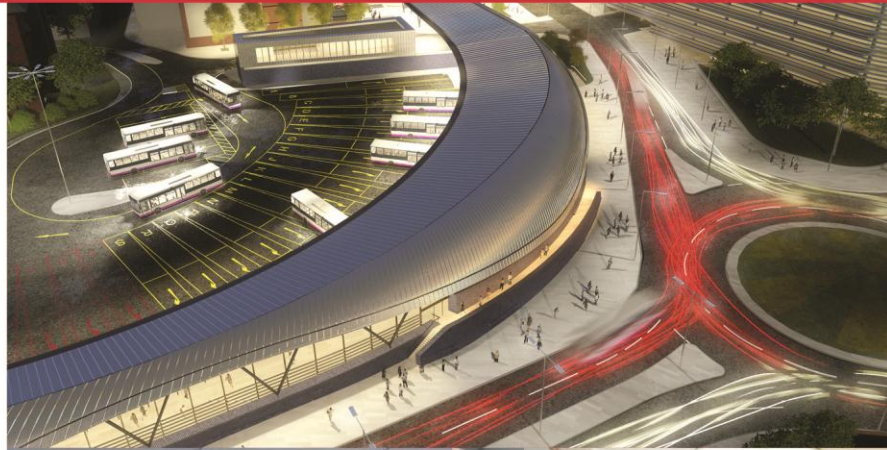


Annual Governance Statement 2011/12



1. Introduction

- 1.1 Each year the City Council is required to produce a statement that explains how it makes decisions and manages its resources. This statement complies with regulation 4(2) of the Accounts and Audit Regulations 2011. Stoke-on-Trent City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, correctly accounted for, used economically, efficiently and effectively.
- 1.2 The council is committed to embedding and achieving a robust corporate governance framework. The council is managed within a robust framework as set out in the City Council Constitution, which clearly outlines how the council operates, how decisions are made and what procedures need to be followed to ensure the council is efficient, transparent and accountable to its residents.
- 1.3 The Annual Governance Statement explains what makes up the governance framework and how Stoke-on-Trent City Council intends to monitor, develop and improve its governance arrangements.
- 1.4 The footnotes provided below and on the following pages are internet links which will take you to the specific documents and web pages.

2. Scope of Responsibility

- 2.1 The governance framework comprises the systems and processes, culture and values by which Stoke-on-Trent City Council is directed and controlled. This, together with its activities and leadership, enables it to monitor and manage its performance for delivering cost effective services.
- 2.2 Effective performance and risk management allows the council to have increased confidence in achieving its objectives and also allows the citizens of Stoke-on-Trent to have increased assurance in the council's governance arrangements and its ability to deliver.
- 2.3 The council has an Audit Committee¹ which has, as part of its function, the responsibility to review and advise the council as to its corporate governance policies, financial and contract procedure rules, codes of practice, protocols and statements and any other related documents and processes. In discharging this function, the Audit Committee will ensure compliance with such codes, protocols, statements and policies as are necessary to meet its responsibilities, which include arrangements for the management of risk.

3. The Purpose of the Governance Framework

- 3.1 The CIPFA/SOLACE framework (Delivering Good Governance in Local Government), presents the council with the opportunity to review and test its governance and structures against best practice.
- 3.2 The CIPFA/SOLACE framework identifies the six core principles of good governance as:
 1. Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.
 2. Members and officers working together to achieve common aims with clearly defined functions and roles.
 3. Promoting the values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

¹ <http://www.moderngov.stoke.gov.uk/mgCommitteeDetails.aspx?ID=406>

4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
5. Developing the capacity and capability of Members and officers to be effective.
6. Engaging with local people and other stakeholders to ensure robust public accountability.

4. The Governance Framework

- 4.1 The key elements of the systems and processes that comprise Stoke-on-Trent City Council's governance arrangements are summarised below.

Vision, Values and Strategic Plan (Mandate for Change)

- 4.2 2010/11 was a year of unprecedented change with a new Chief Executive and new Council Leader embarking on a fundamental Council wide transformation programme and corporate restructure.
- 4.3 In 2011/12, the City Council adopted a framework and set of principles around planning, investment and effective resource management to create positive and sustainable economic growth in Stoke-on-Trent. The Council's Mandate for Change has the vision to "Make Stoke-on-Trent a Great Working City", with four supporting aims, underpinned by an effective and confident council. The launch of the Mandate for Change in July 2011 received overwhelming support from across all sectors, partners and in particular the business community.
- 4.4 A clear Mandate for Change Delivery Plan for 2012/13 has now been finalised. This plan shows how our activity, both transformational and business critical, will deliver our strategic aims and priorities for the city. Its primary purpose is to provide a simplified and clear delivery plan for this year. A set of key deliverables will be agreed and monitored by Cabinet on a quarterly basis.

The Sustainable Community Strategy

- 4.5 The Sustainable Community Strategy 2004-2014² sets out an ambitious vision and clear aspirations for the city based on prioritising Regeneration and Worklessness, Vulnerable Children and Families, Vulnerable Young People, Vulnerable Adults and Older People.
- 4.6 Delivery action plans are in place around agreed targets and continue to be worked upon despite changes to the monitoring framework previously operated by Central Government.
- 4.7 Since the previous review of the strategy the council has launched its Mandate for Change putting economic prosperity and growth at the heart of its activities, and joined with business partners and Staffordshire County Council to form a Local Enterprise Partnership for Stoke-on-Trent and Staffordshire. Local neighbourhood services and partnership arrangements are currently undergoing a fundamental structural review to provide improvements to outcomes and delivery mechanisms. Environmental protection and sustainability has been recognised with the creation of a specialist team to join together strategic thinking and delivery. Health and Wellbeing is now being overseen by a strategic board which is planning and co-ordinating the transfer of some NHS functions, public health, social care, and related children's services from the Primary Care Trust.
- 4.8 It is anticipated that a review of the strategy taking account of all these changes will follow later this year.

² <http://www.stoke.gov.uk/ccm/content/community/community/community-strategy.en>

Partnerships

- 4.9 The Government's localism agenda is now taking shape and the Council, through its alignment of services on a locality footprint, and new strategic forums with business and health partners, is seeking to embed partnership working in order to maximise resources and efficiencies in support of customer needs. Implicit within this change, which is piloted in the North of the City is a renewed focus on simplification, purpose, governance, and the elimination of duplicated effort. From an economic prosperity and growth perspective the development and governance arrangements agreed for the Stoke-on-Trent and Staffordshire Local Enterprise Partnership has created the necessary focus to provide the best possible conditions for inward investment and job creation.

Codes of Conduct, Members and Officers

- 4.10 The council has a Code of Conduct³ governing relations between Members and council employees, and a Code of Conduct for Members, which sets out rules governing behaviour. All elected, co-opted and independent Members are covered by the Code. Stoke-on-Trent City Council adopted a Code of Conduct, incorporating the mandatory provisions of the Model Code of Conduct prescribed by the Secretary of State for Communities and Local Government, with effect from 30 September 2007. This was updated in 2008 and is incorporated into the constitution. The importance of development for Councillors has been recognised with budgetary provision being available.
- 4.11 The council's Code of Conduct for officers, includes the requirement to make declarations of interest and to declare gifts and hospitality. The Code and the council's policies and procedures are communicated via corporate induction sessions and are available on the council's intranet site. Regular bulletins are issued to staff reminding them of their responsibilities. With effect from July 2012 the Officer Gifts and Hospitality Register will be available on the council's website on the Transparency pages.
- 4.12 Stoke-on-Trent City Council's Standards Committee⁴ is responsible for helping Members to adhere to the Members' Code of Conduct (follow the link to the Members' Code of Conduct in Part 5 of the Council's Constitution⁵). The Code of Conduct covers areas of Members' individual behaviour such as:
- Disclosure of personal or prejudicial interests in the business of the Authority
 - Improperly gaining an advantage through their position as an Elected Member
 - Treating others with respect
 - Disclosure of confidential information
- 4.13 The Code of Conduct clearly sets out the standards expected for Elected Members to ensure they operate in a clear, transparent manner and treat each other, and members of the public, with respect and courtesy. From 8 May 2008, the Standards Committee has had the responsibility for considering complaints that an Elected Member may have breached the Code of Conduct.

³<http://www.moderngov.stoke.gov.uk/ecSDDisplay.aspx?NAME=SD812&ID=812&RPID=3148353&sch=doc&cat=571&path=571>

⁴<http://www.moderngov.stoke.gov.uk/mgCommitteeDetails.aspx?ID=116>

⁵<http://www.moderngov.stoke.gov.uk/ecSDDisplay.aspx?NAME=SD812&ID=812&RPID=3148396&sch=doc&cat=571&path=571>

Performance Management

- 4.14 Stoke-on-Trent City Council ensures continuous improvement in the way in which its services are provided, and follows robust performance management arrangements. Directorate Performance Boards are held monthly and a comprehensive review of performance and finance information is undertaken by Cabinet via the Quarterly Business Review. This is then scrutinised by the various Overview & Scrutiny Committees on a quarterly basis. The Quarterly Business Review process rigorously prioritises resources by questioning and challenging the need for services, the method of provision, value for money, management of risk and their partnership impact.
- 4.15 Performance management arrangements in the City Council and its reporting have continued to strengthen. The changing national agenda has enabled a shift away from central government data requirements to allow a greater emphasis on developing the local information needed to improve and re-shape our services. A comprehensive process of service re-design has been undertaken with a number of key front line services using a systems thinking approach. This has enabled the development of an improved set of measures, to ensure service managers have the key performance information they need to improve and develop their service on a daily basis with the customer at the heart of the service. The governance framework ensures that officers and Members are fully involved via Cabinet, Corporate Directors' Board, and Overview and Scrutiny Committees. As the City Council continues with systems thinking interventions, all service areas are identifying their clear purpose, testing delivery of this purpose through effective measures and identifying what needs to change as a result of what we are learning. The requirement to establish purpose and measures is now embedded in accountability agreements for all Directors and Assistant Directors. The Council's Performance Management arrangements identify clear timescales for reporting and recording of information and sets out how we effectively manage services with a clear focus on ownership, accountability, risk management and data quality.
- 4.16 CIVICA Financials provides a fully integrated suite of systems, and was introduced to yield significant improvements in the effectiveness of the Council's financial management processes. A rigorous system of monthly financial monitoring ensures that any significant budget variances are identified in a timely way, and corrective action is initiated. Regular reports are provided to Cabinet, Corporate Directors' Board, Directorate Management Teams and included in budget and service review meetings. Updates are also presented to Overview and Scrutiny committees on a quarterly basis. The strength of the processes are clearly evidenced by the financial results achieved in 2011/12.
- 4.17 CIVICA Authority Web is available to budget holders across the City Council. This module enables real time budget and expenditure information to be viewed by all across the intranet on their desk tops. Along with the training programme, this has put in place the relevant tools needed to strengthen the accountability and responsibility of budget holders.

Statement of Accounts

- 4.18 The revised Accounts and Audit Regulations, which came into force on 15th March 2011, specified that a local authority must produce a Statement of Accounts that is signed and dated by the responsible S151 officer certifying that it presents a true and fair view. This should be done no later than 30th June immediately following the year end; and will be approved by a resolution of an appropriate committee no later than 30th September immediately following the year end. In the City Council's case this responsibility falls within the remit of the Authority's Audit Committee. The purpose of the Council's Statement of Accounts is to summarise the financial performance for the year and the overall financial position of the City Council at the financial year end. The accounts are subject to independent audit within defined standards and are subsequently published and made available via the City Council's website. This is an essential feature of public accountability and stewardship as it provides an annual report on how the Council has used the public funds for which it is responsible.

- 4.19 Information is also provided in the Council's publication, Our City⁶, giving a financial summary of the Council's accounts for the financial year, summarising the cost of providing services during the year, where the money came from, and what assets and liabilities the Council has.
- 4.20 The City Council'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).

Accountability Agreements for Directors, and Assistant Directors in respect of Finance and Performance

- 4.21 Accountability Agreements, successfully introduced for the first time in 2010/11, are now being embedded within the financial management culture of the City Council. The agreements involve the clear definition of roles and responsibilities for Directors, Assistant Directors and have now been rolled in 2012/13 for Strategic Managers. They include the delivery of both revenue/capital budgets and savings plans in conjunction with their respective finance leads.

On-going integration between Performance, Finance and Risk

- 4.22 The responsibility for these functions was consolidated under the Director of Business Services in 2009 (shortly to be replaced, following restructure by, an Assistant Chief Executive). The Quarterly Business Review provides a regular update of progress against the delivery of key priorities, and is intended to bring together performance, finance and risk. A strategy has been developed which incorporates accountability for outcomes and performance measures within the Accountability Agreements for implementation for 2012/13.

Procurement

- 4.23 Responsibility for Procurement and Commissioning was consolidated under the Director of People, Adult and Neighbourhood Services in 2011/12. The City Council has contract procedure rules which govern how procurement activity should be conducted. The introduction of a standard procurement process across the City Council (based around the use of the Bravo e-tendering platform) has been approved by senior management and will ensure a more consistent approach to all procurement activity undertaken in the authority. A Task and Finish review carried out by the Business Services and Chief Executives Overview and Scrutiny Committee reported their findings in February 2012. The findings of the review were endorsed by the Cabinet, and officers are now implementing the recommendations, which will be monitored and reported to Members. Major progress on strengthening processes and raising and embedding awareness of compliance with procurement requirements has been achieved throughout 2011/12.

Corporate Project Management Approach

- 4.24 The Programme and Partnership Assurance approach is being reconfigured to improve planning and the integration of finance data alongside delivery and milestones for both internal and external schemes. This helps to deliver the transformation programme and facilitates transparently the efficient use of resources to meet corporate priorities.

⁶ <http://webapps.stoke.gov.uk/uploadedfiles/Issue24%20Our%20City.pdf>

Transparency

- 4.25 Ensuring the openness and transparency of our decisions, the City Council has sought to make decision making more accessible by:
- Developing a new public website to improve visibility and access to information about services
 - The use of social media to increase our audience reach and contact
 - The publication of items of spend >£500⁷
 - Publication of contracts let by the City Council
 - Approving and publishing a Pay Accountability Agreement
 - Implementing a comprehensive and inclusive budget consultation process

Constitution

- 4.26 The Council's Constitution⁸ sets out the responsibilities of both Members and senior managers. The Constitution is kept under review by the Assistant Director, Legal Services (the Council's Monitoring Officer) and the Assistant Director, Member Services, and is available on the intranet and external web pages. Under the current constitutional arrangements, the Executive is made up of the Leader and Cabinet. Each Cabinet Member has an individual area of responsibility, also known as his/her portfolio.
- 4.27 All the terms of reference of the various committees are set out within the Constitution. A Constitutional Review Group is responsible for reviewing the constitutional arrangements on an on-going basis. The Group, comprising senior officers and Member representation from all Political Groups, reports to Council on a regular basis.
- 4.28 The Council has identified the three statutory posts with responsibility for governance as follows:

Statutory Post	Post within current structure
Head of Paid Service	Chief Executive
Chief Financial Officer and s151 Officer	Assistant Director Financial Services
Monitoring Officer	Assistant Director Legal Services

Scheme of Delegation, Financial Regulations and Contract Procedure Rules

- 4.29 A Scheme of Delegation sets out the powers of Directors, whilst the Financial Regulations and Contract Procedure Rules form part of the Constitution. These documents are comprehensively reviewed on a regular basis by a joint Member/officer working group.

Compliance with laws, regulations and internal policies

- 4.30 The Council's Constitution sets out the framework for decision making and the formal reporting of those decisions. Decision-making is underpinned by a framework of policies, plans and strategies. These are referred to as the Budget and Policy Framework and are identified within the Constitution.

⁷ <http://www.stoke.gov.uk/ccm/navigation/council-and-democracy/finance/>

⁸ <http://www.stoke.gov.uk/ccm/content/council-and-democracy/member-services/council-and-committee-meetings-cat/constitution.en>

- 4.31 The Standards Committee⁹ comprises of nine councillors, each from a different political group, and six independent members who are not councillors or officers of the council. The Committee will, in conjunction with the Monitoring Officer, either undertake investigations into alleged breaches of the Code or deal with referrals from Standards for England. The Committee is chaired by one of the independent members. The Committee also issues local Codes of guidance from time to time, such as a Code on Criminal Records Bureau checks and guidance on dealing with planning and licensing determinations.

Audit Committee

- 4.32 An Audit Committee¹⁰ provides an independent assessment of the Council's risk management arrangements and systems of internal control, and the effectiveness of these arrangements.

Internal Audit

- 4.33 The City Council has a strong Internal Audit function and well-established protocols for working with External Audit. The Audit Commission also reviews compliance with policies, procedures, laws and regulations within their remit.

- 4.34 The arrangements for the provision of Internal Audit are contained within the Council's Financial Regulations which are included within the Constitution. At the 31 March 2012, the Assistant Director, Financial Services, as interim Section 151 Officer is responsible for ensuring that there is an adequate and effective system of Internal Audit of the Council's accounting and other systems of internal control, as required by the Accounts and Audit Regulations 2011. Internal Audit operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government 2006.

- 4.35 Internal Audit's Plan is prioritised by a combination of key internal controls, assessment and review on the basis of risk and the Council's corporate governance arrangements, including risk management. The work is further supplemented by reviews around the main financial systems, scheduled visits to Council establishments and the continued development of proactive fraud work. The resulting work plan is discussed and agreed with Directors, the Audit Committee and shared with the Council's external auditor. Regular meetings between internal and external audit ensure that duplication of effort is avoided. All planned audit reports include an assessment of the adequacy of internal control and a prioritised action plan to address any areas needing improvement where for example, controls need to be improved or the overall control environment strengthened. These are submitted to Members, Directors, and other officers as appropriate.

Risk Management

- 4.36 The City Council has had a Risk Management strategy since 2004 and this is regularly updated. The Medium Term Financial Strategy¹¹ identifies risks associated within the budgetary process and the approach to financing those risks. Leadership is provided to the risk management process by the Assistant Director, Financial Services and the Chair of the Audit Committee, (Senior Lead Member for promoting, deploying and embedding management of risk policy and procedures). The City Council has approached the embedding of risk management in accordance with best practice guidance as a "top down" process, with a Strategic Risk Register supported by departmental risk registers addressing business, operational, project and partnership risks as appropriate.

⁹ <http://www.moderngov.stoke.gov.uk/mgCommitteeDetails.aspx?ID=116>

¹⁰ <http://www.moderngov.stoke.gov.uk/mgCommitteeDetails.aspx?ID=406>

¹¹ <http://www.moderngov.stoke.gov.uk/mgConvert2PDF.aspx?ID=17332>

The System of Internal Control

- 4.37 The system of internal control is an important element of the governance framework and is designed to manage risk to a reasonable level. It cannot, however, eliminate all risk of failure to achieve policies, aims and objectives, and can therefore only provide reasonable and not absolute assurance. The system of internal control is designed to:
- Identify and prioritise the risks to the achievement of the Council's policies, aims and objectives,
 - To evaluate the likelihood of those risks being realised and the impact should they be realised, and
 - To manage them efficiently, effectively and economically.
- 4.38 The system of internal control is subject to continuous review. The City Council continues to enhance and strengthen its internal control environment through regular management reviews, independent assessments by internal and external audit, and by the refreshing of policies and procedures.

Confidential Reporting and Fraud Initiatives

- 4.39 The Council has a Corporate Fraud function and a corporate strategy for the prevention and detection of fraud and corruption. The main areas of work are Benefit Fraud, Living Together Fraud and Housing Tenancy Fraud. During 2011/12, work began to establish a high profile, hard-hitting, anti-fraud campaign known as 'Spot the Cheater'. The project is due to commence in 2012/13, and will operate for 12 months, extending beyond the areas of current focus, looking at other types of fraud including council tax and blue badge fraud. Results of fraud investigations are publicised on the internet using Social Media and also in the local media to promote the Council's 'Get Tough on Fraud' approach.
- 4.40 The City Council participates in the National Fraud Initiative (NFI), this is a bi-annual data matching exercise led by the Audit Commission and designed to detect fraud perpetrated against public bodies. The NFI 2010 exercise is now coming to an end and in October 2012 the City Council will submit its data for the NFI 2012 exercise. Regular updates on the results of these exercises are provided to the Audit Committee. A key part of the City Council's counter fraud arrangements is the confidential reporting procedure (also known as the whistle blowing procedure) which provides staff with a way to report their concerns.

Corporate Compliments, Comments, and Complaints

- 4.41 The Council has an established corporate compliments, comments and complaints process¹². This provides a mechanism for members of the public to register their view on the quality of the customer service they receive. There are three stages to the complaints procedure. The process provides for the complaint to be escalated if the person making the complaint is unhappy with the outcome. The Adult and Children Social Care services both have their own statutory complaints procedures. In 2011/12 the City Council received the following corporate and statutory compliments, comments and complaints:

Description	Number
Comments	263
Compliments	1,375
Stage 1 complaints	2,588
Stage 2 complaints	178
Stage 3 – Review Panels	0

¹² <http://www.stoke.gov.uk/ccm/navigation/council-and-democracy/have-your-say/customer-feedback/?jsessionid=aMDhCWAiWDjb>

- 4.42 Ultimately the matter can be reported to the Local Government Ombudsman for a final decision. The Council receives an annual report from the Ombudsman¹³ setting out the number and nature of complaints received about Stoke-on-Trent City Council and the Ombudsman's decisions regarding these complaints.
- 4.43 The current Corporate Compliments, Comments and Complaints procedure has been in place since April 2010. All compliments, comments and complaints are acknowledged by the Customer Feedback Team within two working days. Stage 1 has a response timescale of 10 working days; the investigation is carried out by the manager of the relevant service. Stage 2 has a response timescale of 20 working days; the investigation is carried out jointly between the Assistant Director and a Complaints Investigation officer from the Customer Feedback Team. The next stage for the customer is the Local Government Ombudsman. The Statutory Adult Social Care and Children's Social Care Compliments, Comments and Complaints procedures remain unchanged. If the Ombudsman carries out an investigation into a complaint, they issue a report. The Ombudsman's Annual Report for 2011/12 will be published on the Council's website.

Training and Development

- 4.44 The Council recognises that its staff are central to its success. In order to ensure successful service delivery, in 2008 it launched the People Management Strategy. A new People Management Strategy was then developed to cover a 4-year period 2009/13.
- 4.45 For our Elected Members, the Council produces an annual Learning and Development Plan. A calendar of training events and workshops supports this. This has strengthened working relationships between Members, the Corporate Directors Board and staff through away day events and monthly councillor forums and continues to enhance the Council's decision-making capacity and capability.
- 4.46 The City Council has also externally validated its approach to Councillor Learning and Development and achieved the West Midlands Member Development Charter Standard in January 2012.

Communication and Community Engagement

- 4.47 The Council recognises that community engagement is essential to secure sustainable improvements in public services. The Stoke-on-Trent Community Engagement Framework ensures that everyone has the opportunity to be involved in the decision making process. The overarching vision for community engagement in Stoke-on-Trent is: "people must be put first; they must be listened to; learned from; and changes made as a result, to deliver excellent services".

On-going Changes

- 4.48 The transformational change programme which was implemented in 2010/11 started with nine System Thinking interventions. A new Transformation team has been established and work towards a wider Transformation Governance Structure continues. The interventions have delivered improved services to customers and reduced costs. The intervention programme continued and expanded during 2011/12 as part of the City Council's wider transformation plan to deliver its mandate for change. This was launched in July 2011 and demonstrated a significant shift from the council's previous priorities. In July 2012 the authority will host an event evaluating the progress that has been achieved during the previous twelve months.

¹³ <http://www.lgo.org.uk/documents/annualreview/2010/stoke-on-trent.pdf>

- 4.49 An on-going review of the management of information security practices has already resulted in improvements in the way security policy is developed and risks assessed. A small security forum has been created, which reports in to the ICT Governance Board, ensuring senior management are fully informed of and involved in decisions impacting on information security. It is proposed to widen the membership of the forum and review the over-arching responsibility for information risks.

Progress against Improvements for the Future

- 4.50 As part of on-going self-assessment and review the Council is continually monitoring and measuring its performance. For 2011 it identified a number of areas for improvement. These included identifying the implications for the authority of the Localism Act 2011 and the challenges of increased transparency and empowering local communities; the transfer of public health to the city council, bringing new rules and accountabilities; the development of the Local Enterprise Partnership, bringing new ways of working. The Government's major policy reform continues, focusing on Welfare Reform, a new Finance Bill and Planning reform. These changes will have a major impact across the various functions within the City Council and officers and Members are continuing to assess the implications for services and stakeholders.

5. Review of Effectiveness of the Governance Framework

- 5.1 Members of the working group, (originally set up in December 2007) continue to review the governance framework.
- 5.2 The Audit Committee has responsibility for conducting an annual review of the effectiveness of the governance framework, including the system of internal control. The review of effectiveness will be informed by:
- Council officers, responsible for the development and maintenance of the governance environment
 - The Audit Services Manager's annual report
 - Comments and observations made by external auditors and external review agencies and inspectors
- 5.3 The initial review was conducted in accordance with the following plan:
- A corporate officer group was appointed to review the governance arrangements and test the systems, processes and strategies in the light of the six core principles of good governance
 - A work plan identifying specific tasks, timescales and responsibilities was produced and a communications strategy is being developed to steer the process of embedding new arrangements
 - Responsible officers from across the Authority were requested to provide the evidence required to ensure compliance with the necessary Codes, protocols, statements and policies
 - The Members of the Audit Committee receive annual training to enable them to undertake their required responsibilities
 - Elected Members review the draft Annual Governance Statement
 - The Audit Committee receive the Annual Governance Statement, noting the significant governance issues requiring attention and agreeing a plan to address areas needing further work to ensure that continuous improvement of corporate governance is in place
- 5.4 The City Council's review of the effectiveness of the system of internal control is informed by:
- Directorate assurance based on management information, performance information, officer assurance statements and Scrutiny reports

- The work undertaken by Internal Audit during the year
- The work undertaken by the External Auditor reported in their annual audit and inspection letter
- Other work undertaken by independent inspection bodies

5.5 The annual report of the Audit Services Manager summarises the audit work undertaken during 2011/12. Areas assigned an unsound/unsatisfactory level of assurance during the year, are being addressed by appropriate officers and action plans have been prepared setting out all actions to be completed. From the work undertaken in 2011/12 by Internal Audit, the Audit Services Manager was able to give the following assurance:

“I am able to provide an opinion regarding the Council’s control environment that the level of assurance on the adequacy and effectiveness of the City Council’s control environment is Adequate for the 2011/12 financial year.”

This is an improvement on 2010/11’s assessment when the Audit Services Manager’s assurance opinion was Marginal. This shows a positive direction of travel and particularly impressive given the huge amount of change that has been implemented throughout 2011/12.

6. Significant Governance Issues

6.1 During 2010/11 the Council initiated a thorough investigation into issues regarding procurement practices relating primarily to demolition contracts and estate management works. Some aspects of these legacy issues are still under independent investigation. From a City Council perspective a thorough review of procurement practices has been undertaken in a robust and transparent manner. The review of policies and procedures is substantially complete and progress and improvements have been reported in the appropriate arena.

7. Signature

7.1 We have been advised on the results of the review of the effectiveness of the governance framework by the Audit Committee. A plan to address areas needing further work to ensure continuous improvement of the arrangements is in place and will continue to be addressed.

7.2 Over the coming year, we will address the identified weaknesses within the Council’s governance arrangements and will monitor the implementation of recommendations to improve and enhance the arrangements as part of our next annual review.

Signed:

Leader Date:

Chief Executive..... Date:

Section 151 Officer..... Date:

Monitoring Officer..... Date: