end of period eleven of 2012/13, the General Fund balance is expected to be £6.1 million at 31 March 2013 (£7.6 million at 31 March 2012), which is £0.5 million below the desired balance. A further net contribution of £5.6 million is anticipated during 2013/14 to increase balances. Improving your reserve levels is important as the authority moves into new funding mechanisms with increased levels of uncertainty and risk.

35. It is therefore important that action is taken to mitigate any potential overspends in 2012/13 and your management have introduced measures to mitigate the risk of endangering the medium term financial stability of the Council. This is a significant challenge for the Council and it is one which could threaten the achievement of planned savings in future years. This is a difficult position and it is important that Members continue to closely monitor progress, not only on performance against savings targets, but also on the medium term financial stability of the Council. I have made a recommendation to this effect in my Annual Governance Report to your Audit Committee. This has been agreed and will be followed up through that forum."

36. The Audit Commission issued unqualified opinions on the Council's financial statements and those of the Pension Fund on 30 September 2012. An unqualified opinion for value for money was issued after assessing the Council's arrangements to achieve economy, efficiency and effectiveness in use of money, time and people against specified criteria.

**Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements**

37. Shropshire Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. More detailed procedures and codes of practice are provided in rules and protocols contained in the Constitution.

38. Within the Constitution, Article 13 sets out the responsibilities and procedures for decision making. These are designed to ensure that all decisions will be made in accordance with the following principles:

- Proportionality (i.e. the action must be proportionate to the desired outcome).
- Due consultation and the taking of professional advice from officers.
- Respect for human rights.
- A presumption in favour of openness.
- Clarity of aims and desired outcomes.
- Consideration of alternative options.
- Recording reasons for the decision, including details of any alternative options considered and rejected and
- That in relation to decisions of the Cabinet that these are lawful and consistent with the powers delegated by the Council.

39. The Cabinet is the Council's key decision making body and makes decisions within the policy framework approved by Full Council. It is made up of the Leader, and up to nine councillors. Key decisions are published in the Executives' Forward Plan and are discussed with council officers at a meeting of the Cabinet which will normally be open for the public to attend, except where confidential matters are being discussed. The Cabinet must make decisions which are in line with the Council's overall policies and budget. If it wishes to make a decision which is outside the budget or policy framework, this must be referred to the Council as a whole to decide.

40. There are five Scrutiny Committees that support the work of Council as a whole. They allow citizens to have a greater say in Council matters by holding public inquiries into matters of local concern. These lead to reports and recommendations which advise the Cabinet and the Council as a whole on its policies, budget and service delivery. Scrutiny Committees also monitor the decisions of the Cabinet. They can 'call-in' a decision which enables them to consider whether the decision is appropriate and may recommend that the Cabinet reconsider the decision. They may also be consulted by the Cabinet or the Council on forthcoming decisions and the development of policy. The council's arrangements for effective scrutiny will be reviewed during 2013 and revised in light of the new priorities and cabinet portfolio arrangements. The statutory Scrutiny Officer role has been reviewed and now sits with a post reporting to the Head of Strategy, Research and Performance.

**Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

41. The Constitution includes Codes of Conduct for both Members and Staff.

42. The Standards Committee monitored and reviewed the operation of the Codes and Protocols to ensure that the aims and principles of the Constitution are given full effect; this committee was abolished from the 30th June 2012.

43. All officers have a responsibility to ensure compliance with established policies, procedures, laws and regulations. Training and awareness sessions are provided for officers as necessary and appropriate induction sessions are arranged for all new staff.

44.  Monitoring of compliance is delivered by relevant key officers, including the Section 151 Officer (Head of Finance, Governance and Assurance) and the Monitoring Officer (Head of Legal and Democratic Services).

**Reviewing the effectiveness of the Council's decision making framework, including delegation arrangements, decision making in partnerships and robustness of data quality.**

45.  Financial Rules, Contract Rules, Policies and Procedures, Codes of Conduct, Financial Manuals and Guidance are all in place and available to staff in paper and electronic formats.  A number have been, and continue to be, reviewed in relation to the new operating model for the Council. Codes and protocols forming part of the Constitution are reviewed on a regular basis or in the light of significant change.

46.  The Monitoring Officer (Head of Legal and Democratic Services) is responsible for making recommendations for ways in which the Constitution can be amended or improved.  Changes to the Constitution must be approved by full Council, subject to the Head of Legal and Democratic Services making routine revisions and replacing references to any repealed or amended legislation, or secondary legislation with current references.

47.  In addition to the above, in order to allow the Council to make the many decisions that are required on a daily basis, responsibilities for certain decisions are delegated to Senior Officers which are identified in Section 8 of the Constitution "Delegations to Officers".

**Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability**

48.  There is an established Opportunity Risk Management Strategy in place supported by a Risk Management Team and led by the Head of Finance, Governance and Assurance, Lead Officer Advocate and the Lead Chair of Scrutiny, Lead Member Advocate, who have a key role in raising the profile of risk management across all areas of service.  The Strategy is signed and endorsed by the Head of the Paid Service, the Leader of the Council and the Lead Member Advocate.

49.  The strategic risks for Shropshire Council have been identified and action plans have been put in place to ensure the risks are mitigated as far as possible to ensure minimal impact on delivering the Council's objectives.

**Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained**

50.  The Council is self-regulating in respect of Counter Fraud.  It undertakes a self-assessment, identifies its risks and understands them.  It acknowledges the problems and puts in place plans which can demonstrate that it is taking action with visible outcomes.  It is transparent about this process and the results and reports to both the senior managers and to those charged with governance.

**Ensuring effective management of change and transformation**

51.  Further to a senior management spending review the Transformation Programme undertook a review early in 2012/13.  This resulted in the refinement of the programme with an increased focus on delivering financial

savings as well as improved outcomes. The Programme was monitored on a monthly basis via the People and Places Transformation Programme Boards, and quarterly in the Council's performance report with support from the Programme Management Office.

52. The Council continued to explore new ways of working across all areas throughout the year, notably within social care, building on the success of the People2People social work practice pilot, but also with the roll-out of mobile and flexible working (Project Evolve), and the development of New Delivery Vehicle, including the successful launch of the STAR Housing ALMO in April 2013. The Council also launched a Shared Service Centre on 1 April 2012, delivering a £2m annual saving, and work is currently being undertaken to further consolidate and enable this service with a view to becoming more efficient.

**Ensuring the authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact**

53. Whilst the Section 151 Officer does not report directly to the Head of the Paid Service the officer is a member of Senior Management and the arrangement does not stop the officer delivering their duties with the same impact as they would if reporting directly to the Head of the Paid Service. The financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). Systems operating within Shropshire Council are based upon a framework of regular management information and financial reporting to councillors and officers. The financial management system includes:
   - The Section 151 Officer having direct access to the Head of the Paid Service, senior management and members on financial matters
   - A strong culture amongst our directors, area commissioners, heads of service, service managers and service management teams of being responsible for financial management. Our managers work very hard to get the best service for their clients from the available resources.
   - A detailed medium term financial planning process.
   - Identification of high risk budgets for more detailed monitoring.
   - Detailed capital appraisal process which feeds into a five year capital strategy.
   - Regular financial monitoring reports to managers indicating projected financial performance against budgets.
   - Regular revenue budget monitoring reports to Cabinet.
   - Regular capital budget monitoring reports to Cabinet.
   - Specific exception reports in respect of capital and revenue issues to the Performance and Finance sub group.
   - Officer delegated decisions in accordance with approved delegations, codes and policies, for example Treasury Management.
   - Highly effective Internal Audit conforming to CIPFA's Code of Practice for Internal Audit in Local Government and The Role of the Head of Internal Audit..
   - Effective working relationships with the Audit Commission.

**Ensuring the authority's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not explain why and how they deliver the same impact**

54. The system of internal financial control is subject to regular review by both the Council's Internal and External Auditors who adhere to professional standards.

55. Line managed by the Section 151 Officer, the Audit Service Manager has open engagement with and full access across senior management and Audit Committee.

56. Whilst the Audit Service Manager pulls together the Annual Governance Statement it is completed with the full engagement of senior management and key officers alongside the collation of data from all areas of the council's activities.

**Ensuring effective arrangements are in place for the discharge of the monitoring officer function**

57. The Monitoring Officer function is set out in the constitution and there have been no changes in the delivery of the role.

**Ensuring that effective arrangements are in place for the discharge of the head of the paid service function**

58. The Head of Paid Service function is set out in the constitution. The role has been allocated to three different posts this year, as a result of vacancies and structural changes, but now resides with the Chief Executive.

**Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committee – Practical Guidance for Local Authorities**

59. The Council has in place an effective Audit Committee who is seen as a key part of providing assurance on the Council's overall system of internal control and corporate governance arrangements. They undertake the core functions of an audit committee as identified in CIPFA's Audit Committee – Practical Guide for Local Authorities and have a full work programme. They monitor the work of both internal and external audit and receive a range of other reports for scrutiny. An on-going training programme has been put in place for all Audit Committee members to ensure they have the appropriate skills and knowledge to scrutinise and challenge the reports they receive. They also consider the annual report on the review of the effectiveness of the Council's system of internal audit.

**Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

60. The Head of Legal and Democratic Services and her team have a key role in ensuring compliance with the Constitution and issuing advice and guidance on new legal developments and compliance with current legislation. The Unit is Lexcel accredited and has Legal Officers who specialise in specific areas of Council activity, for example Education, Social Care and Health, etc.

61. Officers in Legal and Democratic Services have a key role to play in helping to ensure that the principles enshrined in the Constitution (sustainable decision-

making, robust scrutiny, the rules of natural justice, standards of conduct, efficiency, transparency and high standards of corporate governance) are delivered in practice through the Council's administrative process.

62. The Head of Finance, Governance and Assurance also has a responsibility to highlight any proposal, decision or course of action which will involve any unlawful expenditure. The External Auditors also conducts an external audit of the Council's accounts.

**Whistleblowing and receiving and investigating complaints from the public**

63. Whistleblowing arrangements are in place and any irregularities identified will be investigated by Internal Audit or the appropriate officers within the Services. Guidance on 'Speaking up about Wrongdoing' which incorporates whistle blowing has previously been re-distributed to staff, members and contractors in leaflets. Both a public and an employee policy were recreated in July 2012 and are available on the internet and intranet. Details are also contained in employee handbooks and induction packs and the constitution.

64. All staff and members have been asked to complete on-line fraud awareness training and integral to this training, is advice on how to raise concerns through the whistle blowing channel.

65. Standards Committee have been responsible for the monitoring and overview of the "Speaking up about Wrongdoing Policy", this has now transferred to Audit Committee who will receive the annual report.

66. The Internet has a dedicated site to inform the public of how to report suspected fraud issues and to raise awareness of how they too can avoid being a victim of fraud, corruption or bribery. A specific policy for Housing tenancy whistle blowing was also released in 2012.

**Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

67. Member development is delivered through a Community Leadership & Development Framework of blended learning, structured enough to ensure good planning and flexible enough to remain dynamic. Focused on six themes as follows:
    - **Induction programme** for members of Shropshire Council.
    - **Focused Local Learning**: that which is required to meet the needs of the Government's 'Localism' agenda and Shropshire Council's aim to be a Commissioning Council, in terms of Community Leadership and developing resilient communities to do more for themselves. This includes defining the community leadership role and a skill framework of how to do it well.
    - **Essential training**: which includes - safeguarding for both children and adults, code of conduct, recognising the corporate parent responsibility and single equality act awareness.
    - **A programme of briefings information & support** to help members fulfil their role safely and effectively, for example the Health Reforms, regulatory committee work, new ways of organisational working.

- **Specific individual development needs -** assessed through development conversations between and with members' such as public speaking, dealing with difficult situations, speed reading.
- **Making a difference through overview and scrutiny-** development through task and finish groups.

68. Senior officers' development priorities are identified via the Council's performance review system. A core skills development framework for all managers and staff was launched in 2011 and continues to be developed. The core skills framework consists of ten themes; each theme has a senior manager sponsor and an owner to develop learning materials. Different learning methods such as workshops, on line learning, coaching and mentoring are used to deliver the core skills framework.

69. In 2012/13 measuring objectives workshops have been delivered for managers to support them in conducting the annual performance review. A commercial awareness programme has been introduced for managers; this includes service solutions, marketing, financial planning, risk, operational effectiveness project management and people management. CareFirst training continues to be delivered for Social Care employees.

70. A new basic safeguarding awareness programme has been launched and is offered to all staff. Health and Safety training including Display Screen Equipment Users continues to be available via the core skills development framework. Support for a new Shared Service includes the introduction of a high performance team programme, for teams this has included customer focus and continuous improvement with a particular emphasis on front line employees and call handling.

**Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

71. Twenty eight Local Joint Committees (LJC's) meets formally at least twice a year across the county, with the opportunity for extra informal meetings where local people and issues require. They are made up of Shropshire Councillors and town and parish councillors, all with an equal vote. The committees work with local people and organisations, involving them in decision making and holding public service providers to account. The committees strengthen the role of the existing town and parish councils and improve the quality of parish delivery and help to promote parish planning.

72. Each local committee has a delegated budget calculated on, 'a per' head of population together with a sparsity factor to acknowledge the rurality of the county. Financial procedures are in place with local decisions on priorities determined by the Committee Members.

73. The Peoples' Panel regularly consults with a range of local residents from mixed demographics on strategic decisions and service developments. Regular examples include consulting on Shropshire Partnership Priorities, proposals for our Council Tax Scheme, social media, and other priorities that either they, or the council have identified. Throughout 2013, this group is being expanded to

include a Young People's Panel, focussing on the needs and opinions of the younger members of the Shropshire community.

74. In addition to the above there are a number of other ways in which the Council seeks views and consults with various groups such as:
   - Speaking Out Group: A group of 15-20 young people aged 11 to 18 giving young people a voice in the work of Shropshire Council.
   - Forums: such as the Shropshire Partnerships Equalities Forum, Senior Citizens.
   - Taking Part: A group of adults with learning disabilities, supported by advocates that gives adults with learning disabilities the opportunity to influence service provision and development.
   - Youth Parliament: Local Democracy Week is held each October which encourages young people throughout the county to stand for election as a Member of Youth Parliament (MYP). Elections are held annually in January. Voting takes place in schools, colleges and community venues. All young people aged 13-19 are entitled to vote. The role of the MYP is to represent the views of young people in Shropshire. Each January young people vote on their top issues, the two most popular issues then form the basis for the MYP manifesto for the year. The MYP's also choose a regional issue to support. In addition they represent young people on a range of groups, such as the Leadership Board, attend meetings with lead officers and attend monthly meetings with the Young People's Speaking Out Group.

**Enhancing the accountability for service delivery and the effectiveness of other public service providers.**

**Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements**.

75. The Council's governance arrangements in respect of partnerships and other group working are identified within the Constitution, Financial Rules and Corporate Performance Management Framework.

76. The Council's work in partnership and with other groups utilises aspects of the governance framework already in place, such as performance, risk and financial management processes.

77. In preparation for the transfer of a number of public health services in April 2013 the Council has worked jointly on a Shropshire Public Health Joint Transition Group with the local Primary Care Trust to facilitate the project.

78. The Shropshire Compact is a set of shared principles and guidelines for effective partnership working between Shropshire Council and the Voluntary and Community Sector (VCS). It acts as guidance to ensure that the Council and the VCS understand responsibilities and obligations and work towards best practice in partnership arrangements. A Compact Implementation Group leads compact work for the County and links to a Compact Champions Network and sub groups focusing on disputes and resolution, training, communications, funding and commissioning. The Shropshire Compact is regularly quoted as an

example of best practice by the national body: Compact Voice. 2013 will see a review of the Shropshire Compact and an extension to include other public sector partners.

79. The Shropshire Voluntary and Community Sector Assembly is well established as the voice of the VCS in Shropshire. The Assembly has over 300 members with a Board and 15 forums of interest: groups of organisations with a common interest; for example heritage, disability, health and social care, arts and housing. The Assembly undertakes regular communication activity to involve its members in events, tender opportunities, consultations and to promote funding opportunities. A current area of focus for the VCS Assembly is Welfare Reform.

80. The VCS Assembly has been working with Shropshire Council through a VCS Joint Task Group (and its sub groups) to develop new policies and guidance documents designed to establish a common vision and set out new partnership approaches and expectations. Achievements include the development of a commissioning strategy and guidance, new web pages and processes for the Community Right to Bid and Community Right to Challenge, new policies for Community Asset Transfer and a draft Accommodation Protocol.

81. A grant awarded to the VCS Assembly allowed three projects to be completed.
   - The development of Shropshire Providers Consortium. A Community Interest Company established to facilitate joint bidding for public sector contracts and funding opportunities. Membership is open to any member of the Shropshire VCS Assembly and support is offered to fulfil the membership requirements
   - Support for the VCS Assembly's Forums of Interest to enable greater collaboration within the VCS and to encourage partnership working between sectors. Events, training, communication and other forms of support have been made widely available.
   - Extending partnerships between Shropshire's voluntary and community sector groups and organisations and private businesses located in Shropshire. A wide range of activity has been put in place including mentoring and shadowing. All activity has been designed with the aim of building relationships between the private sector and VCS and generating a greater understanding across sectors.

82. Inspiring Partnerships and Enterprise (ip&e), has been established as a new trading company owned by Shropshire Council. It will provide public services on the council's behalf. It will also be able to trade with other organisations, and the council will reinvest profit from trading into service provision. The Chairman for ip&e was the elected Leader of the Council. The Chairman is supported by a Board of Directors, appointed by the council's Cabinet in its role as company shareholder representatives. The roles of elected councillors in ip&e are dictated by office. In 2012/13, whoever holds the position of Leader of the Council will automatically hold the position of Director of ip&e. The Cabinet appoints ip&e's managing director. The company is fully owned by Shropshire council. The council's Cabinet acts as shareholder on behalf of the people of Shropshire and ip&e will have a contract with the council to provide services. This contract will set out what is expected of each party, including the funds that the council will provide to ip&e to deliver services. The company and the council will agree a business plan each year to ensure that the company is

fulfilling its responsibilities under its contract with the council.  ip&e will seek to establish partnerships with public, private, community and voluntary organisations. A key aspect of ip&e's operations will be a bigger role for communities in the way services are delivered in their areas.

83.   During 2012/13 work has enabled the establishment of a housing arm's length organisation, ST&RH from April 2013.  The company has agreed governance procedures in place and has considered its, opportunities, risks and their mitigation in its establishment.  A management agreement is in place between the Council and ST&RH and a new Housing Governance Board established to oversee the developing relationship, on-going performance and contract compliance.

**Review of Effectiveness**

84.   Shropshire 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 of the governance arrangements is informed by the work of the directors and senior management within the authority who have responsibility for the development and the maintenance of the governance environment, the Audit Service Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

85.   All directors, area commissioners and senior managers have confirmed that, to their knowledge, internal control systems and governance arrangements are operating adequately in their areas and/or steps are being taken to address known areas of weakness.  In addition the Head of Paid Service, Chief Financial Officer and the Monitoring Officer all contribute to the identification of any known areas of weakness to be addressed.

86.   The Cabinet monitors the effectiveness of the internal control system via consideration of regular performance and financial information reports from the senior management.  Cabinet members receive regular feedback from senior officers within their portfolios on the progress of objectives and the management of risks linked to these objectives.  Each portfolio holder produces an annual report to Council on the performance in their area.

87.   Scrutiny Committees have a role in the review of policies and their outcomes, development of new policies and in the performance of services.  Scrutiny chairs produce an annual report on the work of their panels. The Lead Chair of Scrutiny is the Risk Management Lead Member Advocate.  These arrangements may change to complement the new executive arrangements following the election in 2013.

88.   The Internal Audit Service continually works with managers in assessing the control environment and enhancing controls where necessary.  There is in place a risk based strategic internal audit plan which examines all key financial and managerial systems, endorsed by the Audit Committee.  Internal Audit's objectives include:
   * Independently reviewing and appraising systems of control throughout the Authority.

- Recommending improvements in systems procedures, controls, and productivity in achieving the corporate aims and objectives.
- Working in partnership with our External Auditors ensuring effective audit cover and optimising available audit resources.
- Working within the Authority's Counter Fraud, Bribery and Anti-Corruption Strategy and undertaking fraud and irregularity investigations as necessary.

89. On the basis of the work undertaken and management responses received; the Audit Service Manager has qualified her overall opinion on the Council's internal control environment due to the increase in terms of numbers and negative direction of travel of the internal audit assurances provided on the principle financial systems. The issues identified are sufficient to warrant qualifying the annual audit opinion to the extent that management must prioritise implementing their positive responses to address the matters raised. Whilst identifying these control weaknesses and highlighting them to management, there has been no evidence of significant material errors that could result in a material misstatement in the Authority's accounts and reliance can still be placed upon them for that purpose. These issues are reflected in this Statement as a specific action for improvement and plans have already been adopted to manage the outstanding concerns; initial steps including changes to reporting lines and additional technical expertise and resources being deployed.

90. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee who supports the Audit Service Manager, that these issues are sufficient to warrant qualifying the annual audit opinion to the extent that management must prioritise implementing their plans to address the issues identified.

91. We also have been advised on the results of a review from Management Team that the arrangements generally continue to be regarded as fit for purpose in accordance with the governance framework. Where there are exceptions, for example the principle financial systems that have received limited Internal Audit assurance opinions, as part of an on-going process of service improvement agreed recommendations are managed, monitored and reported upon. Where services have been identified as having fundamental or significant risks in the management controls, these are prioritised within the service area for mitigation. The resulting action plans are prioritised and implementation progress reported to the Head of Programme Management, Systems and Transition who in turn reports progress weekly to the Director of Resources and Support. In addition, Shared Services is undertaking a full operational business process review of all its procedures. This work is underpinning business efficiency and service redesign and incorporates the recommendations of appropriate audits. Progress on key system internal control areas is also being reported to Audit Committee. The significant areas to be addressed and activities for their management are outlined in the action plans later in this statement.

92. A peer review of adult service was undertaken in September 2012. The findings and recommendations were reported to stakeholders and members and an action plan developed. The action plan has been reviewed by Safe and Confident Communities Scrutiny committee. Further to the Peer Review an

additional external review was undertaken on commissioning and capacity within assessment and eligibility building on the recommendations from the peer review. The recommendations from this additional analysis were also included in the action plan being reviewed by scrutiny.

93.   Adult Safeguarding was considered by the Peer Review. Following the BBC panorama programme on Winterbourne View and care for adults with a learning disability in specialist provision. All learning disabled adults placed out of County have been reviewed and an update report provided to the Adult Safeguarding Board.

94.   Assessment and Eligibility and this scrutiny committee undertook a task and finish review on an element of the transformation programme for adult social care. This task and finish group focussed on re-enablement and the use of assistive technology.   A comprehensive set of recommendations were transformed into an action plan which has been subject to   regular review on a 6 monthly basis by the committee. Assessment and Eligibility also contributed to the transport task and finish review and the recommendations made in relation to transport for vulnerable adults.

95.   Ofsted undertook the unannounced safeguarding inspection in Shropshire 19th – 28th November 2012. The overall judgment was 'Adequate', meaning that Shropshire meets the requirements in terms of quality of practice, leadership and governance and effectiveness of help and protection. The strong or good elements related to timeliness of assessments, the direction of travel and the good potential for Early Help arrangements. The areas for development were largely focussed on referral and decision-making processes. All recommendations have been addressed and reported to the Safeguarding Board.

96.   Schools performance demonstrates: 68 per cent of Shropshire secondary schools judged by Ofsted to be good or outstanding; 69 per cent of pupils attending good and outstanding secondary schools; 69 per cent of Shropshire primary schools are judged to be good or outstanding and 72 per cent of Shropshire pupils attend primary schools judged to be good or outstanding. The Council is required to set out its action plan where a school is inspected and is determined by Ofsted to be in special measures. At the end of 2012/13 there were two secondary schools and seven primary schools in a category to improve. All action plans that have been forwarded to Ofsted have been approved.

97.   Shropshire's children's homes: The Rowans, Chelmaren and Havenbrook, work in partnership to provide the best outcomes possible for Shropshire's 'Looked After Children'. Ofsted judged the overall effectiveness of the three homes as 'Good', with the Quality of care provided as 'Outstanding'. The homes incorporate the authority's objectives into team action plans and development plans; along with legislation and national guidance these form the basis of the service delivery. The homes have rationalised staffing levels and developed flexible working, which has contributed cost benefits to the service. Direct quotations from the latest Ofsted inspections include: 'The quality of care is excellent because of the insight and understanding staff have about each young person's needs and why they are in care'. 'Communication is very strong

between management and staff, they ensure everyone is kept up-to date with changing circumstances and needs of each young person' and 'Monitoring and quality assurance processes are well established to support the development of the service'

98.  During 2012/13 seven children's centres were inspected out of a total of 18. Five were judged as 'Good' and one as 'Satisfactory', for both overall effectiveness and capacity to improve. We are awaiting the publication of the outcome of the latest inspection; we are expecting a provisional judgement of 'Good'.

**Significant Governance Issues**
The main challenge facing the Council is the delivery of services to acceptable standards whilst achieving budget savings of £24m in 2013/14 with initial estimates of £80m of savings required over the next three years whilst retaining adequate balances.  To ensure we deliver this we will:

| | **Action** | **Lead Officer** | **Completion date** |
|---|---|---|---|
| 1. | Review the Council's priorities following the elections to ensure we have a clear corporate Council plan/ vision linked to the Medium Term Financial Strategy to achieve the necessary savings from 2014/15 to 2016/17. | Clive Wright | September 2013 |
| 2. | Implement a new approach to business planning based on delivering the new council priorities based on a bid for investment, assuming a zero base. | Michael Hyatt | April 2014 |
| 3. | Improve the general reserve to a prudent level as the Council moves into new funding mechanisms with increased levels of uncertainty and risk over future funding reductions. | James Walton | June 2013 |
| 4. | Ensure that the staffing resources, given the changing shape of the council, remain skilled, knowledgeable and appropriate to deliver the Council's vision. | Clive Wright | April 2014 |
| 5. | Improve the delivery of our key transactional services in the areas of Human Resources, Finance and ICT to maximise efficiencies and effectiveness. | James Walton – finance Neil Langford – ICT Michele Leith – HR (Payroll) | 30th October 2014 |
| 6. | Deliver outcomes based on demand to deliver value for money through | Clive Wright | March 2014 |

| | Action | Lead Officer | Completion date |
|---|---|---|---|
| | commissioning especially in the areas of: <br> • Local commissioning <br> • Children's services <br> • Adult services and <br> • Ip&e and other delivery models | | |
| 7. | Ensure robust business cases for any project involving new delivery models are properly constructed, widely consulted upon and professionally scrutinised to ensure they meet the requirements of the Medium Term Financial Strategy and are financially viable before any implementation decision. | Nicki Beardmore | On-going as they present themselves |

99.   The associated risks have been identified, remain under close review and will be continually managed throughout the year given how key they are to ensuring the continued delivery of our high quality services.

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


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Leader                                                                        Head of Paid Service

# ANNUAL GOVERNANCE STATEMENT (AGS) FRAMEWORK 2012/13

## Governance Framework – Key Documents/Functions

- Shropshire's Community Strategy
- Communication Strategy
- Constitution
- Shropshire Council Corporate Plan
- Schedule of Council Meetings
- Service Planning Guidance
- Portfolio Holder Statements
- Business Transformation Projects
- Statement of Community Involvement Strategy
- Harassment and Bullying Policy
- ICT Strategy and Code of Practice for Employees
- Corporate Performance Management Framework
- People Strategy

- Core Values
- Council Procedure Rules
- Record of Decisions
- Partnership Guidance
- Code of Conduct for Members
- Members Induction and Training Programme
- Code of Conduct for Employees
- Officer and Member Protocols
- Opportunity Risk Management Strategy
- Register of Interests
- Confidential Reporting Policy
- Counter-Fraud, Bribery and Anti-Corruption Strategy

- Code of Corporate Governance
- Whistle Blowing (Speaking up about Wrongdoing) Policy
- Risk Registers and Control Frameworks

- Capital Appraisal Process
- Information Governance Policy
- Procurement Strategy
- Contract Rules
- Financial Rules
- Medium Term Financial Plan / Budgets
- Treasury Management Framework
- Annual Statement of Accounts
- Social Inclusion Strategy
- Scheme of Delegation
- Delegations to Officers
- Business Continuity Plan
- Health and Safety Policy

- Complaints Process
- Voluntary and Community Sector Compact
- Equalities and Diversity Policy and Action Plan

**Annual Governance Statement**

Signed by the Leader of the Council and Head of Paid Service to accompany the Statement of Accounts

Independent review and approval by Audit Committee who examine draft AGS

Authority, Directorate Policies and Service Policies, Business Plan and Risk Registers

Senior management with responsibility for drafting AGS after evaluating assurances and supporting evidence

Review of the Effectiveness of the system of Internal Audit

| Performance Management & Data Quality | Risk Management | Information Governance | Legal and Regulatory Assurance | Members' Assurance | Assurances by Directors/ Senior Officers | Other Sources of Assurance (including third-party) | Financial Management | Internal Audit | External Audit |
|---|---|---|---|---|---|---|---|---|---|
| • Embedded system<br>• Operates throughout the organisation<br>• Internal and external reviews<br>• Action orientated<br>• National/Local KPIs<br>• Periodic progress reports<br>• Corporate Performance Management Group<br>• Data Quality Strategy | • Opportunity Risk Management Strategy<br>• Embedded in planning processes and project/partnership methodologies<br>• Effectiveness evaluated<br>• Outcomes reported to Committee<br>• Training Programme | • Corporate Information Governance Policy<br>• Training Programme<br>• Outcomes reported to Committee | • Monitoring Officer's reports<br>• Sections of Committee Reports<br>• Legal Advice | • Standards Committee (abolished 30.3.12)<br>• Scrutiny Function | • Annual Management Assurance Statements<br>• Periodic Reports | • Reports by Inspectors<br>• Service Review reports<br>• Fraud Reports and Investigations<br>• Ombudsman reports<br>• Post Implementation reviews of projects<br>• Investors in People Accreditation | • Medium Term Financial Plan<br>• Revenue Budget and Capital programme<br>• Revenue and Capital Monitoring reports<br>• Treasury Management<br>• Schools Accredited under SFVS Standard<br>• Statement of Accounts<br>• Compliance with Codes of Accounting Practice<br>• Statutory returns<br>• Grant Claims | • Operates under approved Strategy and Terms of Reference<br>• Approved risk based plans<br>• Periodic and annual reports to Audit Committee, including Head of Audit's opinion<br>• CIPFA Code compliance assessment<br>• External Audit Review | • Annual Plan<br>• Annual Governance Report<br>• Annual Audit and Inspection Letter<br>• Audit Opinion and VFM conclusion<br>• Ad hoc reports |

**ON GOING ASSURANCE ON ADEQUACY AND EFFECTIVENESS OF CONTROLS OVER KEY RISK**