



Governance Committee

Agenda and Reports

For consideration on

Thursday, 14th March 2013

In Committee Room 1, Town Hall, Chorley

At 2.30 pm

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07 March 2013

Dear Colleague

GOVERNANCE COMMITTEE - THURSDAY, 14TH MARCH 2013

You are invited to attend a meeting of the Governance Committee to be held in Committee Room 1, Town Hall, Chorley on Thursday, 14th March 2013 commencing at 2.30 pm.

AGENDA

1 **Apologies for absence**

2 **Minutes (Pages 1 - 6)**

To approve the minutes of the Governance Committee held on 17 January 2013 (enclosed)

3 **Declarations of Any Interests**

Members are reminded of their responsibility to declare any pecuniary interest in respect of matters contained in this agenda.

If you have a pecuniary interest you must withdraw from the meeting. Normally you should leave the room before the business starts to be discussed. You do, however, have the same right to speak as a member of the public and may remain in the room to enable you to exercise that right and then leave immediately. In either case you must not seek to improperly influence a decision on the matter.

4 **Treasury Management - Counterparty Limits (Pages 7 - 10)**

Report of the Chief Executive (enclosed)

5 **Update of the Code of Corporate Governance (Pages 11 - 32)**

Report of the Head of Governance (enclosed)

6 **Standards Update (Pages 33 - 36)**

Report of Monitoring Officer (enclosed)

7 **External Audit Plan as at 31 March 2013 (Pages 37 - 54)**

Report of the External Auditors (enclosed)

8 **Audit Committee Update (Pages 55 - 66)**

Report of the External Auditor (enclosed)

9 **Certification Work Report 2011/12 (Pages 67 - 76)**

Report of the External Audit (enclosed)

10 **Internal Audit Plan 2013/14 (Pages 77 - 82)**

Report of the Head of Shared Assurance Services (enclosed)

11 **Update on the Strategic Risk Register (Pages 83 - 88)**

Report of the Chief Executive (enclosed)

12 **Any other item(s) that the Chair decides is/are urgent**

Yours sincerely



Gary Hall
Chief Executive

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Distribution

1. Agenda and reports to all Members of the Governance Committee (Paul Leadbetter (Chair) and Alison Hansford (Vice-Chair), Julia Berry, Graham Dunn, Anthony Gee, Marie Gray, June Molyneaux and Alan Platt for attendance.
2. Agenda and reports to Gareth Winstanley (Grant Thornton UK) and Fiona Blatcher (Grant Thornton UK) for attendance.
3. Agenda and reports to Gary Hall (Chief Executive), Chris Moister (Head of Governance), Susan Guinness (Head of Shared Financial Services), Garry Barclay (Head of Shared Assurance Services) and Dianne Scambler (Democratic and Member Services Officer) for attendance.
4. Agenda and reports to Peter Ripley (Independent Member) for information.

This information can be made available to you in larger print or on audio tape, or translated into your own language. Please telephone 01257 515118 to access this service.

Governance Committee

Thursday, 17 January 2013

Present: Councillor Paul Leadbetter (Chair) and Julia Berry, Graham Dunn, Anthony Gee, Marie Gray, June Molyneaux and Alan Platt

Also in attendance

Peter Ripley (Independent Member) and Gareth Winstanley (Engagement Manager, Grant Thornton UK LLP)

Officers: Gary Hall (Chief Executive), Chris Moister (Head of Governance), Garry Barclay (Head of Shared Assurance Services), Dawn Highton (Principal Auditor) and Dianne Scambler (Democratic and Member Services Officer)

13.G.1 APOLOGIES FOR ABSENCE

There were no apologies for absence.

13.G.2 WELCOME AND INTRODUCTIONS

The Chair welcomed Peter Ripley who was attending his first meeting of the Committee. Mr Ripley had recently been appointed as our Independent Person who would assist in assessing any complaints received against Elected Members under the new standards regime.

The Chair also welcomed Gareth Winstanley from the Council's new external auditor, Grant Thornton.

13.G.3 MINUTES

RESOLVED – That the minutes of the Governance Committee meeting held on 27 September 2012 be confirmed as a correct record for signing by the Chair.

13.G.4 DECLARATIONS OF ANY INTERESTS

No declarations of interest were received.

13.G.5 STANDARDS REGIME - SIX MONTH REVIEW

The Committee received a report of the Monitoring Officer that provided an update for Members in relation to complaints received under the new Code of Conduct regime.

To date there had been one complaint received against two Chorley Councillors that had been resolved to the complainant's satisfaction by the Monitoring Officer and one complaint received as a standards complaint concerning a Parish Council. This complaint was not accepted as it related to the conduct of the Parish Clerk and did not therefore fall within the scope of the Code of Conduct.

There had been no adverse comment concerning neither the procedure adopted nor the complexity of the new Code. All Members had now been offered training and the new regime had been well received.

Councillor Berry asked if more information could be provided to help Members with the registering of any interests. The Monitoring Officer commented that additional guidance had been given previously but that the new arrangements had moved away from the previous prescriptive process. Some concerns that Members were around the perception of bias and predetermination.

RESOLVED – That the report be noted and referred to full Council for consideration.

13.G.6 GRANTING OF A DISPENSATION

The Monitoring Officer submitted a report requesting authorisation from the Governance Committee for the granting of a dispensation to all Chorley Councillors to allow them to participate in setting the rate of Council Tax by the Council for 2013/14.

Under the previous standards regime, the legislation granted to members an exemption from the requirement to declare a prejudicial interest and leave the meeting when the council tax rate was set. This was to reflect the fact that all members would be financially affected by the decision.

The new standards regime no longer refers to prejudicial interests but instead talks in terms of pecuniary interests. The regime had been localised and there was no longer any blanket exemptions to allow members to participate in a decision when they have a pecuniary interest.

The Localism Act does provide for the granting of a dispensation when sufficient numbers of members would be prevented from participating in a decision so as to affect the ability of the Council to properly reach that decision and as all Members of Chorley Council are financially affected by the setting of the council tax rate, it was considered appropriate to grant a dispensation to all members to enable them to participate and vote on the setting of the Council Tax for the borough.

The Committee had a discussion about those Councillors that had an interest in more than one property/business within the Borough and some members felt that the granting of a dispensation could be advantageous in such cases. The Monitoring Officer commented that Business Rates would be treated differently as they would not affect all Councillors ability to make an unbiased decision so therefore a dispensation would not be granted in this case.

RESOLVED – That the granting of a dispensation to all Chorley Councillors to allow them to participate and vote at any meeting this municipal year at which the Council Tax rate for the Borough is set.

13.G.7 PLANNED AUDIT FEE FOR 2012/13

Gareth Winstanley – Engagement Manager explained that Grant Thornton were delighted to have been appointed by the Audit Commission as auditors for Chorley Council and were looking forward to providing a high quality service for at least the next five years.

The Audit Commission had set its proposed work programme and scales of fees for 2012/13 and a letter detailing the audit fees for the Council along with the scope and timing of the works was presented to the Committee.

The Commission had independently set the scale of fee for all bodies and for 2012/13; the fee for Chorley Council would be £59,440, which was a comparative reduction of 40% on fees for 2011/12. This reduction was mainly around there no longer being the

need to contribute to the central administration costs of the now disbanded Audit Commission.

It was explained that the fee was based on a risk based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2012/13 and covered:

- Audit of the financial statements
- Conclusion on the economy, efficiency and effectiveness of our resources (the value for money conclusion)
- Work on the whole of government accounts return

The Audit Commission had replaced the previous schedule of hourly rates for certification work with a composite indicative fee. This fee had been adjusted to reflect a reduction in the number of schemes which required auditor certification and also incorporated a 40% fee reduction, resulting in a fee of £12,350 for the grant certification of the authority.

The letter also detailed the other key members of the audit team for 2012/13:

Fiona Blatcher – Engagement Lead; and
 Peter Buckley – Audit Executive

RESOLVED – That the report be noted.

13.G.8 INTERNAL AUDIT UPDATE AS AT 30 NOVEMBER 2012

The Head of Shared Assurance Services submitted a report advising members of the work undertaken in respect of the Internal Audit Plans for Chorley and Shared Services for 1 April to 30 November 2012.

The Committee were provided with a snapshot of the overall progress made in relation to the 2012/13 Internal Audit Plans, indicating which audits had been completed and their control rating, those that were in progress or yet to start. Information was also provided on the time planned and actually spent on each audit.

Members noted that all the plans were on target to be achieved and of the eight reviews completed to date, 6 had been given a substantial or adequate assurance rating. However, two reviews, Disaster Recovery and Penetration Testing had been given limited assurance ratings.

The Head of Shared Assurance Services gave a detailed explanation as to why the two reviews had received this rating and what action had been taken to make improvements. The Chief Executive reported that all the agreed management actions would be completed by the end of the financial year.

Members asked questions in relation to the secure storage of personal data and lone working arrangements for staff.

The Committee was advised that a baseline review of the Internal Audit performance indicators had now been undertaken and in line with other Internal Audit Services across Lancashire it was proposed to keep the following indicators and targets:

	Performance Indicator	SRBC/ CBC	Target	Others	Ave Target
1	% Planned Time Used	Y	90%	3	86%

2	% Audit Plan Completed	Y	100%	5	90%
3	% Management Actions Agreed	Y	98%	4	96%
6	% Customer Satisfaction Rating (per assignment)	Y	90%	5	89%

There were two indicators that did not seem to be measured by the majority of the other IAS across Lancashire, so it was proposed to remove these indicators from 2013/14 onwards:

	Performance Indicator	SRBC/ CBC	Target	Others	Ave Target
4	% Agreed Management Actions Implemented	Y	100%	2	82%
5	% Agreed Management Actions Implemented on time	Y	100%	0	N/A

The Chief Executive thought that number four was important as it showed the performance of the authority. If this indicator was underperforming, Members could request the individual Managers to attend Committee to explain their reasons why and what remedial action would be taken.

RESOLVED

1. That the report be noted.
2. That performance measures 1, 2, 3 and 6 are retained and reported on a quarterly basis, measure 4 be reported by exception and measure 5 removed for 2013/14.

13.G.9 ANNUAL GOVERNANCE STATEMENT 2012 - PROGRESS REPORT

The Committee received a report of the Head of Shared Assurance Services that gave an update on the progress made to implement several enhancements to the council's system of governance as identified in the 2012 Annual Governance Statement (AGS).

At the June meeting of the Governance Committee, members were asked to review the draft AGS for 2012 which had been produced in accordance with CIPFA/SOLACE guidelines. The AGS had been subsequently signed by the Leader and Chief Executive before being submitted for external audit alongside the 2011/12 financial statements. The Audit Commission had since issued an unqualified opinion on those statements.

The corporate self-assessment had identified several opportunities to enhance the Council's governance arrangements:

- Review and update the Council's approach to consulting with and providing feedback to the local community and other stakeholders on service design and delivery.
- Review and update the Council's Communications Strategies and Policies.
- Review and update the Framework for Partnership working
- Undertake a review of compliance with the revised CIPFA Standards on Audit Committees once they are published.

- Introduction of a Local Code of Conduct for Members on Standards.
- Review and re-issue the Protocol on Member/Officer Relations
- Undertake a members skills analysis and update the member development programme
- Set and monitor consistent standards for productivity throughout the organisation
- Review the current procedure for document management, storage and retention as a key element of the Council's Information Management Strategy
- Utilise the asset management module in Customer Services to incorporate the Council's ICT hardware inventory

Members were provided with an Action Plan of the agreed improvements that reported on progress to date.

RESOLVED – That the information in the report be noted.

13.G.10 SELF ASSESSMENT RESULTS

The Chair reported that he had received the results of the self-assessment that all Members of the Committee had recently completed. A number of improvements had been highlighted including the need for additional training and the importance of continuity of membership.

The Chair considered it important that the Committee Members got involved in deciding how to take this forward and asked that a meeting be arranged to discuss all the options available.

RESOLVED – That Democratic Services arrange a meeting of the Governance Committee to discuss the Self-Assessment results.

Chair

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Report of	Meeting	Date
Chief Executive	Governance Committee	14 March 2013

TREASURY MANAGEMENT – COUNTERPARTY LIMITS

PURPOSE OF REPORT

1. Since September 2011 the Council has restricted the period of many investments to a maximum of three months. It is now proposed that this limit be removed. The report also makes comment on the downgrade to the UK sovereign rating

RECOMMENDATION(S)

2. That the restriction of three months that currently applies to investments with all counterparties other than the part nationalised banks, be removed.

EXECUTIVE SUMMARY OF REPORT

3. The maximum period of any treasury investment is based on the credit rating of the counterparty. However, since September 2011, a blanket time limit of three months has been applied to all institutions except those which are part nationalised.
4. Fears in the financial markets have now subsided to the point that the Council’s treasury advisor recommends that the temporary restriction can be lifted. They stress that this reflects markedly improved market stability, not the removal of the many ills and weakness affecting the financial markets.
5. Removing the limit will currently have no practical effect. The Council only makes term deposits to four financial institutions. Two of these are the part nationalised banks, RBS group and the Lloyds group; with whom we already make deposits for up to twelve months. The other two institutions, Barclays and Nationwide, will continue to be restricted to three months since that is the duration warranted by their individual credit ratings.
6. The downgrade in the UK’s Sovereign rating was not unexpected and of itself it is not expected to have an impact on borrowing costs.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

7. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	

DETAIL

8. In September 2011 the Council’s treasury advisor, Sector, recommended that a temporary limit of three months should be placed on all investments with financial institutions other than the part nationalised banks. This advice was given in response to rising concern about financial markets particularly in the Eurozone.
9. Sector now recommend this limit be lifted. Their reason is that the excess market fears have subsided and liquidity improved. They identify three factors that have contributed to this:
 - The ECB announcement of unlimited support to sovereigns
 - UK initiatives that have given banks access to cheaper funding
 - The avoidance in the USA of the “fiscal cliff”
10. They stress that whilst these factors have improved market stability they do not mean that the ills of the financial crisis are gone. The UK has just been downgrade, the “fiscal cliff” has only been temporarily resolved, and elections in Italy and events elsewhere in Europe could disturb markets. Furthermore the financial weaknesses of many institutions remain, evidenced by the fact that in the last eighteen months 40% of the institutions monitored by Sector have had their credit rating reduced to the extent that it would affect the recommended duration for deposits. All of these factors mean that market volatility will remain but within more reasoned levels than those applying when the temporary limit was imposed.
11. The removal of the limit is unlikely to have immediate effect. Very few UK banks have a credit rating that would justify an investment for more than three months, and those that do usually only deal in larger sums, or in different markets, than the Council.

DOWNGRADE TO UK SOVEREIGN RATING

12. On Friday 22 February Moody downgraded the UK’s sovereign rating by one notch to AA1. The reasons cited were the weak prospects for growth, the expectations of higher public debt levels, and the consequential reduction in the ability of the economy to absorb unexpected economic shocks.
13. These concerns ultimately have the potential to result in higher public borrowing costs, but the downgrade itself is not expected to have any immediate effect since it had been expected and thus was already factored into market reasoning.

IMPLICATIONS OF REPORT

14. This report has implications in the following areas and the relevant Directors’ comments are included:

Finance	X	Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

15. These are incorporated in the report.

COMMENTS OF THE MONITORING OFFICER

16. None

Background Papers			
Document	Date	File	Place of Inspection
Sector Credit Issues Newsflash	11 Jan 2013	***	Town Hall

Report Author	Ext	Date	Doc ID
G Whitehead	5485	18 Feb 2013	***

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Report of	Meeting	Date
Head of Governance	Governance Committee	14 March 2013

UPDATE OF THE CODE OF CORPORATE GOVERNANCE

PURPOSE OF REPORT

- To advise members of changes to the Council's Code of Corporate Governance.

RECOMMENDATION(S)

- That the updates to the Code of Corporate Governance contained at Appendix 1 be approved and adopted.

EXECUTIVE SUMMARY OF REPORT

- The Council are required to adopt a Code of Corporate Governance which demonstrates how the authority complies with its legislative requirements, the principles of good governance and management processes.
- In 2007 CIPFA/SOLACE issued a Framework and Guidance Document entitled Delivering Good Governance in Local Government. This established the Framework and Principles in which the Code could operate.
- This framework was adopted by Government as best practice and Chorley Council have used this Framework as the basis for our Code of Corporate Governance since that time.
- In 2012, to reflect a change in the Regulations, CIPFA SOLACE issued new guidance and an addendum to the Framework. The document at Appendix 1 incorporates these changes.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

- This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	

AMENDMENTS

- The most significant amendment to the Code is to update it to reflect the changes imposed by the Accounts and Audit Regulations 2011. Fundamentally, this change replaces the need to produce a Statement of Internal Control with the Annual Governance Statement. Largely the content of both is the same.
- The other significant change is the removal from the Control Measures to have meetings in public unless absolutely necessary. This is now a legal requirement and processes have

been adopted to ensure this is the case in any event including the incorporation of confidential items on the Notice of Key Decisions.

IMPLICATIONS OF REPORT

10. This report has implications in the following areas and the relevant Directors' comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal		Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

11. None

COMMENTS OF THE MONITORING OFFICER

12. Contained in the body of the report

Chris Moister
Head of Governance

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Chris Moister	5160	5 March 2013	***

Chorley Council

Code Of Corporate Governance



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1. BACKGROUND

1.1 The Council's Vision states that Chorley Council will be:

- An ambitious council that achieves more by listening to the whole community and exceeding their needs.

1.2 Our priorities are set out in the Corporate Strategy as follows:

PRIORITY	INVOLVING RESIDENTS IN IMPORVING THEIR LOCAL AREA AND EQUALITY OF ACCESS FOR ALL	CLEAN SAFE AND HEALTHY COMMUNITIES	AN AMBITIOUS COUNCIL THAT DOES MORE TO MEET THE NEEDS OF RESIDENTS AND THE LOCAL AREA	A STRONG LOCAL ECONOMY
Outcomes	<ul style="list-style-type: none"> - Residents who take pride in where they live and their achievements - All residents are able to take an active part in their community - Easy access to high quality public services 	<ul style="list-style-type: none"> - Clean and safe streets - Reduced health in equalities - High quality play areas, parks and open spaces - A wide range of quality recreational activities - High quality affordable and suitable housing 	<ul style="list-style-type: none"> - A council that consults and engages with residents - An ambitious Council that continually strives to improve 	<ul style="list-style-type: none"> - A vibrant town centre and villages - A strong and expanding business sector - Access to high quality employment and education opportunitis

1.3 A sound system of corporate governance underpins the achievement of all the Council's desired outcomes but is primarily concerned with ensuring that the Council is a consistently top performing organisation.

1.4 In 2007 CIPFA and SOLACE issued a Framework document and supporting guidance (updated in 2012) entitled "Delivering Good Governance in Local Government" under which the Council is urged to:

- develop and maintain an up-to-date local code of governance consistent with the core principles set out in this Framework, including arrangements for ensuring its ongoing application and effectiveness;
- review its existing governance arrangements against this Framework;
- prepare a governance statement in order to report publicly on the extent to which the Council complies with its own code on an annual basis including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

1.5 This local Code of Corporate Governance has been produced to show how Chorley Council will implement the core principles and detailed provisions of the new CIPFA SOLACE Framework and therefore ensure full compliance with it.

1.6 The Local Code also incorporates the guidance in respect of the 2010 Statement on the Role of the CFO in Local Government and the corresponding Application Note to Delivering Good Governance in Local Government and updated in Autumn and December 2012.

2. CORE PRINCIPLES

2.1 The following six **core principles** are taken from the Good Governance Standard developed by the Independent Commission on Good Governance in Public Services with support from CIPFA and have been adapted for local government purposes. Good governance means:

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 a common purpose with clearly defined functions and roles

3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

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 local public accountability

2.2 The above six core principles also have **supporting principles** which reflect the dimensions of a local authority's business. The following paragraphs illustrate the specific **control measures** that Chorley Council is seeking to apply in order to comply with those principles:

Core principle 1 - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

SUPPORTING PRINCIPLES	CONTROL MEASURES
Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users	Develop and promote the authority's purpose and vision
	review on a regular basis the authority's vision for the local area and its implications for the authority's governance arrangements
	ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners
	publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance
Ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning	decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available
	put in place effective arrangements to identify and deal with failure in service delivery
Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.	decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions

Core principle 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles

SUPPORTING PRINCIPLES	CONTROL MEASURES
<p>Ensuring effective leadership throughout the authority and being clear about executive and non executive functions and of the roles and responsibilities of the scrutiny function</p>	<p>set out a clear statement of the respective roles and responsibilities of the executive and of the executive’s members individually and the authority’s approach towards putting this into practice</p>
	<p>set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers</p>
<p>Ensuring that a constructive working relationship exists between elected members and officers and that the responsibilities of authority members and officers are carried out to a high standard.</p>	<p>determine a scheme of delegated and reserved powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required</p>
	<p>make the chief executive or equivalent responsible and accountable to the authority for all aspects of operational management</p>
	<p>develop protocols to ensure that the leader and chief executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained</p>
	<p>Make a senior officer (usually the s151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control</p>
	<p>Make a senior officer (usually the monitoring officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with.</p>
<p>Ensuring relationships between the authority its partners and the public are clear so that each know what to expect of the other.</p>	<p>develop protocols to ensure effective communication between councillors and officers in their respective roles</p>
	<p>set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process including an effective remuneration panel (if applicable)</p>
	<p>Ensure that effective mechanisms exist to monitor service delivery</p>
	<p>Ensure that the organisation’s vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated</p>
	<p>When working in partnership, ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority</p>
	<p>When working in partnership :</p> <ul style="list-style-type: none"> ▪ ensure that there is clarity about the legal status of the partnership ▪ ensure that representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions

Core principle 3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

SUPPORTING PRINCIPLES	CONTROL MEASURES
<p>Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance</p>	<p>Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support & respect</p>
	<p>Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols.</p>
	<p>put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice</p>
<p>Ensuring that organisational values are put into practice and are effective.</p>	<p>develop and maintain shared values including leadership values for both the organisation and its staff reflecting public expectations, and communicate these with members, staff, the community & partners</p>
	<p>put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice</p>
	<p>develop and maintain an effective standards committee</p>
	<p>use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority</p>
	<p>in pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.</p>

Core principle 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

SUPPORTING PRINCIPLES	CONTROL MEASURES
<p>Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny</p>	<p>develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority’s performance overall and that of any organisation for which it is responsible</p>
	<p>develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based</p>
	<p>put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice</p>
	<p>develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee</p>
	<p>Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints</p>
<p>Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs</p>	<p>ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications</p>
	<p>ensure that proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately</p>
<p>Ensuring that an effective risk management system is in place</p>	<p>ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognising that risk management is part of their jobs</p>
	<p>Ensure that effective arrangements for whistle blowing are in place to which officers, staff and all those contracting with or appointed by the authority have access</p>
<p>Using their legal powers to the full benefit of the citizens and communities in their area</p>	<p>actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise their powers to the full benefit of their communities</p>
	<p>recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on authorities by public law</p>
	<p>observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of administrative law – rationality, legality and natural justice into their procedures and decision making processes</p>

Core principle 5 - Developing the capacity and capability of members and officers to be effective

SUPPORTING PRINCIPLES	CONTROL MEASURES
<p>Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles</p>	<p>provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis</p>
	<p>ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority</p>
<p>Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group</p>	<p>assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively</p>
	<p>develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed</p>
	<p>Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might for example aim to address any training or development needs</p>
<p>Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal</p>	<p>Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority</p>
	<p>Ensure that career structures are in place for members and officers to encourage participation and development</p>

Core principle 6 - Engaging with local people and other stakeholders to ensure robust local public accountability

SUPPORTING PRINCIPLES	CONTROL MEASURES
<p>Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders including partnerships, and develops constructive accountability relationships</p>	<p>make clear to themselves, all staff and the community, to whom they are accountable and for what</p>
	<p>consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required</p>
	<p>produce an annual report on scrutiny function activity</p>
<p>taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning</p>	<p>Ensure clear channels of communication are in place with all sections of the community and other stakeholders and put in place monitoring arrangements to ensure that they operate effectively</p>
	<p>Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands</p>
	<p>establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result</p>
	<p>on an annual basis, publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period</p>
	<p>ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so</p>
	<p>develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making</p>
<p>Making best use of human resources by taking an active and planned approach to meet responsibility to staff.</p>	

3. REVIEW OF ARRANGEMENTS

- 3.1 The CIPFA SOLACE Framework requires the Council to:
- consider the extent to which it complies with the principles and requirements of good governance set out in the Framework
 - identify systems, processes and documentation that provide evidence of compliance
 - identify the individuals and committees responsible for monitoring and reviewing the systems, processes and documentation identified
 - identify the issues that have not been addressed adequately in the authority and consider how they should be addressed
 - identify the individuals who would be responsible for undertaking the actions required and plan accordingly.
- 3.2 Commencing with the 2006/7 financial year, a corporate working group has assumed responsibility for conducting a detailed self-assessment of compliance with the above core principles and supporting principles. This includes the listing of documentary evidence to support the results. Much of the required evidence is taken from the following key systems and processes:
- Strategic and business planning;
 - Communication;
 - Performance management;
 - Risk management;
 - Value for money;
 - Probity;
 - Financial strategy;
 - Financial standing;
 - Financial management;
 - Asset management.
- 3.3 These are also the areas that the Audit Commission base their annual governance report upon.
- 3.4 A Corporate Governance Group consisting of the following key officers conduct the self assessment:
- Chief Executive (Section 151 Officer)
 - Head of Governance (Monitoring Officer)
 - Director of Partnerships, Planning & Policy
 - Head of Shared Assurance Services
- 3.5 Any significant non-compliance issues identified in the self-assessment process are disclosed within the Annual Governance Statement and fed into the business planning process. This means that they are subjected to systematic monitoring which in turn ensures their resolution.
- 3.6 The Annual Governance Statement is also reported to Strategy Group and Executive Cabinet at the respective chief officer and member levels. In addition, the Governance Committee has responsibility for oversight and scrutiny of governance matters written into its terms of reference. The overall reporting system for corporate governance is shown at Appendix 1. This also indicates that the Corporate Governance Group acts as a conduit for any governance issues identified through external audit and inspection reports.

4. ROLE OF THE CHIEF FINANCE OFFICER IN LOCAL GOVERNMENT

- 4.1 In 2010 CIPFA updated their 2003 Statement on the Role of the Chief Finance Officer (CFO) in Local Government to reflect the changed environment in which the CFO now operates and to set out how the requirements of legislation and professional standards should be fulfilled by CFO's in carrying out their role.
- 4.2 The 2010 Statement on the Role of the CFO in Local Government sets out the following 5 principles that define the core activities and behaviours that belong to the role of the CFO and the organisational arrangements needed to support them:

The CFO in a Local Authority:

- 1 is a key member of the Leadership Team , helping to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest;**
- 2 must be actively involved in, and be able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy, and**
- 3 must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively**

To deliver these responsibilities the CFO:

- 4 must lead and direct a finance function that is resourced and fit for purpose; and**
- 5 must be professionally qualified and suitably experienced.**

- 4.3 The 2010 Statement on the Role of the CFO contains a detailed checklist of measures against which Councils need to benchmark their own arrangements in order to demonstrate their compliance or otherwise with the above principles. The 2010 Statement on the Role of the CFO also requires Councils to report the outcome of this assessment publicly.
- 4.4 Rather than report the outcome of this assessment separately, CIPFA has published an "Application Note" which sets out a process for reviewing compliance with the 2010 Statement on the Role of the CFO as an integral part of the annual review of Councils governance arrangements and the publication of the Annual Governance Statement in accordance with the CIPFA SOLACE Framework.
- 4.5 Essentially, the checklist of control measures that is assessed to demonstrate compliance with the 6 core principles under CIPFA SOLACE has been expanded to incorporate additional questions which will simultaneously assess compliance with the 5 principles under the 2010 Statement on the Role of the CFO. Therefore any non-compliance issues arising from the review of compliance with the 2010 Statement on the Role of the CFO will be reported in the Council's Annual Governance Statement.
- 4.6 This Local Code of Corporate Governance therefore incorporates the latest guidance in respect of the 2010 Statement on the Role of the CFO in Local Government and the corresponding Application Note to Delivering Good Governance in Local Government and supplemental guidance and amendment to the framework issued in 2012.

4.7 The additional questions in respect of the above 5 principles are as follows:

Core principle 1 - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

SUPPORTING PRINCIPLES	CONTROL MEASURES
<p>Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.</p>	<p>Ensure that timely, accurate & impartial financial advice & information is provided to assist in decision making & to ensure that the authority meets its policy objectives & provides effective stewardship of public money & value for money in its use.</p>
	<p>Ensure that the authority maintains a prudential financial framework; keeps its commitments in balance with its available resources; monitors income & expenditure levels to ensure that this balance is maintained & takes corrective action when necessary</p>
	<p>Ensure compliance with CIPFA’s Code on a Prudential Framework for Local Authority Capital Finance & CIPFA’s Treasury Management Code</p>

Core principle 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles

SUPPORTING PRINCIPLES	CONTROL MEASURES
<p>Ensuring effective leadership throughout the authority and being clear about executive and non executive functions and of the roles and responsibilities of the scrutiny function</p>	<p>Ensure that the CFO reports directly to the Chief Executive & is a member of the leadership team with a status at least equivalent to other members. If different organisational arrangements are adopted, explain the reasons publicly, together with how these will deliver the same impact</p>
<p>Ensuring that a constructive working relationship exists between elected members and officers and that the responsibilities of authority members and officers are carried out to a high standard.</p>	<p>Ensure that the authority’s governance arrangements allow the CFO direct access to the CEO and to other leadership team members.</p>
	<p>Appoint a professionally qualified CFO whose core responsibilities include those set out in the Statement on the Role of the CFO in Local Government & ensure they are properly understood throughout the authority.</p>
	<p>Ensure that the CFO:</p> <ul style="list-style-type: none"> • Leads the promotion & delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively • Has a line of professional accountability for finance staff throughout the organisation
	<p>Ensure that budget calculations are robust and reserves adequate, in line with CIPFA’s guidance</p>
<p>Ensure that appropriate management accounting systems & controls are in place so that finances are kept under review on a</p>	

	regular basis. These systems & controls should apply consistently to all activities including partnership arrangements, outsourcing or where the authority is acting in an enabling role.
Ensuring relationships between the authority and the public are clear so that each know what to expect of the other.	Establish a medium term business & financial planning process to deliver strategic objectives including: <ul style="list-style-type: none"> • A medium term financial strategy to ensure sustainable finances • A robust annual budget process that ensures financial balance • A monitoring process that enables this to be delivered
	Ensure that these are subject to regular review to confirm the continuing relevance of assumptions used

Core principle 3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

SUPPORTING PRINCIPLES	CONTROL MEASURES
Ensuring that organisational values are put into practice and are effective	Ensure that systems & processes for financial administration, financial control & protection of the authority’s resources & assets are designed in conformity with appropriate ethical standards & monitor their continuing effectiveness in practice

Core principle 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

SUPPORTING PRINCIPLES	CONTROL MEASURES
Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny	Maintain and resource an effective Internal audit Function
	Ensure the authority’s governance arrangements allow the CFO direct access to the audit committee & external audit
Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs	Ensure the provision of clear, well presented, timely, complete and accurate financial reports to budget managers & senior officers on the budgetary & financial performance of the authority
	Ensure the authority’s governance arrangements allow the CFO to bring influence to bear on all material decisions
	Ensure that advice is provided on the levels of reserves & balances in line with good practice guidance
Ensuring that an effective risk management system is in place	Ensure the authority’s arrangements for financial & internal control & for managing risk are addressed in annual governance reports
	Ensure the authority puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review & monitoring, physical

	safeguards, segregation of duties, accounting procedures, information systems & authorisation & approval processes
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Core principle 5 - Developing the capacity and capability of members and officers to be effective

SUPPORTING PRINCIPLES	CONTROL MEASURES
Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles	Ensure the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non-financial areas of their role
	Review the scope of the CFO’s other management responsibilities to ensure financial matters are not compromised
	Provide the finance function with the resources, expertise and systems necessary to perform its role effectively
Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group	Embed financial competencies in person specifications & appraisals
	Ensure that councillors’ roles & responsibilities for monitoring financial performance / budget management are clear, that they have adequate access to financial skills & are provided with appropriate financial planning on an ongoing basis to help them discharge their responsibilities

Core principle 6 - Engaging with local people and other stakeholders to ensure robust local public accountability

There are no additional questions on this core principle in respect of the new Statement on the Role of the CFO in Local Government.

5. ANNUAL GOVERNANCE STATEMENT

- 5.1 Regulation 4(3) of the Accounts and Audit Regulations 2011 requires a local authority to “conduct a review at least once in a year of the effectiveness of its system of internal control...”. Subsequently, the authority should approve an Annual Governance Statement in accordance with proper practices.
- 5.2 The new CIPFA SOLACE Framework defines proper practice for the form and content of an Annual Governance Statement (AGS), which meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011.
- 5.3 The Council therefore publishes an AGS based on the CIPFA SOLACE model governance statement as shown at Appendix 2. The AGS covers all significant corporate systems, processes and controls, spanning the whole range of the Council's activities, including in particular those designed to ensure:
- the authority's policies are put into place
 - the authority's values are met
 - laws and regulations are complied with
 - required processes are adhered to
 - financial statements and other published information are accurate and reliable
 - human, financial and other resources are managed efficiently and effectively
 - high quality services are delivered efficiently and effectively.
- 5.4 It therefore covers performance issues – good governance promotes good service but poor service performance reflects a failure of governance. Consequently, approval and ownership of the AGS should be at a corporate level and should be confirmed by the most senior officer (chief executive or equivalent) and the most senior member (leader or equivalent) signing the statement on behalf of the authority.
- 5.5 The Leader and Chief Executive therefore sign the AGS on behalf of Chorley Council once the review and approval process (Appendix 1) has been followed. The AGS will be approved by the Audit Committee and published with the annual financial statements so that the publication timetable for the financial statements drives the AGS approval timetable.

6. SERVICE ASSURANCE STATEMENTS

- 6.1 As Section 4 above indicates, before signing the AGS the Leader and Chief Executive will seek assurances that the review and approval process described in Appendix 1 has been followed. This ensures that the views of the statutory officers have been taken into account, and they have in turn sought the views of auditors (internal & external) and other inspectorates as to the adequacy and effectiveness of the Council's system of governance.
- 6.2 However in reviewing and approving the AGS members will also require assurances on the effectiveness of the governance framework from managers across the Council, as it is they who are charged with embedding corporate governance systems within their services.

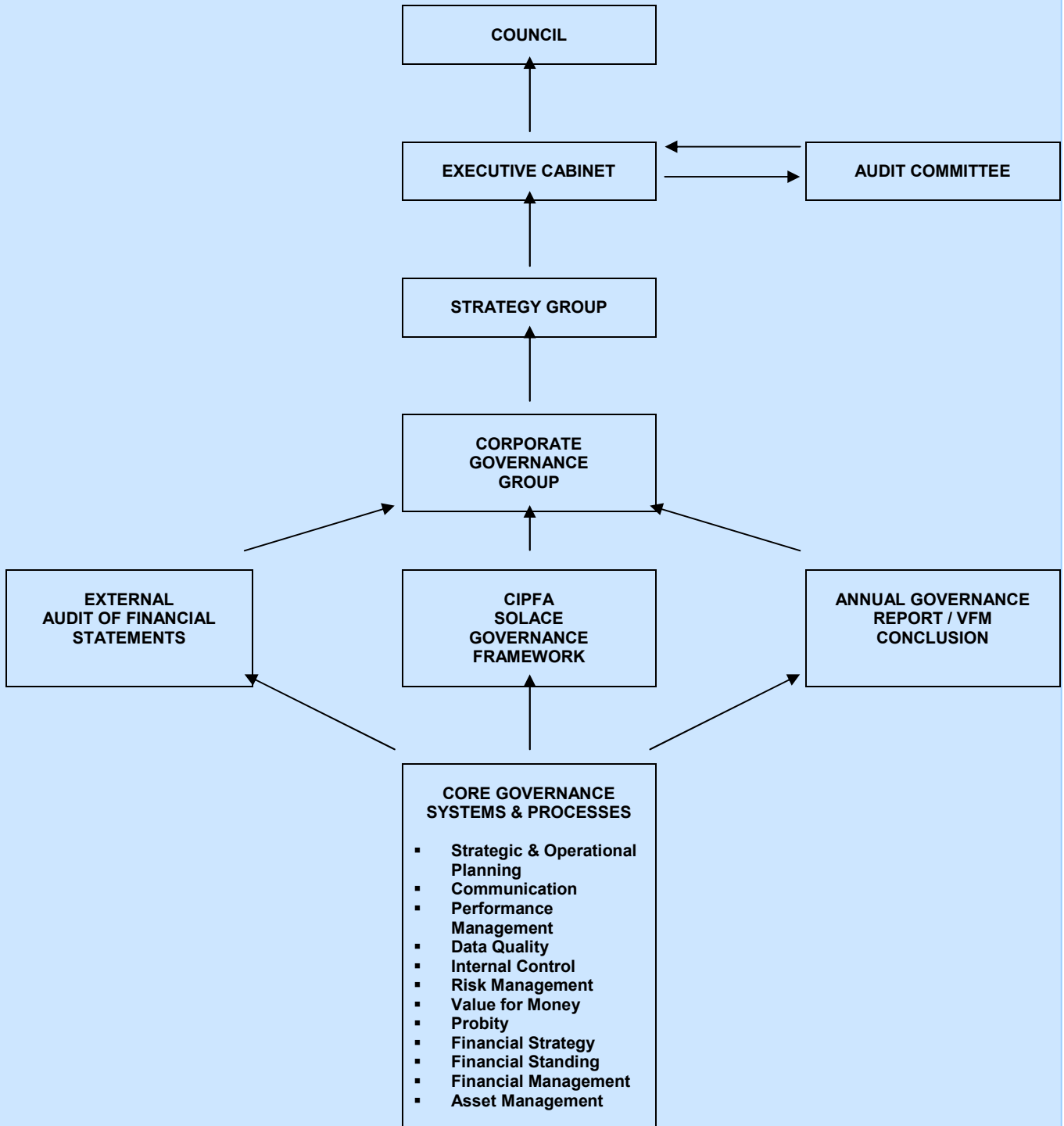
- 6.3 The Council has therefore adopted a system of Service Assurance Statements which are compiled on an annual basis to coincide with the production of the AGS. These require Heads of Service to review the operation of a wide range of governance systems and procedures within their service areas and indicate whether there are any significant non-compliance issues.
- 6.4 The completed Service Assurance Statements are then analysed to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues. Any significant non-compliance issues emerging will be included in the Annual Governance Statement itself.

7. OTHER GOVERNANCE ASSESSMENTS

- 7.1 In addition to the above corporate and service level assessments which are the prime means of reviewing the adequacy of the Council's governance arrangements there are a number of other internal and external reviews and assessments which also impact upon the Council's system of governance.
- 7.2 These include:
- The Annual Audit & Inspection Letter
 - The Annual Report of the Head of Internal Audit
 - The Annual Review of the Effectiveness of the System of Internal Audit (Internal)
- 7.3 Any key recommendations emanating from these reviews will also be incorporated within the Council's Annual Governance Statement.

APPENDIX 1

CORPORATE GOVERNANCE REPORTING ARRANGEMENTS



APPENDIX 2**ANNUAL GOVERNANCE STATEMENT****Scope of responsibility**

[The authority] 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 authority] 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 authority] is responsible for putting in place proper arrangements for the governance of its affairs facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

[The authority] has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at [...] or can be obtained from [...]. This statement explains how [the authority] has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit Regulations 2011 in relation to the publication of an Annual Governance Statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities 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, cost effective services.

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 ongoing process designed to identify and prioritise the risks to the achievement of [the authority'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.

The governance framework has been in place at [the authority] for the year ended 31 March 200x and up to the date of approval of the [annual report] and statement of accounts.

The governance framework

Describe the key elements of the systems and process that comprise the authority's governance arrangements including arrangements for:

- Identifying & communicating the authority's vision of its purpose and intended outcomes for citizens and service users
- Reviewing the authority's vision and its implications for the authority's governance arrangements
- 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
- Defining & documenting the roles & 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
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- Reviewing & updating standing orders, standing financial instructions, a scheme of delegation and

- supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls to manage risks
- Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees - Practical Guidance for Local Authorities
 - Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful
 - Whistle-blowing and for receiving and investigating complaints from the public
 - Identifying the development need of members and senior officers in relation to their strategic roles, supported by appropriate training
 - Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
 - Incorporating good governance arrangements in respect of partnerships and other group working as identified in the Audit Commission's report on the governance of partnerships, and reflecting these in the authorities overall governance arrangements

Review of effectiveness

[The authority] has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have 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.

- Describe the process that has been applied in maintaining and reviewing the effectiveness of the governance framework, including some comment on the role of:
- the authority
 - the executive
 - the audit committee/overview and scrutiny committees/risk management committee
 - the standards committee
 - internal audit
 - other explicit review/assurance mechanisms.

I/we have been advised on the implications of the result of the review of the effectiveness of the governance framework and system of internal control by the Authority, the executive/audit committee/overview and scrutiny committee/risk management committee (*amend list as appropriate*), and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant governance issues

[Include an outline of the actions taken, or proposed, to deal with significant governance and internal control issues.]

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.

Signed:

Leading Member & Chief Executive on behalf of [the authority]

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Report of	Meeting	Date
Monitoring Officer	Governance Committee	14 March 2013

STANDARDS UPDATE

PURPOSE OF REPORT

- To update members on Standards matters concluded in the preceding 3 months.

RECOMMENDATION(S)

- To note the content of the report.
- To consider the recommendations of the Independent Member and where appropriate approve their adoption or implementation.

EXECUTIVE SUMMARY OF REPORT

- Two standards complaints have been concluded in the previous 3 months.
 - The first relates to members of a parish council. This was not recommended to pursue to investigation as it related to specific conduct of the Clerk not Members and the complainant was unable to particularise the complaint in such a way that Councillors had breached the code of conduct.
 - The second related to the conduct of a District Councillor in a public exchange of correspondence and use of twitter. Whilst this was not recommended for investigation the Independent Member has made some recommendations with respect to guidance for members in the future. These recommendations are contained in the body of the report.

Confidential report Please bold as appropriate	Yes	No

CORPORATE PRIORITIES

- This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	X

BACKGROUND

- As part of the ongoing review of the effectiveness of the Council’s standards regime, the numbers and results of standards complaints for the preceding 3 months are reported to the Governance Committee.
- In this period 2 complaints have been considered and concluded.
- Historically, it has not been the practice of this authority to publicise details of complaints where they have not be pursued to investigation. The reason for this it to prevent Standards

being used as a tool by complainants whereby the complaint itself is in the public domain and the decision not to investigate, for whatever reason, is overlooked. For this reason the detail in relation to the facts of the complaint is scant unless it is pertinent to decision the Committee are asked to take.

PARISH COUNCIL - COMPLAINT

9. The nature of this complaint was fundamentally that a Parish Council was failing to treat one of the residents in its area with respect.
10. On consideration of the complaint it was apparent that much of the issue in fact related to the conduct of the clerk. The complainant was advised that the clerk was not bound by the code of conduct. He had previously been provided with advice on how to complain about the clerk's conduct to the Parish Council. The Deputy Monitoring Officer erred in seeking the views of the Chair of Governance Committee before responding to the complainant rather than consulting with the Independent Member.
11. A subsequent complaint was received which recast the complaint. It was now that the members (most notably the Chair) were permitting this conduct and therefore contravening the code of conduct.
12. The matter was reviewed by the Deputy Monitoring Officer and the Independent Member (as is proper under the procedure adopted by the Council in July 2012) and they were unable to find that the complaint had been particularised enough to be maintained against the Chair or individual parish councillors and the code could not be breached "en masse" by councillors in the way alleged i.e. it happened therefore one of them had to be responsible. The Independent Member arrived at his conclusion via a slightly different route than the Deputy Monitoring Officer who had first considered the complaint. The Independent Member found that words used in correspondence from the Parish Council had clearly failed to treat the complainant with respect but agreed with the Deputy Monitoring Officer that the Code had not been breached because the Clerk rather than an elected member had authored the letter.

DISTRICT COUNCILLOR COMPLAINT

13. This complaint related to a letter placed in the local newspaper by a Chorley BC Councillor and in relation to their use of Twitter.
14. The complaint was in 4 parts
 - a. That the Councillor made misleading comments;
 - b. That the Councillor by blocking a resident from his twitter feed was restricting their access to information;
 - c. That the Councillor was refusing to represent all residents impartially; and
 - d. That the Councillor was failing to treat the resident with respect.
15. Whilst many of the points raised were factually correct, the context, an exchange of correspondence on an issue, meant that the Monitoring Officer and the Independent Member were unable to ascribe the same interpretation as the complainant. As a result the Independent Member was unable to recommend the matter proceed to investigation.
16. However, the Independent Member did express opinions on actions that both the Monitoring Officer could take to improve guidance to members on the use of social media and to the Councillor themselves to consider unblocking the complainant.
17. The use of social media is a difficult one. Twitter in particular is a method of expressing an opinion instantly. This benefit is also a danger as there is no period of reflection, and the limited number of characters makes particularising that view difficult. It leaves tweets open to interpretation.
18. Chorley Council have not issued a protocol on the use of Twitter. We have issued a brief guide. It is proposed to amend this to include the following
 - a. Twitter should be used to pass messages and receive information. Members should avoid using it for conversation;
 - b. Members should recognise the communication is a 2 way process and may receive tweets that they do not agree with;

- c. Members should be reluctant to block other twitter users who they know to be residents of their ward.
- 19. There should also be clarity as to when the Councillor is acting in that capacity. Case law under the previous code was clear on the issue of when a councillor was acting as a councillor. Given the light touch scope of the new code it is the view of the Monitoring Officer that this restrictive approach should continue. Therefore, Members are only subject to the code of conduct when they are using an account in their name as a Councillor ie @chorleycouncillorabloggs. The local code will not apply where the account is personal ie @abloggs or if relating to a different authority @countycouncillorabloggs or @parishcouncillorabloggs. This applies even if they are expressing a view on a council matter. The Independent Member had indicated that this may be too restrictive and the Committee are invited to consider the application of the code of conduct to twitter.
- 20. The Monitoring Officer has previously advised that blocking another twitter user is not in itself a breach of the code of conduct. It may form part of a pattern of behaviour which would do however. It is recognised though that Councillors should not be expected to experience personal attacks or insults and the like.

IMPLICATIONS OF REPORT

- 21. This report has implications in the following areas and the relevant Directors' comments are included:

Finance		Customer Services	
Human Resources		Equality and Diversity	
Legal	X	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

- 22. None

COMMENTS OF THE MONITORING OFFICER

- 23. Contained in the body of the report.

CHRIS MOISTER
MONITORING OFFICER

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Chris Moister	5160	5 March 2013	***

OR

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The Audit Plan for Chorley Borough Council

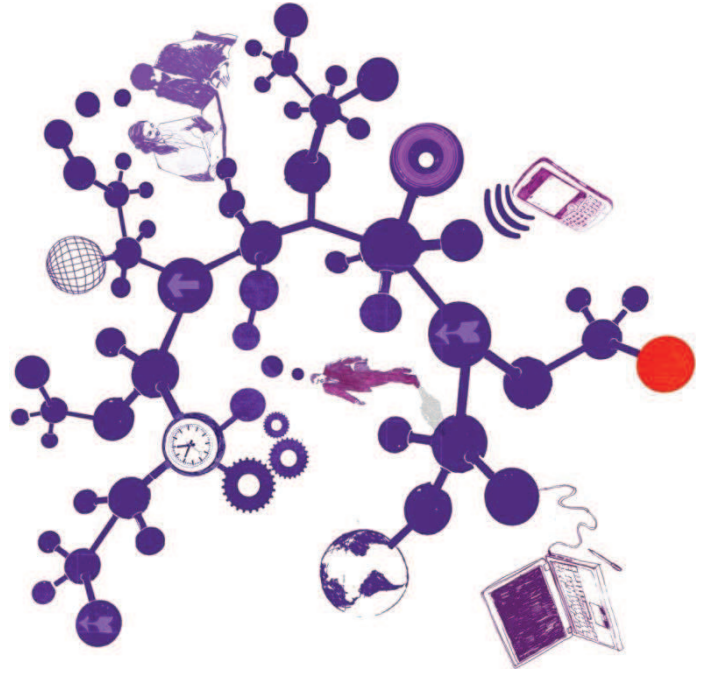
This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

Year ended 31 March 2013

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

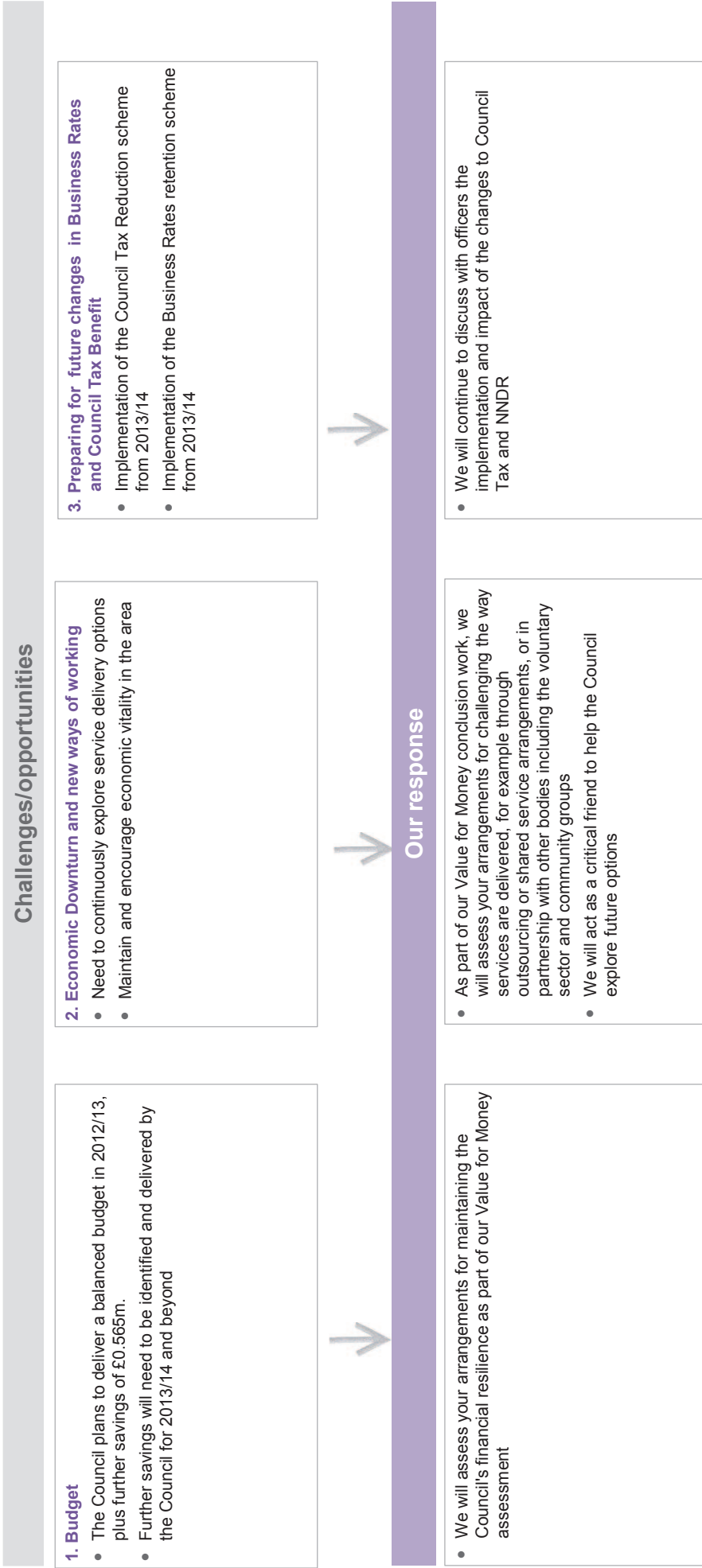
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1. Understanding your business
2. Developments relevant to your business and the audit
3. Our audit approach
4. An audit focused on risks
5. Significant risks identified
6. Other risks
7. Results of interim work
8. Value for Money
9. Logistics and our team
10. Fees and independence
11. Communication of audit matters with those charged with governance

Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.



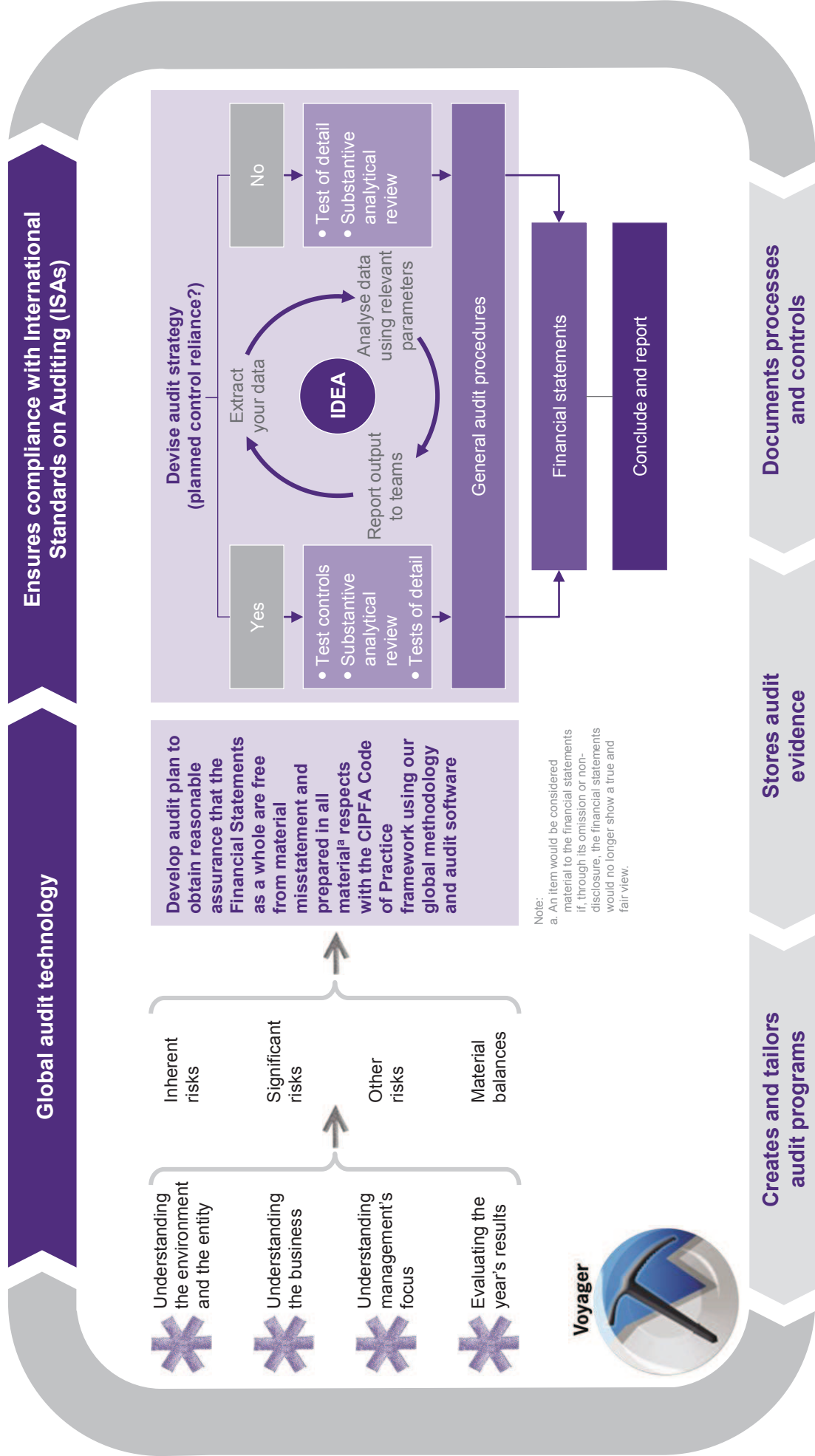
Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice and associated guidance.

Developments and other requirements			
<p>1. Financial reporting</p> <ul style="list-style-type: none"> Changes to the CIPFA Code of Practice Recognition of grant conditions and income 	<p>2. Legislation</p> <ul style="list-style-type: none"> Local Government Finance Settlement 2012/13 Welfare Reform Act of 2012 	<p>3. Corporate governance</p> <ul style="list-style-type: none"> Annual Governance Statement (AGS) Explanatory foreword 	<p>4. Pensions</p> <ul style="list-style-type: none"> Planning for the impact of 2013/14 changes to the Local Government Pension Scheme (LGPS)
			<p>5. Financial Pressures</p> <ul style="list-style-type: none"> Managing service provision with less resource Progress against savings plans
			<p>6. Other requirements</p> <ul style="list-style-type: none"> The Council completes grant claims and returns on which audit certification is required

Our response			
<p>We will ensure that</p> <ul style="list-style-type: none"> the Council complies with the requirements of the CIPFA Code of Practice through our substantive testing grant income is recognised in line with the correct accounting standard 	<ul style="list-style-type: none"> We will discuss the impact of the legislative changes with the Council through our regular meetings with senior management and those charged with governance, providing a view where appropriate 	<ul style="list-style-type: none"> We will review the arrangements the Council has in place for the production of the AGS We will review the AGS and the explanatory foreword to consider whether they are consistent with our knowledge 	<ul style="list-style-type: none"> We will discuss how the Council is planning to deal with the impact of the 2013/14 changes through our meetings with senior management
		<ul style="list-style-type: none"> We will review the Council's performance against the 2012/13 budget, including consideration of performance against the savings plan We will undertake a review of Financial Resilience as part of our VFM conclusion work 	<ul style="list-style-type: none"> We will certify grant claims and returns in accordance with Audit Commission requirements

Our audit approach



An audit focused on risks

We undertake a risk based audit whereby we focus audit effort on those areas where we have identified a risk of material misstatement in the accounts. The table below shows how our audit approach focuses on the risks we have identified through our planning and review of the national risks affecting the sector. Definitions of the level of risk and associated work are given below:

Significant – Significant risks are typically non-routine transactions, areas of material judgement or those areas where there is a high underlying (inherent) risk of misstatement. We will undertake an assessment of controls (if applicable) around the risks and carry out detailed substantive testing.

Other – Other risks of material misstatement are typically those transaction cycles and balances where there are high values, large numbers of transactions and risks arising from, for example, system changes and issues identified from previous years audits. We will assess controls and undertake substantive testing, the level of which will be reduced where we can rely on controls.

None – Our risk assessment has not identified a risk of misstatement. We will undertake substantive testing of material balances. Where an item in the accounts is not material we do not carry out detailed substantive testing.

Account	Material (or potentially material) balance?	Transaction Cycle	Inherent risk	Material misstatement risk?	Description of Risk	Substantive testing?
Cost of services - operating expenses	Yes	Operating expenses	Medium	Other	Operating expenses understated	✓
Cost of services – employee remuneration	Yes	Employee remuneration	Medium	Other	Remuneration expenses not correct	✓
Costs of services – Housing & council tax benefit	Yes	Welfare expenditure	Medium	Other	Welfare benefits improperly computed	✓
Cost of services – other revenues (fees & charges)	Yes	Other revenues	Low	None		✓
(Gains)/ Loss on disposal of non current assets	Yes	Property, Plant and Equipment	Low	None		✓
Payments to Housing Capital Receipts Pool	No	Property, Plant & Equipment	Low	None		×
Precepts and Levies	No	Council Tax	Low	None		×

An audit focused on risks (continued)

Account	Material (or potentially material) balance?	Transaction Cycle	Inherent risk	Material misstatement risk?	Description of Risk	Substantive testing?
Interest payable and similar charges	No	Borrowings	Low	None		×
Pension Interest cost	Yes	Employee remuneration	Low	None		✓
Interest & investment income	No	Investments	Low	None		×
Return on Pension assets	Yes	Employee remuneration	Low	None		✓
Impairment of investments	No	Investments	Low	None		✓
Investment properties: Income expenditure, valuation, changes & gain on disposal	Yes	Property, Plant & Equipment	Low	None		✓
Income from council tax	Yes	Council Tax	Low	None		✓
NNDR Distribution	Yes	NNDR	Low	None		✓
Revenue support grant & other Government grants	Yes	Grant Income	Low	None		✓
Capital grants & Contributions (including those received in advance)	Yes	Property, Plant & Equipment	Low	None		✓

An audit focused on risks (continued)

Account	Material (or potentially material) balance?	Transaction Cycle	Inherent risk	Material misstatement risk?	Description of Risk	Substantive testing?
(Surplus)/ Deficit on revaluation of non current assets	Yes	Property, Plant & Equipment	Low	None		✓
Actuarial (gains)/ Losses on pension fund assets & liabilities	Yes	Employee remuneration	Low	None		✓
Other comprehensive (gains)/ Losses	No	Revenue/ Operating expenses	Low	None		×
Property, Plant & Equipment	Yes	Property, Plant & Equipment	Low	None		✓
Heritage assets & Investment property	Yes	Property, Plant & Equipment	Low	None		✓
Intangible assets	No	Intangible assets	Low	None		×
Investments (long & short term)	Yes	Investments	Low	None		✓
Debtors (long & short term)	Yes	Revenue	Low	None		✓
Assets held for sale	No	Property, Plant & Equipment	Low	None		×
Inventories	No	Inventories	Low	None		×
Cash & cash Equivalents	Yes	Bank & Cash	Low	None		✓

An audit focused on risks (continued)

Account	Material (or potentially material) balance?	Transaction Cycle	Inherent risk	Material misstatement risk?	Description of Risk	Substantive testing?
Borrowing (long & short term)	Yes	Debt	Low	None		✓
Creditors (long & Short term)	Yes	Operating Expenses	Medium	Other	Creditors understated or not recorded in the correct period	✓
Provisions (long & short term)	Yes	Provision	Low	None		✓
Pension liability	Yes	Employee remuneration	Low	None		✓
Reserves	Yes	Equity	Low	None		✓

Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.	<p>Work planned:</p> <ul style="list-style-type: none"> • Review of revenue recognition policies • Testing of material revenue streams
Management over-ride of controls	Under ISA 240 there is a presumed risk that the risk of management over-ride of controls is present in all entities.	<p>Work completed to date:</p> <ul style="list-style-type: none"> • Identification of controls in place to prevent management over-ride <p>Further work planned:</p> <ul style="list-style-type: none"> • Review of accounting estimates, judgments and decisions made by management • Testing of journal entries • Review of unusual significant transactions

Other risks

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

Other reasonably possible risks	Description	Work completed to date	Further work planned
Operating expenses	Operating expenses understated	<ul style="list-style-type: none"> Understanding of the process, identification of controls and a walkthrough test conducted Controls testing 	<ul style="list-style-type: none"> Sample testing and a review of significant items during the final accounts audit
Operating expenses	Creditors understated or not recorded in the correct period	<ul style="list-style-type: none"> Understanding of the process, identification of controls and a walkthrough test conducted Controls testing 	<ul style="list-style-type: none"> Sample testing and a review of significant items during the final accounts audit
Employee remuneration	Remuneration expenses not correct	<ul style="list-style-type: none"> Understanding of the process, identification of controls and a walkthrough test conducted Attribute testing Controls testing 	<ul style="list-style-type: none"> Additional sample testing to ensure full coverage of the year Predictive analytical review techniques to compare actual staff costs to our estimate Additional controls testing to ensure full coverage of the year
Welfare Expenditure	Welfare benefits improperly computed	<ul style="list-style-type: none"> Understanding of the process, identification of controls and a walkthrough test conducted 	<ul style="list-style-type: none"> Programme of work as part of the certification of the housing and council tax benefits subsidy grant claim

Results of interim audit work

Scope

We are currently undertaking our interim audit work and in advance of our final accounts audit fieldwork, we have considered:

- walkthrough testing to confirm whether controls are implemented as per our understanding in areas where we have identified a risk of material misstatement
- tests of key management controls over operating expenses procedures
- attribute testing of payroll transactions to provide assurance over existence and the accuracy of costs recorded in the ledger
- journal testing

At this stage there are no significant issues to report. We will provide an update to the Governance Committee at the June meeting.

Value for Money

Introduction

The Code of Audit Practice requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

2012/13 VfM conclusion

Our Value for Money conclusion will be based on two reporting criteria specified by the Audit Commission.

We will tailor our VfM work to ensure that as well as addressing high risk areas it is, wherever possible, focused on the Council's priority areas and can be used as a source of assurance for members.

The results of all our local VfM audit work and key messages will be reported in our Audit Findings report and in the Annual Audit Letter.

We will agree any additional reporting to the Council on a review-by-review basis.

Code criteria

The Council has proper arrangements in place for:

- securing financial resilience
- challenging how it secures economy, efficiency and effectiveness in its use of resources



We will consider whether the Council is prioritising its resources with tighter budget

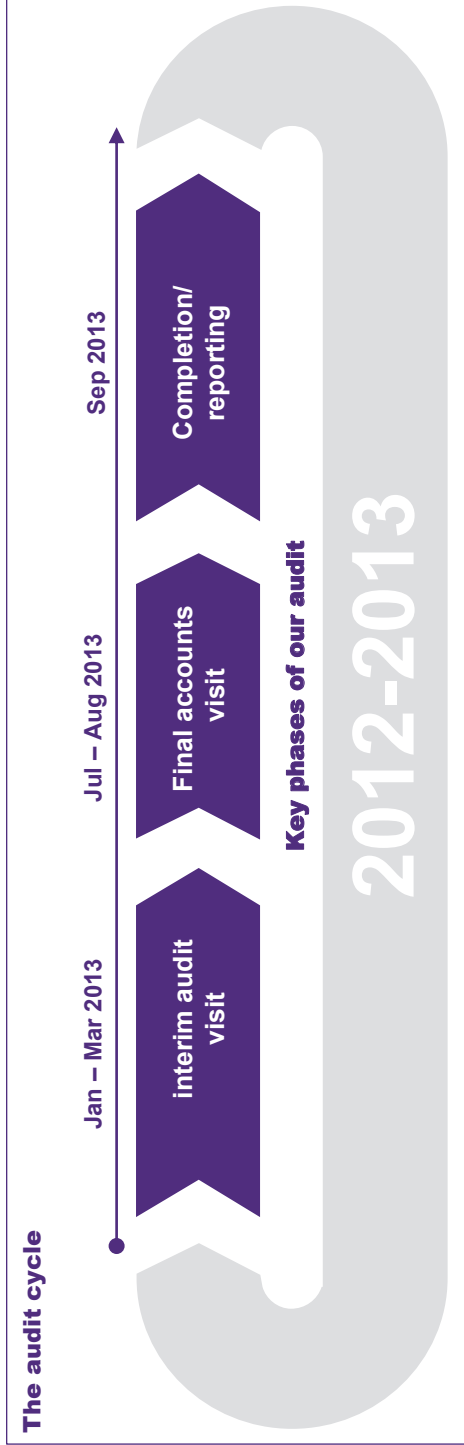
Work to be undertaken

Risk-based work focusing on arrangements relating to financial governance, strategic financial planning, financial control and securing value for money.

Specifically we will:

- update our understanding using existing available information, a review of key documents and our cumulative knowledge
- hold discussions with key officers and request further information as required
- select a sample of relevant key indicators of performance for benchmark analysis
- assess whether resources are prioritised and whether the Council uses cost and performance information to assess the impact of spending decisions
- provide independent challenge on the Council's Medium Term Financial Plan and the robustness of the assumptions within it
- produce a financial resilience report.

Logistics and our team



Date	Activity
Jan 13	Planning meeting
Feb-Mar 13	Interim site work
Mar 13	Audit Plan presented to Governance Committee
Jul 13	Year end field work commences
Aug13	Audit findings clearance meeting
Sep 13	Issue Audit Findings Report to Governance Committee
	Issue audit opinion and VFM conclusion
Oct 13	Issue Annual Audit Letter

Our team

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<p>Peter Buckley Executive (In charge auditor) T 0161 234 6391 E peter.g.buckley@uk.gt.com</p>	<p>Lee Hannaford Associate T 0161 234 6380 E lee.hannaford@uk.gt.com</p>

Fees and independence

Fees

	£
Council audit	59,440
Grant certification	12,350
Total	71,790

Fees for other services

Service	Fees £
None	Nil

Our fee assumptions include:

- Our fees are exclusive of VAT
- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged.		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



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Audit Committee Update for Chorley Borough Council

DRAFT

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

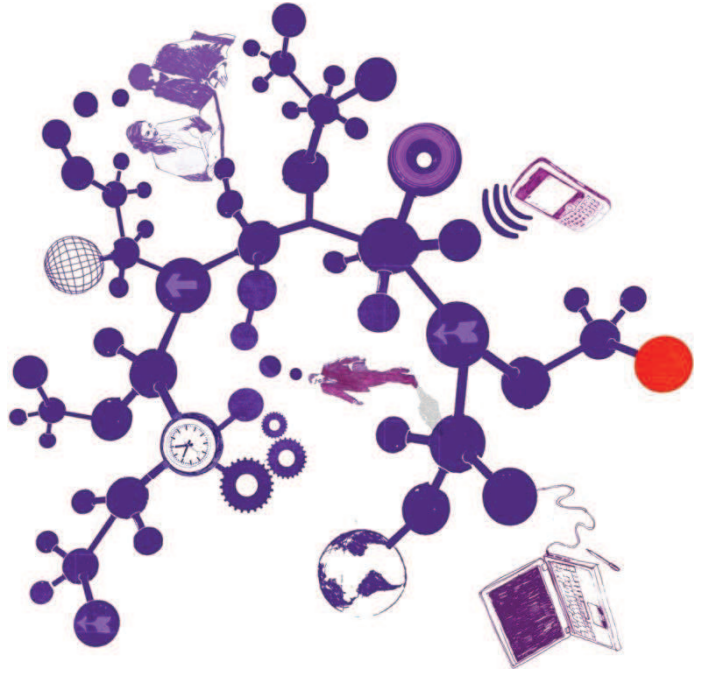
Year ended 2012/13

4 March 2013

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

This paper provides the Governance Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a District Council
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications - 'Local Government Governance Review 2012', 'The developing internal audit agenda', 'Preparing for the future', 'Surviving the storm: how resilient are local authorities?'

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

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Audit Manager: Gareth Winstanley T 0161 234 6343 M 07880 456211 gareth.j.winstanley@uk.gt.com

Progress at 4th March 2013

Work	Planned date	Complete?	Comments
<p>2012-13 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on Chorley Borough Council's 2012-13 financial statements.</p>	March 2013	Yes	Our plan highlights accounting risks we have identified from our audit planning and discussion with the finance team and our proposed work to address those risks. Draft plan presented to the Governance Committee on 14 th March 2013.
<p>Interim accounts audit Our interim fieldwork visit will include the following:</p> <ul style="list-style-type: none"> • updated review of the Council's control environment • update understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	February – March 2013	On-going	Our Audit Plan has provided you with progress as at 4 th March 2013. If there are any significant findings from our completed work we will bring these to your attention at the June Governance Committee
<p>2012-13 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2012-13 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. 	July – September 2013	No	We will report our findings to Members within our Audit Findings Report which will be presented to the September Governance Committee

Progress at 4th March 2013

Work	Planned date	Complete?	Comments
<p>Value for Money (VfM) conclusion The scope of our work to inform the 2012/13 VFM conclusion comprises assessing whether the Council has proper arrangements in place for:</p> <ul style="list-style-type: none"> • securing financial resilience • challenging how it secures economy, efficiency and effectiveness 	<p>February – September 2013</p>	<p>On-going</p>	<p>We will report our findings to Members within our Audit Findings Report which will be presented to the September Governance Committee</p>

Emerging issues and developments

Accounting and audit issues

Implications of the Local Government Finance Act 2012

The Local Government Finance Act 2012 has now been given Royal Assent. The Act has amendments in two areas of local government finance:

- Council tax support will now be localised and local authorities will be responsible for implementing their own council tax reduction schemes.
- 50% of the non domestic rates collected locally will be retained by the local authority. Billing authorities will pay over a share to central government and proportionate shares to their precepting bodies.

In December 2012, CIPFA issued a [consultation](#) on proposed amendments to the 2013/14 Code of Practice on Local Authority Accounting in the United Kingdom for the implications of business rates retention schemes. In summary, the changes are to account for business rates in a similar way to council tax. The Comprehensive Income and Expenditure Statement will need to show amounts collectible by each authority. Debtors/creditors will be recognised when these amounts do not match the actual amounts paid by each billing authority over to preceptors and government. The Collection Fund adjustment account will be used for accounting for the differences. Top-ups and tariffs and the safety net and levy will be recognised as grant income or expenditure. Individual authorities in a pool will need to account for their share of income and expenditure debtors/creditors as stipulated in any agreement made by individual authorities in the pool.

Challenge questions:

- Do you know your key risks?
- Have officers ensured the financial impact is fed into medium term financial plans?
- Have officers undertaken modelling of future business rates growth?
- Have officers given due consideration to pooling?
- Have officers considered the possible impact on council tax collection rates if they do reduce benefit entitlement in line with the funding reduction?
- Has your Chief Financial Officer reviewed the proposed amendments to the 2013/14 Code and assessed the potential impact?

Emerging issues and developments

Accounting and audit issues

Provisions

Under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets', the criteria for recognising a provision is that there is:

- a current obligation as a result of a past event;
- a transfer of economic benefit is probable; and
- a reliable estimate of the liability can be made.

We wish to highlight the following matters to you for consideration where a provision may be required:

- Mutual Municipal Insurance – the Scheme of Arrangement was triggered in November 2012, therefore it is now virtually certain that there will be a transfer of economic benefit. If this liability has not been discharged by 31 March 2013, we would expect local authorities to recognise a creditor or, if the timing or amount of the payment is uncertain, a provision in their financial statements.
- Equal pay - in October 2012 the supreme court ruled that more than 170 former Birmingham City Council employees can make equal pay claims. This effectively extends the time workers have to bring equal pay compensation claims from six months to six years. We would expect local authorities to consider whether they have received any additional claims and, where the criteria set out in IAS 37 have been met, recognise a provision.
- Redundancy costs –the recognition point for termination benefits fall under IAS 19 'Employee Benefits'. This is generally earlier than the IAS 37 recognition criteria for restructuring which requires that a valid expectation has been raised in those affected. The requirement in IAS 19 is that the entity is 'demonstrably committed'.

Challenge question:

- Has your Chief Financial Officer considered the need for additional provisions for the above matters?

Emerging issues and developments

Grant Thornton

'Towards a tipping point?: Summary findings from our second year of financial health checks of English local authorities '

In December 2012, Grant Thornton published 'Towards a tipping point?: Summary findings from our second year of financial health checks of English local authorities'. This financial health review considers key indicators of financial performance, financial governance, strategic financial planning and financial controls to provide a summary update on how the sector is coping with the service and financial challenges faced. The report provides a summary of the key issues, trends and good practice emerging from the review.

Challenge questions:

- Have you considered the findings of the report?
- Are there any issues that relate to your authority and what action are you going to take?

Emerging issues and developments

Local government guidance

'Auditing the Accounts 2011/12' report

In December, the Audit Commission published '[Auditing the Accounts 2011/12](#)'. The report summarises the results of auditors' work on the financial statements of both principal and small bodies. The key finding in the report is that bodies have improved the quality and timeliness of their financial reporting in 2011/12.

Challenge questions:

- Has your S151 officer identified the key risks for the authority in preparing the 2012/13 financial statements?
- Has your S151 officer produced a robust and adequately resourced timetable for the production and submission of its 2012/13 financial statements?
- Has this been discussed and agreed with the External Auditors?

'Striking a balance: improving councils' decision making on reserves'

In December, the Audit Commission published '[Striking a balance: improving councils' decision making on reserves](#)'. The report covers the findings from research undertaken by the Audit Commission on the level of reserves that councils hold and the decisions councils make on them.

The report encourages English councils to focus more attention on their reserves. It suggests that management should be providing more comprehensive information on reserves to elected members and councils should provide greater clarity on the reasons for holding reserves. The report includes questions for elected members that will help them in their decision making and scrutiny roles.

Challenge questions:

- Are your officers providing you with the right information about reserves?
- Have you considered the findings of the report and identified where actions are required?

Emerging issues and developments

Local government guidance

'Tough Times: Councils' financial health in challenging times'

In November, the Audit Commission published '[Tough times 2012: Councils' financial health in challenging times](#).' This is the second report it has produced looking at how councils are dealing with the issues from the Spending Review and focuses on the financial health of councils.

The report finds that councils generally delivered on their planned savings, however, auditors reported that signs of financial stress were visible.

Challenge question:

- Have you considered the findings of the report and any actions required?

'Protecting the public purse 2012'

In November, the Audit Commission published '[Protecting the public purse 2012: Fighting fraud against local government](#)'. The report provides the results of the Audit Commission's annual survey of English local government bodies. It finds that local government bodies are targeting their investigative resources more efficiently and effectively. Local government bodies detected more than 124,000 cases of fraud in 2011/12 totalling £179m. It also reports that new frauds are emerging in areas such as business rates, Right to Buy housing discounts and schools.

The report includes a checklist for those charged with governance to use to review their counter-fraud arrangements.

Challenge questions:

- Have you considered the findings of the report?
- Are there any issues that could relate to your authority and how are these being dealt with?
- Have you reviewed your existing arrangements for tackling fraud?

If you have any fraud queries, talk to your audit manager to see how Grant Thornton could help.



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Chorley Borough Council

Certification work report 2011/12

December 2012

Contents

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Appendices

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B	Details of claims and returns certified for 2011/12	7

1 Executive Summary

Introduction

- 1.1 Grant Thornton, as the Council's auditors and acting as agents of the Audit Commission, is required to certify the claims submitted by the Council. This certification typically takes place some 6-12 months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.
- 1.2 The Council's external auditor's have certified two claims and returns for the financial year 2011/12 relating to expenditure of £55.6 million.
- 1.3 This report summarises our overall assessment of the Council's management arrangements in respect of the certification process and draws attention to significant matters in relation to individual claims.

Approach and context to certification

- 1.4 We provide a certificate on the accuracy of grant claims and returns to various government departments and other agencies. Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return.
- 1.5 Appendix A sets out an overview of the approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work we perform.

Key messages

- 1.6 It should be noted that all work reported in this certification report was completed by the Audit Commission prior to our appointment as the Council's auditors. The findings set out in this report therefore represent the results of your previous auditors work.
- 1.7 A summary of all claims and returns subject to certification and details of our certification fee is provided at Appendix B. The key messages from our review are summarised in Exhibit One, and set out in detail in the next section of the report.

Arrangements for certification for claims and returns:

- below £125,000 - no certification
- above £125,000 and below £500,000 - agreement to underlying records
- over £500,000 - agreement to underlying records and assessment of control environment. Where full reliance cannot be placed, detailed testing.

Exhibit One: Summary of Council performance

Aspect of certification arrangements	Key Message
Submission and certification	All claims were submitted on time to audit and all claims were certified within the required deadline.
Accuracy of claim forms submitted to the auditor	The Council is performing well and there are no significant matters arising from our certification of claims and returns. All claims were certified without the need for qualification.
Amendments and qualifications	The national non-domestic rates return required an amendment of £57,597.
Supporting working papers	Supporting working papers for the claims and returns were good, which enabled certification within the deadline.

Acknowledgements

- 1.10 We would like to take this opportunity to thank Council officers for their assistance and co-operation during the course of the certification process.

Grant Thornton UK LLP

December 2012

2 Results of our certification work

Key messages

- 2.1 We have certified two claims and returns for the financial year 2011/12 relating to expenditure of £55.6 million.
- 2.2 The Council's performance in preparing claims and returns is summarised in Exhibit Two.

Exhibit Two: Performance against key certification targets

Performance measure	Target	Achievement in 2011-12		Achievement in 2010-11		Direction of travel
		No.	%	No.	%	
Total claims/returns		2		2		
Number of claims submitted on time	100%	2	100	2	100	→
Number of claims certified on time	100%	2	100	2	100	→
Number of claims certified with amendment	50%	1	50	1	50	→
Number of claims certified with qualification	0%	0	0	1	50	↑

- 2.3 This analysis of performance shows that:

- all claims had been submitted by the Council on time in accordance with central government department deadlines
- all claims were certified within the relevant timescale
- one amendment was made to the national non-domestic rates return increasing the amount payable by the Council to the national pool by £57,597. The amendment was in respect of regulations which came into effect in 2009/10, allowing business ratepayers to apply to defer part of their bills that year in order to mitigate the effects of significant increases due to inflation and revaluation adjustments. These deferred amounts were subsequently collected in 2010/11 and 2011/12, and were payable by the Council to the national pool. The 2011/12 payment was inadvertently omitted from the return.

- 2.4 Your previous auditors, the Audit Commission, charged a total fee of £20,710 against an indicative budget of £20,000 for the certification of claims and returns in 2011-12. Details of fees charged for specific claims and returns are included at Appendix B.

A Approach and context to certification

Introduction

In addition to our responsibilities under the Code of Audit Practice, we also act as agents for the Audit Commission in reviewing and providing a certificate on the accuracy of grant claims and returns to various government departments and other agencies.

The Audit Commission agrees with the relevant grant paying body the work and level of testing which should be completed for each grant claim and return, and set this out in a grant Certification Instruction (CI). Each programme of work is split into two parts, firstly an assessment of the control environment relating to the claim or return and secondly, a series of detailed tests.

In summary the arrangements are:

- for amounts claimed below £125,000 - no certification required
- for amounts claimed above £125,000 but below £500,000 - work is limited to certifying that the claim agrees to underlying records of the Council
- for amounts claimed over £500,000 - an assessment of the control environment and certifying that the claim agrees to underlying records of the Council. Where reliance is not placed on the control environment, detailed testing is performed.

Our certificate

Following our work on each claim or return, we issue our certificate. The wording of this depends on the level of work performed as set out above, stating either the claim or return is in accordance with the underlying records, or the claim or return is fairly stated and in accordance with the relevant terms and conditions. Our certificate also states that the claim has been certified:

- without qualification;
- without qualification but with agreed amendments incorporated by the authority; or
- with a qualification letter (with or without agreed amendments incorporated by the authority).

Where a claim is qualified because the authority has not complied with the strict requirements set out in the certification instruction, there is a risk that grant-paying bodies will retain funding claimed by the authority or, claw back funding which has already been provided or has not been returned. In addition, where claims or returns require amendment or are qualified, this increases the time taken to undertake this work, which impacts on the certification fee.

Certification fees

Each year the Audit Commission sets a schedule of hourly rates for different levels of staff, for work relating to the certification of grant claims and returns. When billing the Council for this work, we are required to use these rates. They are shown in the table below.

Role	2011/12	2010/11
Engagement lead	£325	£325
Manager	£180	£180
Senior auditor	£115	£115
Other staff	£85	£85

B Details of claims and returns certified for 2011-12

Claim or return	Value (£)	Amended?	Amendment Amount (£)	Qualified?	Fee 2010/11 (£)	Fee 2011/12 (£)
Housing and council tax benefit scheme	30,484,466	No	N/a	No	17,566	16,705
National non-domestic rates return	25,106,199	Yes	57,597	No	3,675	4,005
Total	55,590,665				21,241	20,710

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Report of	Meeting	Date
Head of Shared Assurance Services	Governance Committee	14 March 2013

INTERNAL AUDIT PLAN 2013/14

PURPOSE OF REPORT

1. To remind members of the respective roles of managers and Internal Audit to maintain a sound system of governance and internal control within the Council.
2. To summarise and explain the basis of the Internal Audit Annual Plan for 2013/14.
3. To seek the Governance Committee’s approval of the 2013/14 Internal Audit Plan.

RECOMMENDATION

4. That the Committee approves the 2013/14 Internal Audit Plan.

EXECUTIVE SUMMARY OF REPORT

5. The 2013/14 Internal Audit Plan has been compiled in consultation with Strategy Group and following a detailed risk assessment of audit needs.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

6. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	X

BACKGROUND - THE ROLE OF MANAGEMENT AND INTERNAL AUDIT

7. The responsibility for implementing a strong system of governance and internal control within the Council lies primarily with management. Directors and Heads of Service need to ensure that they maintain effective control procedures not least because services and business systems are subject to on-going change.

8. Internal Audit is an independent appraisal function whose prime objective is to evaluate and report on the adequacy of the Council's system of governance and internal control. This is largely achieved through an annual programme of reviews, following a detailed assessment of audit need.

AUDIT PLAN

9. The 2013/14 Internal Audit Plan contains the programme of reviews for the next financial year and is shown at the **Appendix**. The Plan has been constructed following a risk assessment which considers a range of risk factors, such as items in the Corporate Risk Register, significant changes in staffing, systems and procedures and the length of time since an area was last audited. There has also been extensive consultation within each service and by Strategy Group which has taken an overview of audit requirements.
10. In addition to the work programme for Chorley Council and the Shared Service, Members will recall that Internal Audit also provides Internal Audit Services to St. Catherine's Hospice. This is also included within the appendix.
11. The following paragraphs summarise the individual audit areas that will be subject to audit coverage in 2013/14.

12. Corporate

- Undertaking corporate and service level governance reviews in support of the Annual Governance Statement;
- Raising Officers' and Members' awareness of fraud by publishing regular fraud bulletins;
- Co-ordinating the Council's input to the Audit Commission's National Fraud Initiative (NFI), which enables specific data on the Council's computer systems to be collated and "matched" with similar data from other councils/public bodies, in order to identify any potential irregularities;
- Developing a suite of computerised interrogations of the Council's systems to identify any instances of fraud or error; and
- Undertaking effectiveness and/or compliance reviews of important corporate policies and procedures.

13. Partnerships, Planning & Housing

Housing:

- A review of Cotswold House processes to ensure effective compliance with all relevant regulations and procedures, including the recently introduced cash collection system.

Planning:

- Project team membership for the implementation and on-going monitoring of the Community Infrastructure Levy.

Economic Development:

- A review of the operational arrangements of the Markets.

14. Chief Executives / Transformation

Policy:

- Verification of the integrity of the performance management data.

Governance:

- A review of the operational requirements of Facilities and Building Management.

ICT:

- A review of corporately issued mobile phones to include allocation and usage.
- Post implementation review of the Sharepoint Information system.

Revenues and Benefits:

- A review of the application of Council Tax Discounts.
- A review of the key financial systems within Revenues and Benefits.

Property:

- A review of the contract and overall arrangements with Liberata.

Human Resources:

- Membership on the project team for the proposed new payroll system.

15. People & Places

- A review of the effectiveness of the main fuel management system and other fuel monitoring systems.

Health, Environment and Neighbourhoods:

- A review to confirm that robust time management standards are applied.
- A review of the operational arrangements for CCTV.

16. General Areas

- Undertaking investigations;
- Following up management actions agreed in earlier audit reports;
- Completing any residual work outstanding from 2012/13;
- Responding to requests from Management for unplanned reviews; and
- Preparing reports for and attending the Governance Committee.

17. Shared Services

- A series of reviews to provide assurance that effective controls remain in place within Shared Financial Services.

18. External Contract

- Reviews to be confirmed at a later date.

IMPLICATIONS OF REPORT

19. This report has implications for all service areas within the Council.

COMMENTS OF THE STATUTORY FINANCE OFFICER

20. These are covered within the body of the report

COMMENTS OF THE MONITORING OFFICER

21. Not applicable to this report.

GARRY BARCLAY
 HEAD OF SHARED ASSURANCE SERVICES

BACKGROUND PAPERS

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Garry Barclay Dawn Highton	01772 625272 01257 515468	March 2013	2013 / 2014 Internal Audit Plan

APPENDIX - INTERNAL AUDIT PLAN 2013/14

CHORLEY COUNCIL	DAYS	COMMENTS / RATIONALE
CORPORATE AREAS		
Annual Governance Statement	15	Annual requirement
Anti-Fraud & Corruption	15	Annual requirement
NFI	20	Participation in national exercise
System Interrogations	10	Efficiency / fraud detection
Financial Regulations	5	Assist with the revision of Financial Regulations
PARTNERSHIPS, HOUSING AND PLANNING		
Housing		
Cotswold House	15	Effectiveness of processes and procedures
Planning		
CIL (with SRBC& PCC)	10	Project team membership and on-going monitoring
Economic Development		
Markets	10	Review of overall arrangements
TRANSFORMATION		
Policy		
Performance Management	5	Review of the integrity of selected data
Governance		
Facilities & Building Management	15	Review of overall arrangements
ICT		
Mobile Phones	15	Allocation and usage review
Information Management	15	Post implementation review
Revenues & Benefits		
Council Tax Discounts	15	System review
Council Tax	30	Key Financial System
Non Domestic Rates		Key Financial System
Housing & Council Tax Benefits		Key Financial System
Debtors		Key Financial System
Property		
Asset Management	15	Review of Liberata contract
Human Resources		
New Payroll System	15	Project team membership
PEOPLE & PLACES		
Fuel Management	10	Review of monitoring systems
Health, Environment and Neighbourhoods		
Neighbourhood Officers	10	Review of time management standards
CCTV	15	Review of overall arrangements

GENERAL AREAS		
Irregularities (Contingency)	20	To respond to allegations of fraud and irregularity
Post Audit Reviews	10	Verification that Management actions are implemented
Residual Work from 2012/13	15	To be completed in quarter 1
Unplanned Reviews	20	To respond to any requests from management
Governance Committee	20	To prepare reports and attend Governance Committee
TOTAL	345	

SHARED FINANCIAL SERVICES	DAYS	COMMENTS / RATIONALE
Main Accounting System	15	Key Financial System
Creditors	15	Key Financial System
Payroll	20	Key Financial Systems
Treasury Management	15	Key Financial Systems
Cash & Bank / Cheque Control	20	Key Financial System / Change of Banker
Residual Work from 2012/13	20	To be completed in quarter 1
Post Audit Reviews	10	Verification that Management actions are implemented
Contingency	20	To respond to any requests from management
TOTAL	135	
ST CATHERINE'S HOSPICE		
Reviews to be decided	30	
TOTAL	30	



Report of	Meeting	Date
Chief Executive	Governance Committee	11 March 2013

STRATEGIC RISK UPDATE REPORT

PURPOSE OF REPORT

1. The Strategic Risk Register (SRR) is the vehicle by which the Council aims to identify and address any potential risks to the organisation and the delivery of its functions which therefore need to be managed strategically.
2. This report provides members with an updated SRR which includes twelve strategic risks to the Council, including actions in progress as well as new actions planned to further mitigate identified risks.

RECOMMENDATION(S)

3. That members note the strategic risks, actions in progress and actions planned to further mitigate the strategic risks as set out in Appendix 1

EXECUTIVE SUMMARY OF REPORT

4. The Council does not exist in a vacuum and the political, economic and financial environment in which it operates is constantly changing. The SRR is therefore a live document and needs to be updated to reflect any new or emerging strategic risks facing the Council.
5. This report therefore contains the latest revision to the SRR for members' information and comment.
6. There are several changes to the register with 5 risk scores increased which is mainly a reflection of the impact of the current economic climate and austerity measures on the organisation, its staff and partners.

Confidential report Please bold as appropriate	Yes	No
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CORPORATE PRIORITIES

7. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	X

BACKGROUND

8. The management of risk is clearly embedded within the Council. While the Strategic Risk Register sets out the Council’s main strategic risks there are a number of other processes that contribute to effective risk management at all levels of the organisation. These include our Business Improvement Planning process, programme and project management and Partnerships Framework. This is described in more detail in the Council’s risk management framework.

HOW THE RISKS ARE SCORED

9. The risks identified in the register have been scored on a 3 x 3 matrix, reflecting the likelihood of the risk occurring against the impact of it on the organisation if it did happen. The resulting score out of 9 is used to aid in prioritising the risk and the actions that are planned to mitigate them.

Likelihood of Occurrence	High	4	7	9
	Medium	2	5	8
	Low	1	3	6
		Noticeable	Significant	Critical
		Impact on Business		

10. Each entry within the register is scored to provide an assessment of the residual level of risk, that is the score taking into account the ‘controls in place’.
11. Whatever level of residual risk remains it is essential that the controls identified are appropriate, working effectively and kept under review.

SUMMARY OF THE RISKS

12. The strategic risks are summarised below:

Risk No.	Description of Risk	Matrix Score	Change from 2012
R1	Budget cuts in key public and third sector partners having a negative impact on local level service delivery	8 (High)	+2
R2	Reduction in satisfaction with the Council	7 (Medium)	+2
R3	Failure to sustain our performance in light of budget cuts	7 (Medium)	0
R4	External legislative and policy change affecting service delivery, particularly future changes as a result of Welfare Reform	7 (Medium)	+2
R5	Lack of resources to deliver the Council’s priorities due to public sector funding cuts (Financial & Staff Capacity)	7 (Medium)	+4
R6	Failure to identify/exploit opportunities for new ways of working and alternative business models including options for income generation	5 (Medium)	+2

R7	Failure to fully realise the benefits of new technology and related impact on driving organisational change.	5 (Medium)	-2
R8	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	5 (Medium)	0
R9	Failure to achieve desired outcomes through partnership working and deterioration in relationships	5 (Medium)	0
R10	Build and maintain strong relationships of trust and confidence between officers and each party to promote good and open relationships between political parties	3 (Low)	0
R11	Failure of Shared Service arrangements	3 (Low)	0
R12	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public.	2 (Low)	-2

13. Further details about each of these risks and their mitigating controls can be found within the register in Appendix 1.
14. All of the risks have been re-assessed and the register shows the change in score from last year with a narrative on the reason for this change. There have been no new risks added to the register although one risk (Damage to the Council's reputation through increasing commercial income generation activity) has been re-worded to take a broader view of future business models including income generation (R6). The score for this risk has been increased along with 4 other risks (R1, 2, 4 & 5) which reflects the impact of the current economic climate, associated austerity measures and the challenges this creates for managing the organisation.
15. The highest risk now facing the Council is budget cuts in key public and third sector partners and the negative impact this could potentially have on local level service delivery. This is evidenced by cuts to partner services and an increased demand for funding from third sector partners during a recent round of core funding. Controls already in place include structures for clear and open communication with key partners such as the Chorley Partnership and regular officer meetings. The Council has also put forward resources to support and extend the capacity of the third sector as part of a more sustainable long term approach to delivering local services.
16. Actions to reduce risks have been successful with two risks downgraded. The risk related to implementation of new technology has been downgraded due to significant progress of the ICT programme and amended slightly to reflect the risk of not now realising the benefits of this new technology. Risk relating to incidents affecting service/business continuity has been reduced following thorough testing of business continuity plans and additional controls in this area. Several medium level risks remain at the same level with some new actions; despite challenging circumstances these risks are being managed effectively.

IMPLICATIONS OF REPORT

17. This report has implications in the following areas and the relevant Directors' comments are included:

Finance		Customer Services	
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Human Resources	X	Equality and Diversity	
Legal		Integrated Impact Assessment required?	N
No significant implications in this area		Policy and Communications	X

COMMENTS OF THE STATUTORY FINANCE OFFICER

17. There are no financial implications associated with the report.

COMMENTS OF THE MONITORING OFFICER

18. No comments

GARY HALL
CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Victoria Willett	5348	27.02.13	SRRupdate

Appendix 1

Risk No.	Description of Risk	Risk Category	Risk Owner	Controls in Place	Matrix Score	Change from 2012	Actions Planned	Action Owner	Target Action Date	Comments
R1	Budget cuts in key public and third sector partners having a negative impact on local level service delivery	Strategic (External)	SG	Existing relationships with key public sector partners Chorley Partnership Core funding support	8	+2	Additional funding support included in budget for 2013/14 – support for VCFS Network, extension of SPICE, generalist debt advice funding for CAB.	GH	On going	Cuts now starting to take effect evidenced by partner performance and increase in core funding requests, higher likelihood and bigger impact.
R2	Reduction in satisfaction with the Council	Reputation (Internal)	SG	Strong customer service culture Corporate health dashboard	7	+2	Use of technology to gather data and coordinated approach to improving customer satisfaction Refresh marketing and engagement strategy Civic pride campaign	Policy and Comms	Sept 2013	New way of measuring has resulted in a drop in satisfaction which needs to be addressed.
R3	Failure to sustain our performance in light of budget cuts	Reputation (Internal)	CS	Performance management framework Regular performance monitoring.	7	0	Implement individual performance management and update the performance management framework.	RH	Ongoing	No change but still high risk given demand on capacity
R4	External legislative and policy change affecting service delivery, particularly future changes as a result of Welfare Reform	Strategic (External)	SG	Changes are being monitored and implications to the Council reported to SG for consideration. Health & wellbeing board LDF Welfare Reform Manager and working groups	7	+2	Respond to consultations. Planned partnership approach to change management through work with DWP, CAB and LCC.	Policy and Comms	Dec 2013	Continues to be a risk, particularly in light of Welfare Reforms. New actions identified.
R5	Lack of resources to deliver the Council's priorities due to public sector funding cuts (Financial & Staff Capacity)	Financial (Internal)	SG	The Corporate Strategy Business planning process Strong Medium Term Financial Strategy Transformation Strategy Performance Management Framework	7	+4	Implement individual performance management and update the performance management framework. Organisational development Update to Transformation Strategy	Policy and Comms	Sept 2013	Increased risk as savings more difficult to achieve, requires behaviour change.
R6	Failure to identify/exploit opportunities for new ways of working and alternative business models including options for income generation	Operational (Internal)	SG	Transformation strategy Strategic partnerships framework Strong Medium Term Financial Strategy	5	+2	Organisational design work including service migration programme Options and agreement on long term business model	CS	Sept 2013	Updated from previous R9 'Reputational risks of income generation'. Firm option is yet to be identified and

										agreed.
R7	Failure to fully realise the benefits of new technology and related impact on driving organisational change.	Operational (Internal & External)	AK	Regular internal communication on progress Project monitoring Appropriate training for staff	5	-2	Business planning to recognise realisation of new technology. Outcomes of benefits realisation work.	AK	June 2013	Technology has been implemented so impact on organisation is reduced but current risk is benefits not realised.
R8	Reduction in staff satisfaction and morale with the Council including increase in sickness absence	People (Internal)	JM	OD and health and wellbeing programmes Staff survey	5	0	Internal communications strategy Intranet refresh project Staff survey refresh Extension of healthcare cash back scheme	Policy and Comms	June 2013	Awaiting results of next staff survey.
R9	Failure to achieve desired outcomes through partnership working and deterioration in relationships	Reputation (Internal)	SG	Chorley Partnership and role of the Executive in leveraging priorities Regular meetings with LCC lead	5	0	Members and officers to work to manage relationships and ensure effective communication Early Intervention work including implementation of WTWF and involvement with CCG's.	GH	Ongoing	Role of Chorley Partnership in strengthening key relationships and ensuring early involvement in new initiatives.
R10	Build and maintain strong relationships of trust and confidence between officers and each party to promote good and open relationships between political parties	Strategic (Internal)	GH	Weekly meeting with leader All party leaders meetings New corporate strategy	3	0	Attendance at political group meetings to address key issues.	GH	As Required	Risk could have been scored higher previously given new administration although several key milestones achieved and relationship is currently strong.
R11	Failure of Shared Service arrangements	Operational (Internal)	SG	Strategic partnerships framework Effective governance arrangements	3	0		CS	Dec 2013	Risk stays the same due to potential impact of failure on organisation.
R12	Incidents affecting service delivery/business continuity or even widespread damage, injury or risk to the public.	Operational (External)	JC/ JM	Business Continuity Plan Emergency Plan Country wide flu pandemic plan. Multi agency fund plan	2	-2				Business continuity plans tested several times in 12/13 and therefore considered more rigorous.

AK – Asim Khan (Head of Customer, ICT and Transactional Services)
SG – Strategy Group
GH – Gary Hall (Chief Executive)
JM – Jane McDonnell (Interim Head of HR&OD)

JC – Jamie Carson (Director People and Places)
COS – Camilla Oakes Schofield (Head of HR&OD)
RH – Rebecca Huddleston (Performance Improvement Manager)
CS – Chris Sinnott (Head of Policy and Communications)