

## **Annual Governance Statement: Year Ended 31st March 2012**

### **Scope of Responsibility**

Rossendale Borough Council is responsible for ensuring 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. Rossendale Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Rossendale Borough Council is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.

Rossendale Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. A copy is on our website at [http://www.rossendale.gov.uk/downloads/E1b\\_Appendix\\_Local\\_Code\\_Corp\\_Gov\\_v2.pdf](http://www.rossendale.gov.uk/downloads/E1b_Appendix_Local_Code_Corp_Gov_v2.pdf) or can be obtained from the Council's One Stop Shop at Rawtenstall. This statement explains how Rossendale Borough Council has complied with the code and also meets the requirements of the **Accounts and Audit (England) Regulations 2011** in relation to the publication of a statement on internal control.

### **The Purpose of the Governance Framework**

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

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

The governance framework has been in place at Rossendale Borough Council in previous years, throughout 2011/2012 and up to the date of approval of the annual report and Statement of Accounts.

### **The Governance Framework**

The key elements of the systems and processes that comprise the governance arrangements include:

- The Constitution, which establishes arrangements for policy setting and decision making (including ensuring legal and financial probity). This defines roles, responsibilities, statutory officer protocols, the delegation of powers to members and officers including the role of the Overview and Scrutiny Management Committee and its work with other scrutiny committees. The Constitution is subject to annual review and amendment to meet the changing needs of the Council and the governance environment;

- The Audit and Accounts Committee which complies with CIPFA's *Audit Committee – Practical Guidance for Local Authorities* and which, inter alia, oversees the production of the authority's Annual Governance Statement;
- Comprehensive codes of conduct for members and officers, supported through a training programme, that set out clear expectations for standards of behaviour together with job descriptions that make clear senior officer duties in matters of financial, performance and risk management;
- Well publicised and effective arrangements for dealing with complaints and whistle-blowing, and for combating fraud and corruption;
- An award winning officer and member training and development programme to support, amongst other things, their strategic roles;
- An award winning Council for Standard and Ethics as recognised by The Standards Board for England;
- Established terms of reference for Member led working groups and securing independent Members on Standards Committee and co-opted Members on Audit & Accounts committees;
- Encouraging fair and representative public participation through the adoption of a "Procedure for Public Speaking" at public meetings;
- Online accessibility to Council meeting agendas and minutes including information on availability in different formats;
- An established business planning process, which sets clear objectives and targets in light of the Local Strategic Partnership's Sustainable Community Strategy, the Council's policy priorities and the financial resources available, all of which are summarised annually in the Council's Corporate Plan;
- The Medium Term Financial Strategy, budget setting and budgetary management systems which aim to economically, effectively and efficiently use resources in line with corporate priorities and the regular reporting of financial performance to officers and members;
- Financial Regulations and Contract Procedure Rules and a clear supporting framework of financial procedures;
- A performance management system of regular monitoring and reporting to members of the Council's performance and financial standing against its plans together with its own assurance framework ensuring the accuracy and completeness of data;
- A partnership with Lancashire County Council for the management of the internal audit service that works with officers to assess and develop the governance framework and which supports management's assessment of compliance with established policies, procedures, laws and regulations;
- Annual quality assurance statements by all Heads of Service and specific senior managers (signed together with line Director and Portfolio Holders) which both acknowledge officer responsibilities in matters of governance and internal control and make an annual evaluation of their adequacy within the service area;
- A risk management framework, which ensures that risks to the Council's objectives are identified and appropriately managed, including the assignment of a Member risk champion;
- A structure of centrally monitored, yet devolved financial management, that promotes management of the Council's finances at the appropriate organisational level;
- A Customer Access Strategy, designed amongst other things, to empower employees to deal with customer queries quickly and satisfactorily, increase customer satisfaction with the Council ultimately to deliver better access to improved public services;

- Through Neighbourhood Forums and localised plans we enable groups to, amongst other things, feedback on how grants awarded by the forums have improved the community;
- A centrally held partnership register together with developing terms of reference for outside bodies;
- Active participation in, where appropriate, procurement matters with other local authorities which aims to ensure maximum value for money for the Council through collaborative procurement exercises;
- Participation in the nationwide National Fraud Initiative;
- Health and Safety arrangements with Burnley Borough Council who check compliance with both legal and internal requirements as part of their audits.
- Emergence planning arrangements with Hyndburn Borough Council to ensure the Council's emergency response arrangements are robust and effective.

### **Review of Effectiveness**

Rossendale Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review has been completed/informed by the work of executive managers within Rossendale Borough Council who have the responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The roles and processes that have been applied in maintaining and reviewing the effectiveness of the governance framework are as follows:

#### **Rossendale Borough Council**

- Regular formal meetings of the Leader of Council and Chief Executive,
- Regular meetings of Cabinet, Portfolio Holders and Heads of Service
- Monitoring Officer and s.151 Officer protocols
- Regular review of The Constitution and Code of Corporate Governance
- Terms of reference for all Council committees and Portfolio holders
- Member / Officer protocols
- Annual Corporate and Directorate Business plans, including a mechanism for identifying and managing risks, which continues to be consolidated and embedded across the Council

#### **The Cabinet**

- Cabinet Member terms of reference
- Portfolio Holder role descriptions

#### **The Overview and Scrutiny Management Committee and The Audit and Accounts Committee**

- Overview and scrutiny annual reports, task and finish reports, etc
- Integrated performance, financial and risk reporting
- Robust Member call-in procedures
- Published committee agendas and minutes
- Customer complaints reviewed by Performance Scrutiny Committee

#### **The Standards Committee**

- Annual work programme
- Annual end of year report

- A “Planning Code of Conduct” (within the Constitution) replacing the previous “Code of Good Practice”
- A protocol for Standards Committee members
- Current review of the Standards Committee

#### **Internal and External Audit**

- Audit scrutiny which seeks assurance, from a variety of sources, that controls have been adequately designed and are operating effectively in practice
- Member training (eg: risk management, internal controls, end of year statutory reporting)
- Annual Audit Reports (from both external and internal auditors) and the assurances they give around internal controls in place
- Follow up work undertaken by internal audit to ensure remedial action is being taken by management to mitigate the risks (and control any deficiencies) identified
- Confirmation that internal audit operate in accordance with the CIPFA code of practice for internal audit in local government
- Regular reports from internal audit to the Audit and Accounts Committee on progress against the audit plan.
- Audit Commission annual inspections and judgements (eg: Value for Money) and any specific in year inspections, together with their triennial review of the Council’s Internal Audit service which they have previously found to be ‘fully compliant with professional standards’.

#### **The explicit review and assurance mechanisms**

- Executive led “Programme Board” for significant projects
- Formal reporting mechanism for significant events (“Significant Event Review” reports)
- Member Development Strategy and annual Personal Development Plans

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the audit committee, and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

This statement is signed by the current Chief Executive, the time period for which is entirely under her tenure.

#### **Significant Governance Issues**

We are satisfied that no matters of significance in relation to governance have been identified. We will however continue to make improvements to the effectiveness of governance where a need has been identified and will monitor their implementation and operation as part of our next annual review and in light of the impact on governance issues arising out of the 2010 Spending Review and the Council’s two year Finance Settlement . In particular we remain focused on the areas for improvements (some of which have been previously identified in previous years) the key areas now being:

- The continued consolidation of Performance, Risk and Financial management across the Council
- Further strategic development and action (eg: Regeneration, Leisure, Waste Management, Housing, etc.)
- Partnership working and governance arrangements, including the Localisation of Council Tax and changes to the administration of Housing Benefits
- The implications arising from the Council’s Medium Term Financial Strategy and its requirement to save in excess of £1m over the medium term.

- Implications arising from proposed central government changes to local authority financing.

**Leader**

**Chief Executive Office**