

## **Appendix 1 – Annual Governance Statement 2015/16**

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## **Scope of Responsibility**

Oadby & Wigston Council (the 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. 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 must make proper arrangements for the governance of its affairs and for facilitating the effective exercise of its functions including the management of risk.

The Council has previously 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'. This AGS shows how the Council has complied with the Code during 2015/16 and also meets the requirements of Regulation 4(3) of the Accounts and Audit Regulations 2011.

## **Purpose of the Governance Framework**

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It reflects activities through which the Council meets the needs of the community. It includes arrangements 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.

The system of internal control is a significant part of that framework and is designed to manage risk at a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives and therefore can only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives. Evaluation of the likelihood and potential impact of those risks being realised and how to manage them efficiently, effectively and economically are key parts of the Council's Medium Term Financial Strategy and its Corporate Plan.

This AGS confirms that the governance framework has been in place for the financial year ended 31 March 2016 and up to the date of the approval of the Statement of Accounts.

## **The Governance Framework**

### ***Current Governance Structure***

Oadby & Wigston Borough Council has retained a committee system. The majority of UK local authorities now operate using a cabinet system where a small group of members have been given the power to make the majority of decisions on behalf of their Council.

The benefits of retaining the committee system are that all members are able to sit on a range of decision making committees and every member has a vote that counts. This is the cornerstone of the Council's governance – members are not marginalised in decision making. All decisions are debated and made during open committee in full public view. Closed sessions, for instance where commercially sensitive matters need to be discussed, are kept to an absolute minimum. Only the most urgent decisions are delegated to the Chair/Vice Chair of committees, and these must be reported back to the main committee as soon as possible. In addition to the statutory committees that deal with development control and with licensing, the Council has two main committees:

- The Policy, Finance and Development Committee, which has overall responsibility for setting the long term aims of the Council and moving it forward in line with these objectives.
- The Service Delivery Committee, which has direct responsibility for the day-to-day operation of all services.

### ***Visions and Priorities***

The latest Corporate Plan was agreed by Council in February 2016 and the MTFS reflects the Plan's priorities:

#### ***Protect the Borough***

- a. The Council will resist any attempt by either the City or County Councils to impose their control over the Borough.
- b. The Council will work cooperatively and consensually with all the other Councils in Leicester and Leicestershire in order to form a Combined Authority and to seek the devolution of powers with the corresponding financial support from central government without the loss of its sovereignty.

#### ***Maintain Front Line Services***

- a. The Council is committed to free shoppers' car parking and weekly collection of waste and recycling.
- b. No major changes would ever be made to these services without consultation.

#### ***Offering Choice when Possible***

- a. The Council will offer choice whenever possible.
- b. When major decisions affecting front line services need to be considered the Council will ensure that all the options available are explained clearly and listen and respond to residents.

#### ***Save Money through Service Redesign***

- a. The Council will look at all its services and redesign those that can be improved and cheaper to run.

- b. The main focus of this redesign will be the better and wider use of ICT, Council assets and procurement.

***Involve Residents and Partners***

- a. The Council is committed to continue with the town forums and to develop other community engagements systems.
- b. The Council will work with and continue to support partner

***Economic Development***

- a. The Council recognises the need to develop both housing and the town centres.
- b. This will be done with the maximum of public involvement and at minimum cost to the green spaces in the Borough

***Greening the Borough***

- a. The Council will continue to invest in and encourage activities which result in a greener Borough
- b. The prioritising of the protection of trees will be a cornerstone of this commitment.

***Improving the Health of Residents***

- a. The Council wants to ensure residents live a full and healthy life.
- b. The Council will continue to develop its relationship with partners in order to develop and implement appropriate outcomes that attempt to achieve this.

***Value for Money***

- a. The Council will always accept any council tax freeze grant offered by the Government.
- b. The Council will endeavour to benchmark its services against the “most like” authorities to ensure transparency and demonstrate value for money.

These priorities were agreed with residents through the consultation process and the residents’ forums.

These priorities will:

- Focus and drive forward the Council’s strategic plans over the next four years
- Form the basis of the Council’s Medium Term Financial Strategy
- Provide the direction for the allocation of available resources
- Set the parameters for annual service delivery and development plans

The Council's financial plans are outlined in its Medium Term Financial Strategy – the latest update to the Strategy was agreed by Council in April 2016. The document outlines the financial objectives which the Council looks to achieve in order to meet continuing pressure on available resources. In addition, the Council has agreed its Housing Revenue Account business plan which sets out how housing services will be maintained and financed over the long term.

### ***Quality of Services***

Service plan targets and key performance indicators are set for each department within the annual service delivery and development plans. Progress against targets is monitored monthly by the management team and reported regularly to relevant committees. The Council's financial position is reported against budget to every meeting of the Policy, Finance and Development Committee. Detailed budget information is provided to budget holders each month and dedicated project teams provide financial information for large projects or capital schemes.

The Council ensures that its key priorities determine the allocation of resources to deliver its agreed activities. A robust corporate business planning programme is used to identify projects against agreed criteria, including the Council's policies, its priorities, the outcome of public consultations, demonstration of continuous improvements, and responding to legislative change.

Achievement of the Council's priorities has been monitored throughout financial year 2015/16 by the Council's Senior Management Team and reports to the relevant committees. The monitoring of delivery against agreed priorities ensures the Council's capacity to deliver projects within agreed costs, time and resources.

As part of the budget exercise, each year a critical review is carried out of existing services and budgets to ensure that resources are properly directed towards the achievement of agreed objectives and priorities. This process helps the Council to test that it continues to provide value for money services.

### ***Financial Management***

The financial elements of the Council's corporate business planning process are included in the Medium Term Financial Strategy, which has a three year planning horizon to assist in ensuring resources are available to support priorities. The Council has a good track record of financial management and internal control, but resources are necessarily limited and significant net savings year-on-year continue to be required.

The Council continues to ensure that the accounts are compliant with the Local Authority Accounting Code of Practice. Performance against budget is reported at committee meetings and managed by SMT and through the corporate business planning process. The Council ensures that the levels of reserves it holds are sustainable over the medium term. The MTFS takes account of the current economic climate and changes to funding for local government.

The Council has a Treasury Management Strategy that is reviewed each year and monitored on a regular basis. This ensures the Council has sound processes and controls over its treasury function to minimise risk exposure.

### ***Decision Making, Scrutiny and Governance***

The Council, the Policy, Finance and Development Committee and the Service Delivery Committee take decisions on service and management matters in line with terms of reference set out in the constitution. The committees meet four times each municipal year. The Policy, Finance and Development Committee undertake the role of the Audit Committee for the Council and provide continuous monitoring and scrutiny of financial management, performance, policy and action plans. Further challenge is provided by elected members through meetings with Committee Chairmen, Resident Forums and Member Workshops.

Scrutiny is provided at officer level through the work of the Council's internal audit function which is currently delivered by CW Audit Services. The annual risk based audit plan contributes to the review of the Council's key internal control systems, risk management processes and corporate governance arrangements. CW Audit supports the design and effectiveness of the governance framework. Each internal audit review is given an assurance level. The definition of each of these assurance levels is provided in the table below:

**Table – Definition of Assurance Levels**

<b>Level of Significance</b>	<b>Criteria</b>
Full	No significant risk issues identified.
Significant	Exposure to levels of risk that may only impair the effectiveness of the system or process under review.
Moderate	Exposure to levels of risk that render some elements of the system's control environment undeliverable.
Limited	Exposure to unacceptable level of risk that could have a serious impact upon the system or process under review.
No	Exposure to unacceptable levels of risk that could have a serious impact upon the organisation as a whole.

Regular meetings are held between CW Audit Services and the Chief Financial Officer (the Council's Section 151 Officer) and with the Director of Services. This ensures the high standard of internal audit support is maintained. The annual audit plan is reviewed on a frequent basis to identify any amendments needed to reflect changing priorities, emerging risks or resourcing challenges.

The Policy, Finance & Development Committee receives regular reports from the Council's External Auditors (KPMG) and Internal Audit (CW Audit). Where appropriate, comments are made on non-compliance with legislation that has been identified as part of a routine audit. The Chief Financial Officer has direct access to this committee as well as to the External Auditors. All members of the Policy, Finance & Development Committee receive training in risk management so as to allow them to appreciate the nature of risks presented to the Council through its activities. Details of the internal auditor's

There are governance arrangements in place to ensure that members and officers work together to achieve a common purpose with clearly defined functions and roles. The Council's constitution includes a scheme of delegation and terms of reference for each committee. Responsibilities are set out to make clear how the Council and its committees operate within the organisation. The scheme of delegation also defines the powers granted to the Chief Executive (the Head of Paid Service) and other chief officers within the areas of their service responsibility. The constitution reflects all relevant legislation impacting on decision making in local government and is published on the Council's website.

Elected members are responsible for ensuring that effective policy making, scrutiny and monitoring activities occur. A clear committee structure assists such responsibilities to be effectively carried out. Member expertise and involvement is further enhanced by ongoing training and development opportunities.

The Council has a statutory responsibility to have a Section 151 Officer and a Monitoring Officer. At present the interim Chief Financial Officer is the Section 151 Officer, who has a duty to the Council's tax payers to ensure that public money is being appropriately spent and managed. The Chief Financial Officer ensures that appropriate advice is given on all financial matters and is also responsible for keeping proper financial records and maintaining an effective system of internal control.

Underpinning the Council's financial management arrangements is a regularity framework, comprising Financial Regulations, Contract Procedure Rules, annual audits of key financial systems and audits of other systems undertaken on a risk-based basis. Other processes and procedures such as the Procurement Strategy and Risk Management Strategy are monitored on a regular basis.

The Monitoring Officer role is fulfilled by the Council's Director of Services, who acts as guardian of the Council's constitution to ensure lawfulness, probity and fairness in Council decision making. The Monitoring Officer has processes for the review of legislative changes which feed into the annual review of the constitution.

Consultation meetings and other forms of communication between the Monitoring Officer and senior managers as appropriate ensures that managers can contribute to revisions to the constitution including the scheme of delegation. The annual review includes the constitution's terms of reference and is considered by the Constitutional Task Group.

The Chief Financial Officer and the Director of Services report directly to the Chief Executive.

Officer decision making at a strategic level is led by the Senior Management Team, comprising the Chief Executive, interim Chief Financial Officer and the Director of Services. The Team meets usually on a weekly basis and standing items of business include finance, policy, governance, human resources, performance management and the delivery of the Council's priorities.

### ***Standards of Conduct***

Officers of the Council are expected to maintain high standards of conduct. The Council has a staff code of conduct that is published on the intranet along with other policies and procedures.

There is an agreed protocol between members and officers to ensure that a constructive working relationship exists and this Annual Governance Statement also promotes and demonstrates the values of good governance through upholding high standards of conduct and behaviour.

In addition, the Standards Committee operates to ensure that councillors and any co-opted members of the Council behave in a way that exemplifies high standards of conduct and effective governance and has regard to the member code of conduct.

Regular records of advice and code issues are kept by the Monitoring Officer.

Declaring interests under the code of conduct is a standard item on the agenda at every committee meeting and Council and declarations are minuted by the clerk. A legal advisor attends all Council and committee meetings to advise on the application of the code and other issues where this is requested or otherwise considered appropriate. A planning code of conduct is in place and is adhered to by members who sit on the Development Control Committee.

Members and officers comply with the Council's gift and hospitality policy.

The Council's website explains how complaints can be made against elected members by either downloading a complaint form or making a complaint on-line. The web page also has links to the code of conduct and the constitution.

A register of the Council's contracts is published on the Council's website. In addition, details of the Council's spend on individual items over £250 is published on a quarterly basis.

### ***Compliance***

The Council's policies and procedures are drawn up and regularly reviewed to ensure compliance with current legislation and regulations. Legal Services assist with updating and amending policies and advice on legal implications including legislative impacts on recommendations included in committee reports.

Equalities implications are also considered as part of committee reports.



## ***Whistle Blowing***

Concerns regarding non-compliance with policies, procedures, laws and regulations can be raised through the Council's anti-fraud and confidential reporting policies. Concerns raised are always investigated and acted upon following clearly defined guidelines.

The Whistle Blowing Policy is published on the Council's intranet and internet to raise awareness and outline procedures in place to staff, contractors and the public. It features in the induction of new staff. The Anti-Fraud and Corruption Policies are also on the intranet and internet and are given to all new members of staff as part of their induction.

The Monitoring Officer, after consultation with the Chief Executive and Section 151 Officer, has statutory powers to report to Council in relation to any function, proposal, decision or omission that s/he considers would give rise to unlawfulness or any decision or omission that might give rise to maladministration. Such a report would have the effect of stopping the proposal or decision being implemented until the report has been considered.

## ***Officer and Member Development***

The Council's staff appraisal process assesses performance and delivery of Council objectives and also identifies any skills gaps that need addressing. Each officer has an agreed annual personal development plan. Progress against these plans is reviewed regularly through one-to-one discussions with line managers. The process ensures that the Council continually keeps under review the levels of skills required to carry out functions with due regard to law, policy and regulation.

As part of the Council's business planning process each service plan includes learning and development needs linked to specific actions. This ensures that the skills sets required to deliver the key priorities and actions for the Council are identified and provided.

Training programmes and other development opportunities are set out on the Council's intranet and shared more broadly using the Council's other internal communication mechanisms. The Council also supports the training and development of members.

## ***Consultation***

Engaging with local people and other stakeholders to ensure robust public accountability is a key element of the governance framework. The Council takes every opportunity to consult with relevant stakeholders before taking any decisions likely to impact on the level and quality of services. In addition, the Council's business planning process includes an annual timetable of formal consultation events ensuring statutory, voluntary and business partners have the opportunity to comment on budget proposals under consideration.

The Council has given delegated authority on budget provision to three Resident Forums who can make recommendations to the Policy, Finance & Development Committee on how funds could be allocated to various projects within their geographic area. The Forums' membership is open to people who live in the three areas and this approach has been found to be a very good source of two-way communication and consultation around the Council's policy initiatives.

### ***Reviewing the Effectiveness of the Governance Framework***

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 senior managers within the Council who have responsibility for the development and maintenance of the governance environment. The annual report from the Council's Internal Audit service (CW Audit Services) is a key document in assessing the effectiveness of the Council's governance arrangements. Comments from External Auditors (KPMG) and other agencies and inspectorates such as the Local Government Association are also important.

The Senior Management Team, chaired by the Chief Executive, reviews the Council's governance framework and control environment and is responsible for the preparation of the Annual Governance Statement. Each head of service and corporate manager, as appropriate, is responsible for producing their own service assurance statements and developing an improvement plan to rectify any identified governance weaknesses within their service areas. The Chief Financial Officer reviews all of these documents. The Policy, Finance & Development Committee reviews the Annual Governance Statement and evaluates the strength of the underlying assurance statements and evidence.

## **Review of Effectiveness for 2015/16**

### ***Introduction***

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 the effectiveness is informed by the work of the Senior Management Team and the work of Internal and External Audit, as well as input from other review agencies and inspectorates. The sections below set out how the governance framework has been maintained and reviewed during 2015/16.

### ***Key Matters***

The following key matters were considered by the Council and its principal committees during 2015/16:

#### **Council**

- Budget proposals and budget monitoring
- Council Tax Base, Support and Setting
- Delegated reports from Forums and Committees
- Evolving Council Governance

- Equality and Diversity
- Voluntary Sector Funding
- Licensing Policy
- Members' Allowances
- Members' Code of Conduct
- Constitutional matters

### **Policy, Finance and Development Committee**

- Individual internal audit reports and the annual report and plan
- Reports from the external auditor including the annual plan and report on the Statement of Accounts
- Budgetary control and financial updates
- Treasury management and prudential indicators
- Debt recovery
- Residents' Forums
- Welfare Reform and Council Tax Support Scheme
- Pooling of Non-Domestic Rates
- Risk management
- Procurement
- Updating of Council policies and strategies
- Medium Term Financial Strategy and Housing Business Plan
- Financial regulations

### **Service Delivery Committee**

- Housing allocations
- Homelessness
- Disabled Facilities Grants
- Leisure Contract Performance
- Service operational updates
- Fees and charges
- Corporate enforcement
- Empty homes strategy
- Customer Services transformation and charters
- Recycling

### ***Local Government Ombudsman***

No cases of maladministration were found against the Council by the Ombudsman during 2015/16.

### ***Constitutional Matters***

The key roles and responsibilities of Council committees, elected members, the Chief Executive, Monitoring Officer and Section 151 Officer are set out in the Council's constitution scheme of delegation.

These three officers are responsible for ensuring that the Council acts within the law and in accordance with established policies and procedures. No report can be presented to Council or a committee for approval without first being reviewed by these officers or their delegated representative(s). These officers are also responsible for ensuring that legislation and policy relating to health and safety are implemented in practice.

The constitution includes the Contract Procedure Rules and Financial Regulations which detail the processes and improvements required for various levels of purchase and the internal control procedures required for managing the risk across the Council.

### ***Code of Conduct***

The standards of behaviour expected from members and officers are set out in the Member/Officer Codes of Conduct. A register of members' interests is maintained and the records of interest are declared at Council and committee meetings. All members are required to complete Related Party Declarations at the end of the financial year in support of the statutory financial statements. Members' allowances are examined on an annual basis and a review of the allowance scheme was undertaken in 2015/16 by an independent remuneration panel.

### ***Standards***

The Council promotes excellence, probity and transparency in public services and provides training and advice for members on governance matters. Members have to abide by the constitution and the Code of Conduct in order to ensure high standards in the way they undertake their duties. Each Council is required to put in place arrangements dealing with complaints and standards issues. Since February 2014 this function has been discharged by the Policy, Finance & Development Committee. The Council has adopted a common code in collaboration with other local authorities in Leicestershire and Rutland. The Committee monitored performance of members, senior officers and the Council's committees as part of its workplan for 2015/16.

### ***Scrutiny***

The Council operates a committee style arrangement and therefore is not required by law to have a separate scrutiny committee to support and monitor the work of other parts of the organisation. Since February 2014 each committee has scrutinised its own decisions as they are being debated and agreed in the public arena. Where necessary, a time limited member task group may be convened by the Council to deal with any specific matter.

### ***Audit Functions***

The Council does not have a separate audit committee; instead, the constitutional audit functions are discharged by the Policy, Finance & Development Committee. The Committee receives reports from the Internal Audit service and can require service heads to attend to answer questions as required. Reports from the External Audit service are also received at these meetings.

## **External Audit**

The Council's external auditors are KPMG.

Each year the external auditors review the Council's arrangements for:

- Preparing accounts and compliance with statutory and other relevant requirements.
- Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice.
- Managing performance to secure economy, efficiency and effectiveness in the use of resources.

In October 2015 KPMG issued their Annual Audit Letter, covering the audit of the Council's 2014/15 financial statements and Value for Money conclusion, providing an unqualified opinion on the accounts and an unqualified conclusion on the Council's arrangements for Value for Money.

Three recommendations were included in the Letter relating to bank reconciliation, and payroll systems. The Council has taken action where appropriate to respond to external audit recommendations.

## **Internal Audit**

The Council's Head of Internal Audit is required to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes (i.e. the Council's system of internal control). This is achieved through a risk-based plan of work, agreed with management and approved by the Policy, Finance and Development Committee, which should provide a reasonable level of assurance, subject to the inherent limitations described below. The Head of Internal Audit's role is also covered by the CIPFA Guidance on the Role of the Head of Internal Audit.

For 2015/16, the auditor's opinion was that **significant** assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls put the achievement of particular objectives at risk. This is discussed in more detail below, in the section of the Statement headed Significant Governance Issues.

## **Corporate Plan**

The Council's decision making practices are guided by the values and objectives set out in the 2015/16 Corporate Plan. This document simply consolidates in a focus document the Council's previously agreed priorities and governance arrangements.

The Corporate Plan was reviewed as part of the preparations for the 2016/17 municipal year.

## ***Risk Management***

During 2015/16 the Council's Strategic Risk Register was monitored by Policy, Finance & Development Committee. The register identified major risks and commented on their likelihood and impact on the Council's objectives. Each risk is allocated a responsible officer for identifying an action plan and provides an update on residual risk for each quarter. Risk management is embedded in processes such as appraisal of new capital investment and service development plans.

## ***Whistle Blowing and Complaints***

The Council's Whistle Blowing Policy is available to all employees and those contracting with the Council. A corporate complaints procedure is in place which includes staged levels of escalation depending on the seriousness of the complaint.

In May 2015 a collective grievance was raised by a number of officers against the Chief Executive, Director of Services and Director of Finance. An Independent Investigator was appointed to look into the grievances. In the event, the Investigator found none of the grievances to be substantiated, and this was reported to the Council's Change Management Committee in April 2016.

This is discussed in more detail below, in the section of the Statement headed Significant Governance Issues.

## ***Member and Officer Training and Development***

An induction programme was provided for all new members and officers. The member training programme is provided through the Leicestershire & Rutland Improvement Partnership. In-house training is provided for members to keep them up-to-date with changes in Council business such as new legislation. Statutory training for Licensing, Regulatory and Development Control functions was provided during 2015/16.

The skills and resources required by officers are set out in the person specification for each post. The Council's recruitment processes are designed to test that potential candidates have appropriate qualifications and experience. Development needs are identified through individual personal; development plans.

## ***Communication and Consultation***

Local people and stakeholders are engaged through the community strategy, resident forums, youth, senior citizens and multi-cultural groups. A programme of meetings and other events for these took place during 2015/16 with agenda largely being set in conjunction with residents and other stakeholders.

All meetings were held in public to support the Council's commitment to transparency in consultation and decision-making. There was a high level of interest in matters discussed at the three Resident Forums as evidenced by the high level of attendance. Minutes of these meetings were produced with action lists of issues raised.

The Council communicated to residents through the Letterbox Newsletter which was circulated to all households on a quarterly basis. Key documents such as the corporate plan, statutory accounts and budget book were published and made available on the Council's website, setting out achievements, performance and planned activity. Regular staff communications were achieved through the staff and management notice boards, 'everyone' emails, and regular briefings from the Senior Management Team.

### ***Partnership Working***

During 2015/16 the Council continued to exploit fully opportunities for partnership working to ensure joined up service delivery and efficiency savings. Key partnerships involving the Council included the Community Safety and Crime and Disorder Reduction partnerships. At County level, the Council is now part of the developing Leicester and Leicestershire Combined Authority which is aiming to construct a devolution bid to government.

From an operational point of view, the Council continued to pursue opportunities for joint work with other Councils for services such as fleet management, land charges and legal services.

## **Significant Governance Issues**

The Head of Internal Audit's Annual Report for 2015/16 provided an overall assessment of 'significant assurance' for the Council. However, his annual report identified the following significant internal control issues:

### ***Budgetary Control/Medium Term Financial Strategy***

The review provided 'moderate assurance' and highlighted the weakening of budget monitoring and forecasting procedures due to the increased reliance on interim managers and staff through much of 2015/16 due to the unplanned absence of several senior managers. As a result, staff in the Finance Section often had to identify reasons for service level variances and to make budget outturn forecasts in isolation. The Auditor also noted in this context that at its meeting in February 2016 the PFD Committee approved the use of reserves to ensure that the originally approved revenue budget at the start of the 2015/16 financial year was not exceeded.

### ***Financial Systems – Key controls review***

The review provided 'moderate' and 'limited' assurance in relation to Creditors and Debtors respectively. The key matters highlighted related to: Creditors – compliance and evidencing of compliance, with Contract procedure Rules, and lack of independent review to confirm that any changes to the creditors masterfile were authorised and valid; Debtors – timeliness and accuracy of invoicing, and lack of debt collection, recovery and write-off processes operated during the year.

### ***Building Control – Value for money review***

The review provided 'limited assurance' and highlighted matters mainly relating to the scheme of charges and review.

### ***Payroll & Expenses***

The review provided 'moderate assurance' and highlighted matters relating to the agreement with and data transfer to the payroll provider, and compliance with payroll procedures.

The Head of Internal Audit's report also noted that some planned reviews have been delayed at management request, for delivery in 2016/17, and accordingly he has not reflected an assurance opinion on these reviews.

All of the matters raised by the Head of Internal Audit are currently being addressed and improvements put in place. Progress is reported regularly to the Council's Policy, Finance & Development Committee.

### ***Organisational issues arising from the investigation into the grievance brought by Council senior managers against the Council's Senior Management Team***

In May 2015 a collective grievance raised by a number of officers against the Chief Executive, Director of Services and Director of Finance. Through the Local Government Association an Independent Investigator was appointed to look into the grievances. In the event, the Investigator found none of the grievances to be substantiated, and this was reported to the Council's Change Management Committee in April 2016.

As a by-product of this, the Council agreed two action plans – one for immediate action which is currently being delivered, and a plan for further review of key aspects of the Council's operation that cannot be addressed in the immediate short-term. The Council is being supported in this work by the Local Government Association. The project is led at an officer level by the Chief Financial Officer on behalf of the Senior Management Team, who reports regularly on progress to the Change Management Committee.



## **Conclusion and Statement from the Leader of the Council and Chief Executive**

We propose over the coming year to take steps to address the significant governance issues discussed above 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.

**Cllr John Boyce**

**Leader of the Council**

**Mark Hall**

**Chief Executive**