

Report of	Meeting	Date
Assistant Chief Executive (Business Transformation) and Corporate Director of Governance	Council	22/04/08

CODE OF CORPORATE GOVERNANCE

PURPOSE OF THE REPORT

- 1 To remind members of the new requirement upon councils to develop and maintain a local Code of Corporate Governance, and;
- 2 To seek members' approval of the attached Code which has been prepared in accordance with the prevailing guidance.

RECOMMENDATIONS

- 3 That further to the approval of this report at Audit Committee on 19 March 2008, the approval of full Council is sought.

EXECUTIVE SUMMARY OF REPORT

- 4 Under recently issued guidance by CIPFA & SOLACE the Council is required to develop and maintain a local Code of Corporate Governance and to prepare a Governance Statement on an annual basis in order to report publicly on the extent to which the Council complies with its own Code.
- 5 A local Code of Governance has been prepared in accordance with the guidance and is attached to this report for members' approval.
- 6 A draft Code was originally presented to the Audit Committee for information in September 2007 and again in March after the document had been finalised for members' approval following a period of consultation, which has enabled us to compare our draft Code with those of other councils. **We are now satisfied that the attached Code not only meets the prevailing guidance but also represents best practice.**
- 7 The Audit Committee approved the document and recommends endorsement by full Council

CORPORATE PRIORITIES

- 8 This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the central Lancashire sub region		Improved access to public services	
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Improving equality of opportunity and life chance		Develop the character and feel of Chorley as a good place to live	
Involving People in their Communities		Ensure Chorley is a performing Organisation	✓

BACKGROUND

- 9 A sound system of corporate governance underpins the achievement of all the Council's strategic objectives but is key to ensuring that the Council is a performing organisation as it forms a significant element of the Comprehensive Performance Assessment (CPA) and Use of Resources assessment regimes.
- 10 CIPFA and SOLACE have recently issued a document entitled "Delivering Good Governance in Local Government" which provides a Framework and Guidance under which councils are urged to:
- develop and maintain an up-to-date **code of governance** consistent with the core principles set out in this Framework, including arrangements for ensuring its ongoing application and effectiveness;
 - 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;
 - **review its existing governance arrangements** against this Framework.
- 11 The Code of Corporate Governance attached to this report has been produced to show how Chorley aims to implement the provisions of the new CIPFA SOLACE Framework and therefore ensure full compliance with it.

THE LOCAL CODE - A SUMMARY

- 12 The new CIPFA SOLACE Framework identifies the following 6 core principles which underpin a council's system of governance

<p>1 - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.</p> <p>2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles</p> <p>3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</p> <p>4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</p> <p>5 - Developing the capacity and capability of members and officers to be effective</p> <p>6 - Engaging with local people and other stakeholders to ensure robust local public accountability</p>

- 13 Corporate governance is therefore the product of the interlocking systems and processes through which an organisation manages and directs itself to determine and deliver its

objectives. Although as the phrase implies this includes issues of probity, ethics and personal conduct the impact is much wider. The above principles demonstrate that governance is also about having effective **performance management** and **risk management** systems in place.

14 CIPFA SOLACE requires the Council to:

- consider the extent to which it complies with the above 6 core 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.

15 The attached Code describes the arrangements that have been established within the Council to comply with the above requirements and these are summarised below.

COMPLIANCE WITH THE 6 CORE PRINCIPLES

16 Under each core principle, CIPFA SOLACE identifies a checklist of control measures which the Council is expected to have in place. A working group comprising of key officers conducts a detailed annual self-assessment against this checklist.

EVIDENCE

17 Wherever possible reference is made to independent sources of assurance such as external or internal audit reports to confirm the effectiveness of specific arrangements.

ANNUAL GOVERNANCE STATEMENT

18 The results of the self-assessment, including any significant non-compliance issues are published in the Annual Governance Statement alongside the annual accounts.

19 This includes any non-compliance issues arising from Directorate Assurance Statements. This mechanism has been introduced to supplement the corporate self-assessment and aims to evaluate compliance with a range of corporate policies and procedures within service units.

MONITORING & REVIEW

20 Strategy Group review the draft Statement prior to signature by the Leader and Chief Executive. The Audit Committee approve the draft Statement prior to publication, and in so doing have responsibility for reviewing the adequacy and effectiveness of the overall Council's overall governance arrangements.

IMPLICATIONS OF REPORT

21 This report has no implications for specific Directorates. The matters raised in the report are cross cutting and impact upon the authority as a whole.

GARY HALL
ASSISTANT CHIEF EXECUTIVE
BUSINESS TRANSFORMATION & IMPROVEMENT

ANDREW DOCHERTY
CORPORATE DIRECTOR OF GOVERNANCE

Background Papers			
Document	Date	File	Place of Inspection
CIPFA SOLACE - Delivering Good Governance in Local Government	2007	FINANCE	UNION ST OFFICES

Report Author	Ext	Date	Doc ID
Garry Barclay	5468	10/03/07	LOCAL CODE V2.doc

Chorley Council

Code Of Corporate Governance



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Appendix 1 - Corporate Governance Reporting Arrangements

Appendix 2 - Pro-forma Annual Governance Statement

Appendix 3 - Directorate Statement of Assurance

1. BACKGROUND

1.1 The Council's Vision states that::

- Our ambition is for Chorley to become one of the most attractive, caring and vibrant places in the North West to live, to work, to invest and to visit.
- People can expect safe, clean, sustainable neighbourhoods with equal access to first-class, co-ordinated public services which meet their diverse needs. They can expect high quality local job and training opportunities, a decent home and to be valued and respected by all. They will be able to have their say and influence local services in their areas and to insist on good value for public money. The character of our friendly, contemporary market town and its surrounding villages will be enhanced whilst ensuring Chorley plays a pivotal role in regional economic development.

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

PRIORITY	PROSPERITY	PEOPLE		PLACE		PERFORMANCE
STRATEGIC OBJECTIVE	1. Put Chorley at the heart of regional economic development in the Central Lancashire sub-region	2. Improving equality of opportunity and life chances	3. Involving people in their communities	4. Develop local solutions to climate change	5. Develop the character and feel of Chorley as a good place to live.	6. Ensure Chorley Borough Council is a performing organisation.

1.3 A sound system of corporate governance underpins the achievement of all the Council's strategic objectives but is key to ensuring that the Council is a performing organisation as it forms a significant element of the Comprehensive Performance Assessment (CPA) and Use of Resources assessment regimes.

1.4 In 2007 CIPFA and SOLACE issued a Framework document and supporting guidance 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.

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 OPM and 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 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
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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 authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance	Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support & respect
	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.
	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
Ensuring that organisational values are put into practice and are effective.	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
	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
	develop and maintain an effective standards committee
	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
	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.

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 job</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</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 members 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>hold meetings in public unless there are good reasons for confidentiality</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>Making best use of human resources by taking an active and planned approach to meet responsibility to staff.</p>	<p>develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making</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 The key officers involved in the self assessment are:
- Corporate Director of Governance (Monitoring Officer)
 - Assistant Chief Executive - Business Transformation & Improvement & (Section 151 Officer)
 - Assistant Chief Executive - Policy & Performance
 - Audit & Risk Manager
- 3.5 The Corporate Director of Governance has corporate responsibility for governance including oversight of compliance with the CIPFA SOLACE Framework and the process leading to the publication of the Annual Governance Statement.
- 3.6 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.
- 3.7 The Annual Governance Statement is also reported to Strategy Group and Executive Cabinet at the respective chief officer and member levels. In addition, the Audit 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 Improvement Board acts as a conduit for any governance issues identified through external audit and inspection reports, including CPA and Use of Resources assessments.

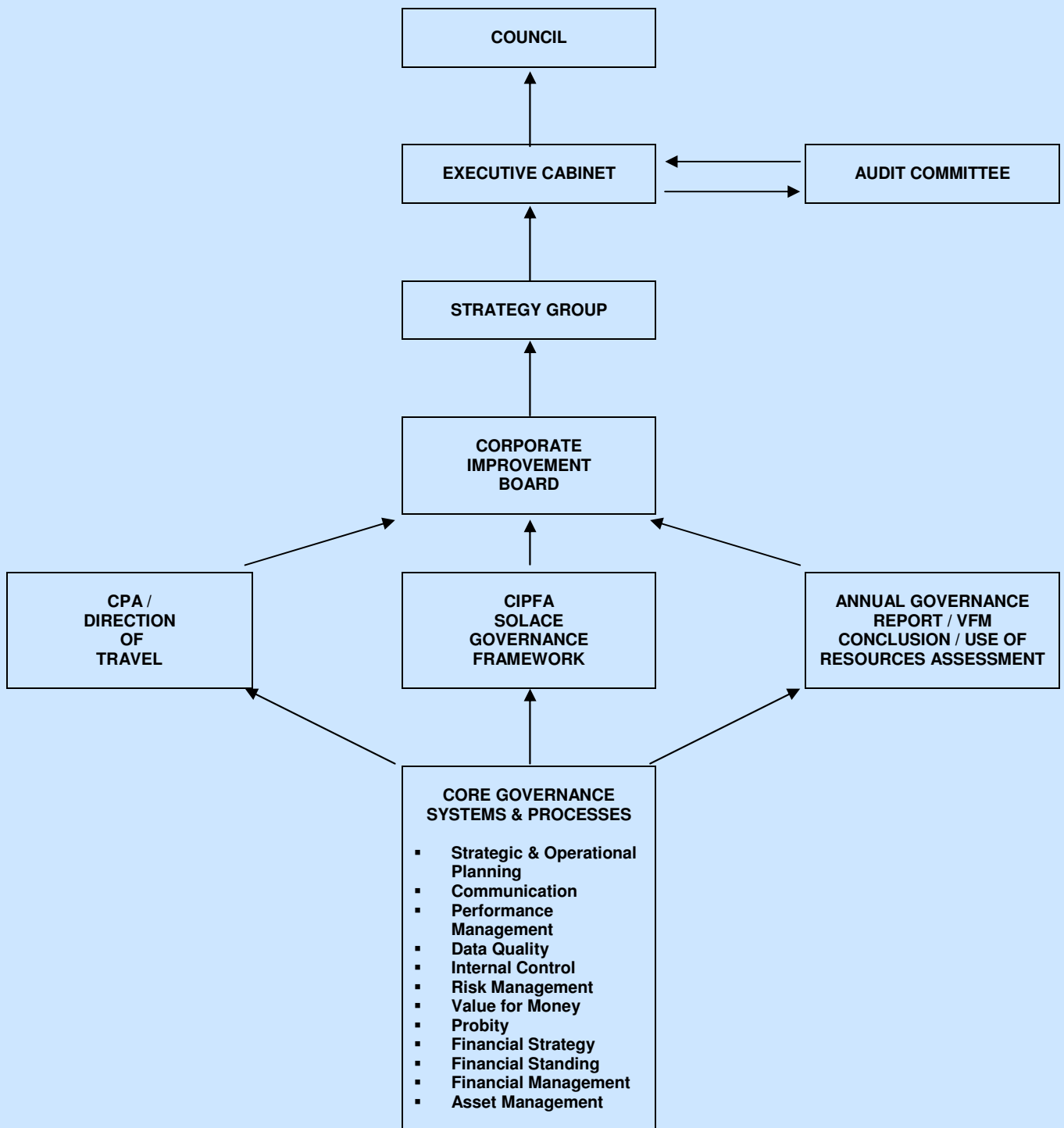
4. ANNUAL GOVERNANCE STATEMENT

- 4.1 Regulation 4(2) of the Accounts and Audit Regulations 2003 requires a local authority to “conduct a review at least once in a year of the effectiveness of its system of internal control and include (in the financial statements) a Statement on Internal Control, prepared in accordance with proper practices....”.
- 4.2 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(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) Regulations 2006 in relation to the publication of a Statement on Internal Control
- 4.3 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.
- 4.5 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.
- 4.6 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.

5. DIRECTORATE ASSURANCE STATEMENTS

- 5.1 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.
- 5.2 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 directorates.
- 5.3 The Council has therefore adopted a system of Directorate Assurance Statements (Appendix 3) which are compiled on an annual basis to coincide with the production of the AGS. These require Directors 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.
- 5.4 The completed Directorate Assurance Statements are 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.

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(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts & Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

The purpose of the governance framework

The governance framework comprises the systems and processes, 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 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
- Defining & documenting the roles & responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication
- 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]

DIRECTORATE GOVERNANCE ASSURANCE STATEMENT

Chorley Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In discharging this responsibility, members and senior officers are responsible for establishing a sound system of governance.

As Director, I have responsibility to enforce the system of governance within my Directorate to ensure that it supports the achievement of the Directorate's and therefore the Council's objectives.

When discharging my responsibility for reviewing the effectiveness of the system of governance operating within the Directorate, I have taken into account the following:

- The adequacy and effectiveness of management review processes;
- Outcomes from risk assessments ;
- Relevant self-assessments of key service areas within the Directorate;
- Relevant internal audit reports and the implementation of recommendations made by the Audit & Risk Service; and
- Outcomes from reviews by other bodies including external and statutory inspectorates and the external auditors.

I am satisfied that, except for the specific matters arising in the attached schedule, a sound system of governance has been in place throughout the year ended 31 March 200X and is ongoing.

I also propose to take steps to address the matters arising to enhance the Directorate's system of governance and I will be monitoring their implementation and operation on an ongoing basis.

Director Signature:

Name:

Date:

Portfolio Holder Signature:

Name:

Date:

	GOVERNANCE AREAS	KEY REQUIREMENTS	SCORE (1,2 or 3)	EVIDENCE (IF SCORED 3)	FURTHER ACTION REQUIRED (IF SCORED 1 or 2)
1	BUSINESS PLANNING & PERFORMANCE MANAGEMENT				
1.1	Business Improvement Planning (BIP) Guidance	<p>A Directorate BIP was produced for 2007/8 in accordance with the corporate BIP Guidance.</p> <p>Progress is monitored at least quarterly and any significant variances against service objectives, standards or targets have been identified, reported to members and appropriate action taken where necessary</p>			
1.2	Staff Appraisal System	<p>All staff have participated in the annual and interim performance appraisal interviews and there is regular monitoring of progress against personal objectives & targets.</p> <p>All Personal Development Plans (PDPs) are up to date, have been submitted to HR and are actively managed to drive staff development.</p>			
1.3	Project Management Toolkit	The corporate Project Management Toolkit has been applied to all the Directorate's key business projects in the Corporate Strategy, including capital developments.			
1.4	Framework for Partnership Working.	There is clear understanding of what is meant by the term "partnership" and what are the Council's "key partnerships" Joint Risk Registers are in place for all the Council's key partnerships.			

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		<p>Any new partnership or partnering arrangement is reported to and approved by members</p> <p>Minimum standards of governance and control are applied to all partnerships, including:</p> <ul style="list-style-type: none"> • A sound business case based on a commonality of interests • Clear objectives & outcomes aligned to Chorley's strategic objectives • Clear responsibilities & clear reporting lines • Regular meetings • Clear payment structure (where appropriate) • Ownership of insurable risks • Internal Audit access • Exit strategy 			
2	DATA QUALITY				
2.1	Performance Data Collection & Reporting	<p>Written procedures are in place for the collection, calculation and checking of all performance information generated by the Directorate, including BVPIs</p> <p>The responsibility for data generation & validation has been allocated to designated officers and they regularly attend corporate data quality briefings</p> <p>The Directorate operates effective data quality control arrangements and the designated officers ensure that:</p> <ul style="list-style-type: none"> • The data is calculated in accordance with any definitions either nationally or locally set. • Evidence / audit trails are retained to support the reported figures. 			

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		<ul style="list-style-type: none"> • Outturn figures are produced and reported in accordance with agreed timetables. • Periodic checks on the accuracy of outturn figures are carried out. • The annual Performance Reporting Checklist is completed in full with all required information and signed by the designated officers and Director. 			
2.2	Data Sharing	<p>The Directorate has established formal data sharing protocols with key partnerships in relation to the sharing of</p> <ul style="list-style-type: none"> • performance data, and • personal data 			
3	COMMUNICATION				
3.1	Customer Care Policy & Customer Charter	<p>Customers' problems are owned by staff and they are kept informed, contacting them when we say we will. In particular:</p> <ul style="list-style-type: none"> • Appointment times are always kept and customers without an appointment are seen within 10 minutes • Telephone calls are answered within 20 seconds or 8 rings • Letters are responded to within 10 days • E-mails are acknowledged within 2 days 			

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3.2	Customer Feedback Mechanisms	<p>The Directorate has established feedback mechanisms with customers and other stakeholders including partners to ensure that key messages about services are obtained, taken into account and systematically used to improve services</p> <p>Specific measures have been introduced in relation to vulnerable / hard to reach groups (disabled, low income, BME, etc)</p>			
3.3	Team Briefing	<p>Team briefing takes place in all areas of the Directorate every month.</p> <p>Team briefing process operates effectively and staff regularly provide "feedback".</p>			
4	INTERNAL CONTROL				
4.1	Implementation of Audit & Inspection Recommendations	<p>There is a formal mechanism to capture and implement agreed recommendations by relevant inspectorates, auditors and other review agencies</p> <p>The Directorate systematically monitors corrective actions and can demonstrate that the recommendations have been implemented within agreed timescales</p>			

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4.2	Financial Procedure Rules (FPRs)	<p>Expenditure</p> <ul style="list-style-type: none"> • Goods & services are ordered only where there is the budget and authority to do so and the purchase is necessary AND goods & services received are checked to ensure they agree with the order; <p>Cash Income</p> <ul style="list-style-type: none"> • Official receipts are issued for all amounts received • Prices agree with the latest approved tariff • Income is securely held and paid it in promptly • Income and petty cash are kept separately • Income is not used to cash personal cheques. <p>Petty Cash</p> <ul style="list-style-type: none"> • Official receipts are issued for all amounts received • Prices agree with the latest approved tariff • Transaction limits are not exceeded • Receipts are always obtained • Petty cash is not used to cash personal cheques 			
4.3	Contract Procedure Rules (CPRs)	<p>For procurements under £10,000 at least 1 written or electronic quotation is obtained before an order is made.</p> <p>For procurements between £10,000 and £75,000 at least 3 written or electronic quotations are obtained. These are "advertised" under "Current Contract Opportunities" on the Council Web Site and completed quotations sent electronically to a secure folder set up for this purpose.</p> <p>For procurements over £75,000 competitive tenders are obtained. The Corporate Procurement Team are contacted for advice on the correct tender procedure to be followed.</p>			

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5	RISK MANAGEMENT				
5.1	Directorate Risk Registers	<p>Directorate Risk Registers are in place to record and mitigate any significant risks which may impact upon the achievement of directorate goals, plans & targets</p> <p>The risk management procedure contained in the corporate project management toolkit has been applied to all the Directorate's key business projects.</p>			
5.2	Directorate Business Continuity Plans (BCPs)	<p>An up to date BCP is in place which reflects the current Directorate structure</p> <p>All relevant staff have been made aware of their responsibilities to react in the case of a business emergency in order to resume services as quickly as possible.</p> <p>The BCP is regularly tested to confirm that it will actually work in practice.</p>			
5.3	Health & Safety Policy	<p>Up to date risk assessments are in place in relation to all significant ongoing activities & events and in relation to Display Screen Equipment (DSE).</p> <p>Safe systems of work are in place and safety equipment is provided wherever it is needed.</p> <p>All members of staff are trained in Health & safety relevant to their needs</p> <p>Details of any accidents, incidents or near misses are always e-mailed to the Health & Safety Team at Bolton Council using the correct form. Any serious incidents are telephoned immediately.</p>			

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6	VALUE FOR MONEY				
6.1	Value for Money Strategy.	The Directorate can demonstrate fully that it achieves VFM by means of comparative data, benchmarking and reviewing of high spending areas.			
6.2	Corporate Procurement Framework.	The Directorate is actively procuring goods and services in accordance with the corporate procurement framework. All contracts have been entered into the appropriate register			
7	PROBITY				
7.1	Code of Conduct for Employees	All members of staff are aware of the officers' Code of Conduct including the need to: <ul style="list-style-type: none"> disclose personal interests or offers of gifts and hospitality in the corporate register held on the Loop not undertake any other employment that conflicts with their official duties. obtain written consent to undertake any outside employment if over Scale 6 			
7.2	Whistle Blowing Policy	All members of staff are aware of the Council's Whistle Blowing Policy and know whom to contact and how to make a disclosure. All members of staff feel safe in making such a disclosure			

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7.3	Anti-Fraud and Corruption Strategy	Members of staff are aware of the Anti Fraud and Corruption Strategy and know whom to contact if they suspect that fraud, corruption or other irregularities have occurred.			
7.4	Proceeds of Crime / Anti-Money Laundering Policy & Guidance	<p>All staff who deal with large amounts of income, property or land sales or interact with outside organisations who operate in these areas:</p> <ul style="list-style-type: none"> • Understand the advice and guidance on Money Laundering and how it may affect individual staff and the Council; • Are aware that a criminal offence may inadvertently be committed if the procedures are not followed; • Will report any suspicious activity to the Money Laundering Reporting Officer using the on-line form on the Loop • Will wait for advice about how to proceed and not take any action that might tip-off a suspect. 			
7.5	Regulation of Investigatory Powers Act - Procedures	<p>All staff who are involved in undertaking investigations that involve surveillance or monitoring activities:</p> <ul style="list-style-type: none"> • Understand the scope of the Act and how it relates to their work. • Know when they require an "Authorisation" from a senior officer to proceed. • Know how to obtain an "Authorisation," from whom, which form to use and what process to follow. • Know who to contact for further advice & guidance 			

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8	FINANCIAL MANAGEMENT				
8.1	Budgetary Control	<p>The Directorate has monitored its budget on a regular basis to identify any significant variances.</p> <p>Appropriate action has been taken to avoid exceeding budget allocations and the S151 Officer has been alerted to any significant problems.</p>			
8.2	Income & expenditure	<p>All income is collected and expenditure is processed in accordance with corporate control arrangements</p> <p>There are no financial processes operating within the Directorate which fall outside corporate control systems or which have not been audited and approved as being fit for purpose.</p>			
9	ASSET MANAGEMENT				
9.1	Asset Registers / Inventories	<p>The Directorate has an up to date Inventory Register in place.</p> <p>All relevant assets are recorded using the standard form on the Loop</p> <p>A full physical check of the recorded assets is undertaken at least annually.</p>			

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10	INFORMATION MANAGEMENT				
10.1	Computer & Data Security	<p>Staff always log-off the network when they leave their workstation.</p> <p>Passwords are never written down, shared or otherwise made available to others.</p>			
10.2	Internet and E-Mail Acceptable Use Policy.	<p>All staff that use these facilities have signed an Authorised User Agreement and agree to abide by the terms and conditions</p> <p>Staff know that private use of Internet and e-mail is permitted only in their own time and private use for business purposes is not permitted.</p>			
10.3	Data Protection & Freedom of Information	<p>All members of staff have attended corporate training and are clear of their responsibilities in relation to DPA or FOI.</p> <p>Members of staff are able to distinguish between FOI requests and requests for information that are "business as usual" and direct the former to their line manager.</p> <p>FOI requests are obtained in writing (including letter, fax , e-mail or web) and Include the requestors contact details for the response.</p> <p>All requests are copied to the Freedom of Information Officer in the People Directorate</p>			
10.4	Retention Guidelines	Individual Directorates periodically review their own documents to ensure compliance with the guidance held on the Loop.			

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11	GENERAL				
11.1	Equality Scheme	<p>The following actions within the Scheme which are applicable to all directorates have been included in the Directorate's business improvement plan and have now been implemented:</p> <ul style="list-style-type: none"> • To introduce appropriate monitoring arrangements in relation to race, gender and disability for the take up of services • To contribute to the corporate consultation strategy • To review literature and communications to ensure that appropriate formats are being used and to ensure that different formats are available • To communicate to staff and to the public the arrangements that are in place in order to obtain literature in different languages and formats • To be on course to conduct quality impact assessments on all policies by March 2009 • To ensure that all relevant staff are trained and brought up to speed on equality and diversity issues and the provisions of the equality scheme <p>The actions within the Scheme which are specifically applicable to your directorate have been included in the Directorate's business improvement plan and have now been implemented.</p>			

NOTES TO THE DIRECTORATE ASSURANCE STATEMENT

The Council is now required to publish an Annual Governance Statement alongside the financial statements, **which must be signed by the Leader and Chief Executive on behalf of the authority**. This Statement must include any significant areas of weakness and action plans to address such weaknesses.

The Corporate Improvement Board conducts a corporate self-assessment each year of the extent to which the Council complies with guidance issued by CIPFA & SOLACE, which sets out best governance practice.

In addition to the corporate self-assessment, assurance is also sought from chief officers, as it is they who are responsible for implementing the respective corporate governance systems and procedures within their directorates.

The Council has therefore introduced Directorate Assurance Statements, which need to be compiled on an annual basis to coincide with the production of the Annual Governance Statement. These require Directors to review the operation of a range of corporate policies and procedures within their service areas and indicate whether there are any significant non-compliance issues.

The Corporate Improvement Board will analyse the completed Directorate Assurance Statements 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 from the Directorate Assurance Statements will be included in the Annual Governance Statement itself.

GOVERNANCE AREAS

This column lists the key corporate policies and procedures that Directorates need to be aware of and comply with.

KEY REQUIREMENTS

This column identifies the specific control measures in relation to each corporate policy (etc) that should be operating effectively within Directorates.

SCORE

A score of 1,2 or 3 should be inserted to reflect whether the level of compliance with the key requirements is minimal, partial or high (3 is the highest score)

EVIDENCE

Where compliance is high (a score of 3) you should indicate why by referring to supporting documentation and / or giving examples where possible. Audit spot checks will be undertaken on the evidence provided.

FURTHER ACTION REQUIRED

Where compliance is minimal or partial (a score of 1 or 2) you should identify what the specific non-compliance issues are and the planned actions to improve control. These actions should in turn feed into the Directorate Business Improvement Plan (BIP).