

# 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 IMPROVING 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"> <li>- Residents who take pride in where they live and their achievements</li> <li>- All residents are able to take an active part in their community</li> <li>- Easy access to high quality public services</li> </ul>	<ul style="list-style-type: none"> <li>- Clean and safe streets</li> <li>- Reduced health inequalities</li> <li>- High quality play areas, parks and open spaces</li> <li>- A wide range of quality recreational activities</li> <li>- High quality affordable and suitable housing</li> </ul>	<ul style="list-style-type: none"> <li>- A council that consults and engages with residents</li> <li>- An ambitious Council that continually strives to improve</li> </ul>	<ul style="list-style-type: none"> <li>- A vibrant town centre and villages</li> <li>- A strong and expanding business sector</li> <li>- Access to high quality employment and education opportunities</li> </ul>

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.**

<b>SUPPORTING PRINCIPLES</b>	<b>CONTROL MEASURES</b>
<b>Exercising strategic leadership by developing and clearly communicating the authority's purpose and vision and its intended outcomes for citizens and service users</b>	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
<b>Ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning</b>	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
<b>Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.</b>	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**

<b>SUPPORTING PRINCIPLES</b>	<b>CONTROL MEASURES</b>
<b>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</b>	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
	set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers
<b>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.</b>	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
	make the chief executive or equivalent responsible and accountable to the authority for all aspects of operational management
	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
	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
	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.
<b>Ensuring relationships between the authority its partners and the public are clear so that each know what to expect of the other.</b>	develop protocols to ensure effective communication between councillors and officers in their respective roles
	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)
	Ensure that effective mechanisms exist to monitor service delivery
	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
	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
	When working in partnership : <ul style="list-style-type: none"> <li>▪ ensure that there is clarity about the legal status of the partnership</li> <li>▪ 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</li> </ul>

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

<b>SUPPORTING PRINCIPLES</b>	<b>CONTROL MEASURES</b>
<p><b>Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance</b></p>	<p>Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support &amp; 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><b>Ensuring that organisational values are put into practice and are effective.</b></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 &amp; 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**

<b>SUPPORTING PRINCIPLES</b>	<b>CONTROL MEASURES</b>
<p><b>Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny</b></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><b>Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs</b></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><b>Ensuring that an effective risk management system is in place</b></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><b>Using their legal powers to the full benefit of the citizens and communities in their area</b></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**

<b>SUPPORTING PRINCIPLES</b>	<b>CONTROL MEASURES</b>
<p><b>Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles</b></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><b>Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group</b></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><b>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</b></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**

<b>SUPPORTING PRINCIPLES</b>	<b>CONTROL MEASURES</b>
<p><b>Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders including partnerships, and develops constructive accountability relationships</b></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><b>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</b></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><b>Making best use of human resources by taking an active and planned approach to meet responsibility to staff.</b></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.**

<b>SUPPORTING PRINCIPLES</b>	<b>CONTROL MEASURES</b>
<b>Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.</b>	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.
	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
	Ensure compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance & CIPFA's Treasury Management Code

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

<b>SUPPORTING PRINCIPLES</b>	<b>CONTROL MEASURES</b>
<b>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</b>	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
<b>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.</b>	Ensure that the authority's governance arrangements allow the CFO direct access to the CEO and to other leadership team members.
	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.
	Ensure that the CFO: <ul style="list-style-type: none"> <li>• Leads the promotion &amp; 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</li> <li>• Has a line of professional accountability for finance staff throughout the organisation</li> </ul>
	Ensure that budget calculations are robust and reserves adequate, in line with CIPFA's guidance
	Ensure that appropriate management accounting systems & controls are in place so that finances are kept under review on a

	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.
<b>Ensuring relationships between the authority and the public are clear so that each know what to expect of the other.</b>	Establish a medium term business & financial planning process to deliver strategic objectives including: <ul style="list-style-type: none"> <li>• A medium term financial strategy to ensure sustainable finances</li> <li>• A robust annual budget process that ensures financial balance</li> <li>• A monitoring process that enables this to be delivered</li> </ul>
	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**

<b>SUPPORTING PRINCIPLES</b>	<b>CONTROL MEASURES</b>
<b>Ensuring that organisational values are put into practice and are effective</b>	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**

<b>SUPPORTING PRINCIPLES</b>	<b>CONTROL MEASURES</b>
<b>Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny</b>	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
<b>Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs</b>	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
<b>Ensuring that an effective risk management system is in place</b>	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**

<b>SUPPORTING PRINCIPLES</b>	<b>CONTROL MEASURES</b>
<b>Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles</b>	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
<b>Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group</b>	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.

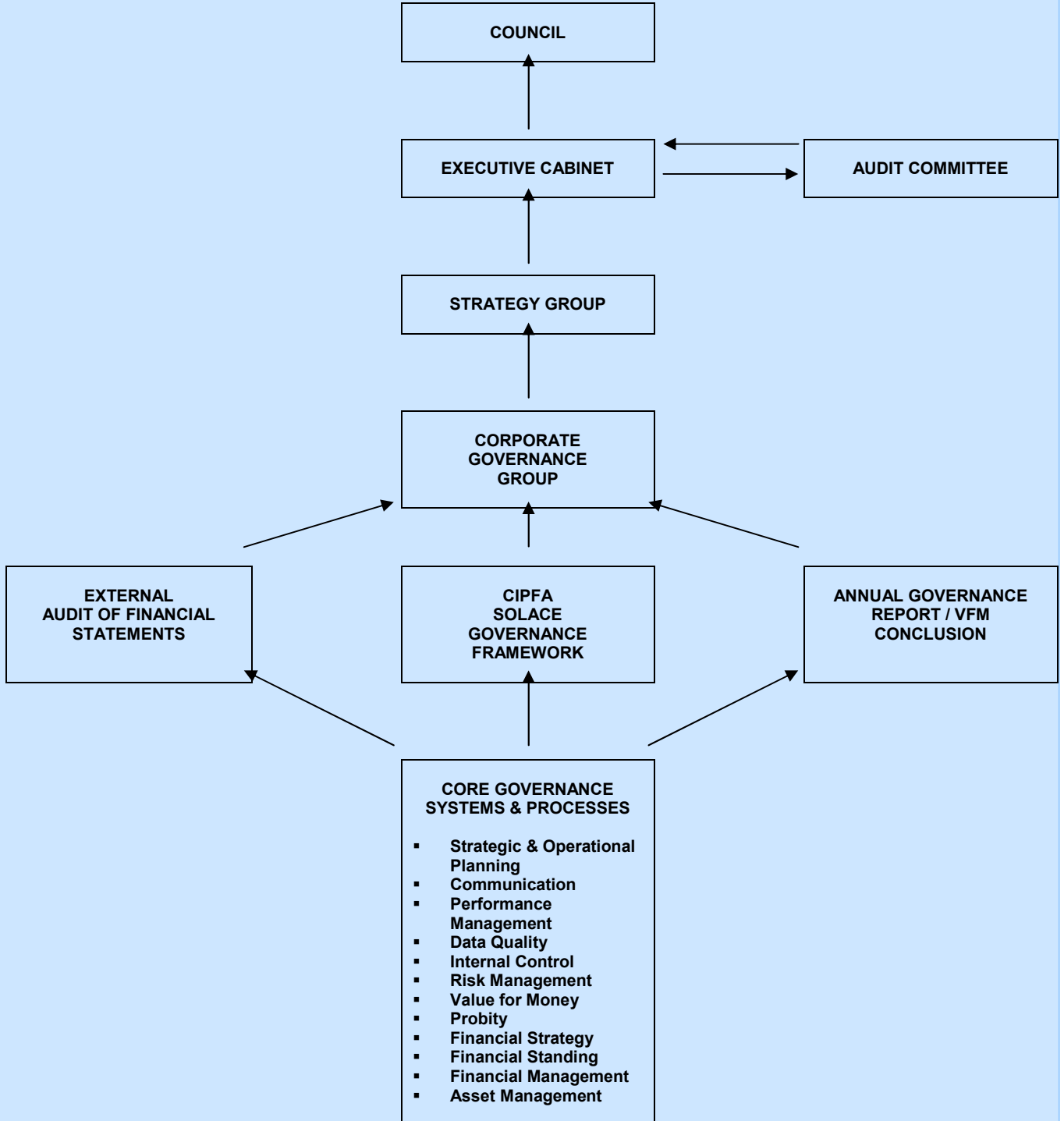
- 6.3 The Council has therefore adopted a system of Service Assurance Statements which are compiled on an annual basis to coincide with the production of the AGS. These require Heads of Service to review the operation of a wide range of governance systems and procedures within their service areas and 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.



## CORPORATE GOVERNANCE REPORTING ARRANGEMENTS



**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]