

**Draft Annual Governance Statement 2008/09****1. SCOPE OF RESPONSIBILITY**

- 1.1 Herefordshire 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. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this duty, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions. These include arrangements for the management of risk.
- 1.3 The Council has adopted a code of corporate governance that is consistent with the principles of the Chartered Institute of Public Finance & Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) framework for delivering good governance in local government. A copy of the code can be obtained from the Assistant Chief Executive (Legal & Democratic Services).
- 1.4 The Annual Governance Statement for 2008/09 explains how the Council has complied with its code of corporate governance. It also explains how the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement have been met.

**2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

- 2.1 The governance framework comprises the systems, processes, culture and values by which the Council is managed and controlled. The framework also sets out how the Council accounts to, engages with and leads the community.
- 2.2 The governance framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost effective services.
- 2.3 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 as an individual's failure to comply with policies and procedures, even when provided with comprehensive training on them can never, be entirely eliminated.
- 2.4 The system of internal control is based on an ongoing process designed to:
  - a. Identify the risks to the achievement of the Council's policies, aims and objectives.

## Draft Annual Governance Statement 2008/09

- b. Evaluate the likelihood and impact of the risks should they be realised.
- c. Identify and implement measures to reduce the likelihood of the risks being realised and to negate or at least mitigate their potential impact.

### 3. THE GOVERNANCE FRAMEWORK

- 3.1 The Council's corporate governance framework was approved by the Audit and Corporate Governance Committee on 21<sup>st</sup> November 2008. It seeks to ensure that the principles of good governance are embedded into all aspects of the Council's work. The five principles agreed by the Audit and Corporate Governance Committee have been linked to the six principles of good governance outlined in the SOLACE/CIPFA publication 'Delivering Good Governance in Local Government'.
- 3.2 For ease of reference, the following table matches the Council's set of principles with those contained in the SOLACE/CIPFA guidance.

<b>SOLACE / CIPFA* Guidance - Principle 1</b>	Focusing on the purpose of the authority, on outcomes for the community and creating and implementing a vision for the local area.
<b>Council - Principle 1</b>	Provide the best possible service to the people of Herefordshire.
<b>SOLACE / CIPFA* Guidance - Principle 2</b>	Members and officers working together to achieve a common purpose with clearly defined functions and roles.
<b>Council - Principle 2</b>	Define the roles of members and officers, ensure that they work together constructively, and improve their effectiveness.
<b>SOLACE / CIPFA* Guidance - Principle 3</b>	Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
<b>Council - Principle 3</b>	Require high standards of conduct.
<b>SOLACE / CIPFA* Guidance - Principle 4</b>	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
<b>Council - Principle 4</b>	Take sound decisions on the basis of good information.

## Draft Annual Governance Statement 2008/09

<b>SOLACE / CIPFA* Guidance - Principle 5</b>	Developing the capacity and the capability of members and officers to be effective.
<b>Council - Principle 2</b>	Define the roles of members and officers, ensure that they work together constructively, and improve their effectiveness.
<b>SOLACE / CIPFA* Guidance - Principle 6</b>	Engaging with local people and other stakeholders to ensure robust public accountability.
<b>Council - Principle 5</b>	Be transparent and open: responsive to Herefordshire's needs and accountable to its people.

3.3 To comply with the Code of Governance the Council has carried out the following.

**Principle 1 Provide the best possible service to the people of Herefordshire**

3.4 On 16th May 2008 Council approved the 2008/11 Corporate Plan, which sets out the Council's priorities and how they would be achieved.

3.5 The 2008 Herefordshire quality of life survey (also known as the Place Survey) has been completed and the results are being collated.

3.6 The Council has a combined risk management strategy, policy and toolkit previously agreed by Cabinet on 1<sup>st</sup> May 2008.

3.7 On 10<sup>th</sup> April 2008 Cabinet approved the Data Quality Policy.

3.8 The Council continues to meet the requirements of British Standard 14001.

3.9 The Council continues to develop the deep partnership with Herefordshire Primary Care Trust, with work being done on the best approach to shared service delivery.

**Principle 2- Define the roles of members and officers, ensure that they work together constructively, and improve their effectiveness**

3.10 The Council's Constitution sets out the respective roles and responsibilities of the Executive and the Executive Members.

3.11 Also within the Council's Constitution are the respective roles and responsibilities of members and senior officers.

3.12 The scheme of delegation forms part of the Constitution.

**Draft Annual Governance Statement 2008/09**

- 3.13 The Chief Executive is the Head of Paid Service, the Director of Resources is designated the Section 151 Officer and the Assistant Chief Executive is designated the Council's Monitoring Officer.
- 3.14 There is a Members Development Policy Group who has helped develop a member training programme; in addition there is a formal staff review and development requirement for all officers.

**Principle 3 – Require High Standards of Conduct**

- 3.15 There are Codes of Conduct for Members and Officers.
- 3.16 The Council has an established Standards Committee, which is chaired by an Independent Member.
- 3.17 The Council continues to develop its shared values, which act as a guide for decision making and a basis for developing positive and trusting relationships within the Council.
- 3.18 There are procedures and policies in place to ensure that Members and Officers are not influenced by prejudice, bias or conflicts of interests when making decisions and when dealing with stakeholders.
- 3.19 A register of member's interest is maintained and updated on a regular basis.
- 3.20 A Whistle blowing Policy is in place, which forms part of the Council's Constitution.
- 3.21 There is an annual Monitoring Officer's report presented to the Audit and Corporate Governance Committee.
- 3.22 Written assurances are received from key managers. These assurances highlight areas of concern and confirm that the service area has effective controls in operation.

**Principle 4 - Take sound decisions on the basis of good information**

- 3.23 There is an effective scrutiny function that encourages constructive challenge.
- 3.24 The Council has an Audit and Corporate Governance Committee, which is independent of the executive and scrutiny functions.
- 3.25 Decisions made by Cabinet and Committees are based upon written reports as presented.

**Principle 5 - Be transparent and open: responsive to Herefordshire's needs and accountable to its people**

- 3.26 All meetings are held in public unless there are good reasons for confidentiality.

**Draft Annual Governance Statement 2008/09**

- 3.27 There is an established complaints procedure, and the Ombudsman has indicated that it is well publicised in comparison with other councils. It is accessible and working well as the proportion of complaints treated as premature was below the national average of 27%. The Ombudsman report was presented to Cabinet on 20<sup>th</sup> November 2008, and its contents noted.
- 3.28 Arrangements are in place for the Council to engage with the public, and these include the publication of the Herefordshire Matters Magazine and public meetings as part of Partners and Communities Together (PACTs).

**4. REVIEW OF EFFECTIVENESS**

- 4.1 Herefordshire Council 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 managers within the Council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's reports on the audits conducted throughout the year, and also by comments made by the external auditor and other review agencies and inspectorates.
- 4.2 The process of review is continuous and results in the Chief Internal Auditor's assurance reports presented at each meeting of the Audit & Corporate Governance Committee. These reports are used to inform the Annual Governance Statement. The Annual Governance Statement is signed by the Leader of the Council, the Chief Executive, Director of Resources and Assistant Chief Executive (Legal & Democratic Services).
- 4.3 The main independent sources of assurance on the operation of the corporate governance framework are the Council's Audit Services team, its external auditors and other external review bodies and the Audit and Corporate Governance Committee.
- 4.4 The review of effectiveness for the current financial year identified that the following work had been undertaken in 2008/09 in relation to the key aspects of the Council's governance framework outlined in paragraph 4.5 to 4.59.

**a. Constitution**

- 4.5 The Constitution was last reviewed and updated in July 2008. The Assistant Chief Executive Legal and Democratic is leading on the current review of the Constitution with a planned revised Constitution being presented to Council for consideration and approval by July 2009.
- 4.6 The Council approved a new Budget & Policy Framework, Financial Procedure Rules and Contract Procedure Rules in July 2008, along with 'mini guides' for members and officers on the asset management, financial management and procurement issues covered in these documents.

**Draft Annual Governance Statement 2008/09**

- 4.7 The financial management training programme for officers has been updated. The officer training programme was implemented in April 2008 and continued throughout the year, feedback from attendees is positive. Training for members commenced in April 2008 including an externally facilitated event designed to promote understanding of the annual statement of final accounts and the corporate governance framework. Feedback on this was also positive. There has been a wide range of training ranging from the Members Code of Conduct to Managing Risks.
- 4.8 On 25<sup>th</sup> July 2008 Council approved the revised Scheme of Delegation. A further update was approved by Council on 17<sup>th</sup> February 2009. Both the Audit and Corporate Governance Committee and the Standards Committee took part in the consultation.
- 4.9 The Members Code on Gifts and Hospitality was approved by Council in February 2009 and the revised protocols for Councillor /Officer Relations approved in July 2008.
- 4.10 The role of the Monitoring Officer is a statutory office whose duties are set out in the Local Government and Housing Act 1989 and the Local Government Act 2000. The main responsibilities of the Monitoring Officer are to ensure that the Council acts with probity in accordance with the law and its Constitution.
- 4.11 The Monitoring Officer is also responsible to the Standards Committee of the Council and is required to report any breaches of the Code of Conduct by members to the Committee. The Monitoring Officer, if required by the Committee or the Standards Board for England, will appoint an investigator to carry out any appropriate investigation into an alleged breach of the Code of Conduct of Members.
- 4.12 The Monitoring Officer Report 2007/08 was presented to the Audit and Corporate Governance Committee on 20<sup>th</sup> March 2009. There were no issues identified for action.
- 4.13 Two decisions made by Cabinet were called in during 2008/09 as follows:
- a. Swimming provision for primary schools in Hereford City.
  - b. Hereford Open Retail Market.
- 4.14 Cabinet responded formally to the comments made by the Strategic Monitoring Committee / relevant scrutiny committee on the above two issues.
- 4.15 The Scrutiny Committees Report 2007 – 2009 is due for publication by the end of May 2009.
- b. Corporate objectives & priorities**
- 4.16 The Council revised its Corporate Plan for 2008 – 2011. The Corporate Plan 2008 – 2011 demonstrates clear links to the Community Strategy for Herefordshire. All directorate and service plans demonstrate how they

**Draft Annual Governance Statement 2008/09**

support the corporate objectives and priorities set out in the Corporate Plan for 2008 – 2011. The Council's Policy & Performance team provides the assurance that the service planning arrangements within each directorate complies with agreed policies and procedures.

**c. Medium Term Financial Strategy**

- 4.17 The draft Corporate Plan 2008 – 2011 informed the development of the Medium Term Financial Strategy for 2008 – 2011 and the budget setting process for 2008/09. The Medium Term Financial Strategy was developed in line with the Council's approved financial procedures. There was an integrated approach to corporate, service and financial planning processes.
- 4.18 In their Annual Audit & Inspection Letter dated February 2009, the Audit Commission noted that *'the Council has a good Medium Term Financial Management Strategy (MTFMS) and this is linked to the key strategic objectives and is updated regularly. Budget Management and monitoring of both capital and revenue budgets are robust. There are good links between the Corporate Plan and MTFMS. The Corporate Plan takes account of stakeholder consultation.'* However it did highlight the need to consider including all revenue implications of significant projects within the Corporate Plan.
- 4.19 The updated Medium Term Financial Management Strategy for 2009–12 was presented to Cabinet and it was reviewed and adopted at its meeting of 19<sup>th</sup> February 2009.

**d. Code of Governance**

- 4.20 On 31<sup>st</sup> October 2008 Council reviewed and approved the revised Code of Governance. Both the Audit and Corporate Governance Committee and the Standards Committee took part in the consultation process.
- 4.21 The Audit & Corporate Governance Committee approved the Annual Governance Statement for 2007/08 at its June 2008 meeting. The significant internal control issues identified in the year were as follows:
- a. Complete the review of the Constitution and implement the remaining actions from the Director of Resources' special report and the Crockall review (Deputy Chief Executive, Assistant Chief Executive (Legal & Democratic Services) and Assistant Chief Executive (HR)).
  - b. Produce the Corporate Plan for 2010 – 2013 in accordance with the agreed timetable (Deputy Chief Executive).
  - c. Review and update the Medium Term Financial Strategy regularly in line with the agreed approach to integrating corporate, service and financial planning (Director of Resources).
  - d. Review the Code of Governance in line with the approved governance framework (Assistant Chief Executive (Legal & Democratic Services)).

**Draft Annual Governance Statement 2008/09**

- e. Continue to promote improvement of the Council's financial management arrangements in line with the Use of Resources assessment criteria, audit reviews and the newly updated Constitution (Director of Resources and other Joint Management Team members with Council responsibilities).
  - f. Implement the remaining elements of the improvement plan for the Council's performance management arrangements and report progress to Cabinet in September 2008 (Deputy Chief Executive).
  - g. Implement the new assurance framework and risk management arrangements for 2008/09 and improve linkages between corporate, directorate and service risk registers (Assistant Chief Executive (Legal & Democratic Services)).
  - h. Continue to promote the Council's anti fraud, anti corruption and whistle-blowing policies, keeping them under regular review (Assistant Chief Executive (Legal & Democratic Services) and Director of Resources).
  - i. Continue to promote the Council's adopted approach to managing major programmes and projects (Deputy Chief Executive and other members of the Joint Management Team with Council responsibilities).
  - j. Continue to develop the Council's community engagement arrangements including strategic consultation on corporate objectives, priorities and budget allocations (Deputy Chief Executive and Director of Resources).
- 4.22 The four Interim Assurance Reports by the Chief Internal Auditor informed the Audit and Corporate Governance Committee of progress on key issues identified in 2007/08.
- 4.23 The significant internal control issues identified in the Annual Governance Statement for 2007/08 are being addressed, with the current status outlined in the current Chief Internal Auditors Annual Assurance Report.
- 4.24 The Audit & Corporate Governance Committee considered the Audit Commission's Annual Governance Report at their September 2008 meeting. The Audit Commission made two recommendations, one related to the system for paying nursing homes and the other to Pooled Budgets. The recommendations made by the Audit Commission in their Annual Governance Report for 2008 have been acted upon by management.
- e. Financial management arrangements**
- 4.25 The Audit Commission's Annual Audit and Inspection Letter dated February 2009 has highlighted that the Council's financial management arrangements has been assessed as performing well, an improvement over the last year. The Audit Commission assessed that the Council



**Draft Annual Governance Statement 2008/09**

produces accounts to a very good standard, on time, and in accordance with agreed protocols.

- 4.26 The Council responded to the Audit Commission's Use of Resources Report dated December 2008. A detailed action plan was presented to The Audit and Corporate Governance Committee at its March 2009 meeting in response to the opportunities for improvement that were identified.
- 4.27 The Council delivered services just under budget for 2008/9.

**f. Performance management arrangements**

- 4.28 The Audit Commission has concluded that performance has improved in most priority areas. The Council's ranking in its benchmarking group has improved from 29th previously to 16<sup>th</sup>.
- 4.29 The Council reviewed and updated its performance improvement framework and cycle for 2008/09 as it was identified that there was a need to take account of emerging arrangements for public service arrangements between the Council and the PCT. The framework and cycle will be refreshed to take account of the Council's deep partnership with the PCT.
- 4.30 The performance management framework encompasses the Council's arrangements for preparing directorate and service plans in support of corporate priorities.
- 4.31 The arrangements for monitoring performance within directorates and reporting progress to members is established and culminated in regular Integrated Performance Reports (IPR) to Cabinet in 2008/09. The IPR details performance against key corporate targets and the revenue and capital budget. Each IPR is subject to rigorous challenge by the Strategic Monitoring Committee and relevant scrutiny committees.
- 4.32 The end of year Integrated Corporate Performance Report was presented to Cabinet on 4<sup>th</sup> June 2009. In summary the report states that overall performance shows a significant increase in the number of indicators that have failed to achieve target. The number failing to achieve target (78 compared with 47 at the end of December) is disproportionate to the increase in the number that achieved target (125 compared with 115 at the end of December).
- 4.33 In aggregate 58 indicators (53%) have improved and 48 (44%) have deteriorated.
- 4.34 Each directorate has a designated Performance Improvement Manager who works alongside the directorate management team and senior managers to ensure that performance management is embedded into directorate and service activities.

## Draft Annual Governance Statement 2008/09

**g. Risk management arrangements**

- 4.35 The Cabinet Member Resources has responsibility for Risk Management, however, there needs to be clarity regarding his role. The Deputy Chief Executive - Legal and Democratic is responsible for risk management at officer level. In May 2008 Cabinet approved an Integrated Risk Management Strategy, Policy and Toolkit, which gave a clear description of accountability, training expectations and process. The Council adopted the mandatory Assurance Framework used by all NHS Trust Boards, which has enabled corporate risks for both the Council and PCT to be reported, managed and monitored in a consistent way, this is operating successfully.
- 4.36 Following the Internal Audit review of the council's risk management system a marginal audit opinion was given. There is a need to embed risk management at service level.
- 4.37 Formal officer reports to members include an assessment of the risk management issues.

**h. Anti fraud, anti corruption and whistle-blowing policies**

- 4.38 As part the Council's review of the Constitution Council approved the revised Whistle-blowing policy in July 2008, which was distributed to members and officers. Officers are also made aware of these policies through reminders on payslips and other corporate communication channels. This has been supported by training for employees that also covered the officer code of conduct, the Anti Fraud Policy and the Whistle-blowing Policy.

**i. Project management arrangements**

- 4.39 The Council has adopted the Prince 2 project management methodology for all major programmes and projects. The key principles of the Prince 2 methodology are applied to the management of less major projects. There is a Corporate Programmes team with project management responsibilities.

**j. Community engagement**

- 4.40 The Council undertook a wide range of community engagement activities in 2008/09 including strategic consultations such as 'The Core Strategy' and 'The Herefordshire Voice Survey, and a customer satisfaction survey. Within the Herefordshire Partnership the Council participates in PACT (Partners and Communities Together) where local people can bring forward issues that affect their quality of life with a promise of detailed feedback and action. During 2008/09 there were 60 PACT meetings. The feedback has informed corporate objectives and priorities and service improvements. In Partnership with the Primary Care Trust the newsletter 'Herefordshire Matters' was published regularly during the year.

## Draft Annual Governance Statement 2008/09

**k. Data Quality**

- 4.41 The Data Quality Annual Report was presented to Cabinet on 4<sup>th</sup> June 2009.
- 4.42 The report highlighted that progress was slower than anticipated after six months, this remained the position after twelve months and that the plan has not been completed despite revisions in the original timescales.
- 4.43 It identified that at the end of March 2009, 33 (64%) of planned actions were complete, 11 (21%) were still in progress, with 8 (15%) not started as they were dependent on those still in progress.

**l. Independent review**

- 4.44 The Audit & Corporate Governance Committee met seven times during the year. The Council's statutory officers with responsibility for governance issues attend Audit & Corporate Governance meetings. The Audit Commission's Annual Audit and Inspection Letter dated February 2009 states that *'the Council has a robust and challenging Audit & Corporate Governance Committee which has continued to improve.'*
- 4.45 Herefordshire's responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit Regulations 2003. This responsibility is delegated to the Director of Resources, the officer with responsibility for the administration of the Council's financial affairs as set out in section 151 of the Local Government Act 1972.
- 4.46 The Audit Services team operates in accordance with best practice, professional standards and guidelines. The team independently and objectively reviews, on a continuous basis, the extent to which reliance can be placed on the internal control environment. This is evidenced by the opinion given on the Council's overall system of control by the Chief Internal Auditor which is given as satisfactory for 2008/09.
- 4.47 The Audit & Corporate Governance Committee receives interim and annual reports on internal audit activity and approves the annual audit plan and Audit Strategy.
- 4.48 The Audit Commission's Use of Resources Report dated December 2008 informed the Council that *'The status and effectiveness of Internal Audit has continued to improve from a good base and all material systems are reviewed by Internal Audit annually.'*
- 4.49 The Audit & Corporate Governance Committee has been advised of the implications of the result of the review of the effectiveness of the governance framework. The Committee will monitor progress with plans to address the areas identified for improvement in order to ensure that systems are continually improved.
- 4.50 Following the review of the Council's fundamental systems three systems did not meet the Council's minimum standard of a satisfactory audit

**Draft Annual Governance Statement 2008/09**

opinion, the first being the Council's creditor system where the main area for improvement related to the authorisation of invoices, the second related to the ISIS system used to pay independent providers for social care services this related to the need for improved reconciliation procedures, and the Waste Management Contract where there was a need for improved procedures regarding payment of invoices. Agreed action plans are in place.

**m. External Inspections****Ofsted Annual Performance Assessment for Children and Young People**

- 4.51 The report was present to Cabinet on 22<sup>nd</sup> January 2009 and noted that *'Herefordshire Council delivers services for children and young people that meet minimum requirements. Its good capacity to improve is reflected in further improvements in educational standards and achievement, particularly for young people aged 14 to 19. Health outcomes for children and young people continue to be good, particularly for those who are looked after Children and Young people make a positive contribution to their community. There have been improvements since the previous APA.'*
- 4.52 The report also noted that some aspects of staying safe had deteriorated, in the main as a consequence of shortages of social workers, and that service managers had identified weakness in the administration of Criminal Records Bureau (CRB) checks and that they have taken swift and effective action to ensure compliance with requirements.

**Planning Services Review**

- 4.53 The Audit Commission completed its report on the Council's Planning Procedures and concluded that their work focused upon a narrow range of issues, which had been previously identified as potential areas of risk for the Council Their findings did not identify any individual significant actions that had resulted in the Council acting illegally or that required an urgent review of governance arrangements. Areas for improvement that required addressing as a matter of urgency have been identified. Recommendations have been made, which are being considered by the Council.

**Delivering VFM in older People Services**

- 4.54 The Audit Commission is in the process of finalising their review, once received, members will be informed of the outcome.

**Review of Procurement**

- 4.55 The Audit Commission's report dated April 2009 concluded that *'The new procurement management framework gives procurement high viability within the Council. The framework provides clear guidance to staff in procuring goods and services. It includes guidance on preparing specifications and contracts; tendering and tender evaluation; and on*

**Draft Annual Governance Statement 2008/09**

*managing the contract. But there are no formal contract monitoring processes or routine reports to managers to keep them informed about key procurement and contract issues. The new procurement framework is not embedded across the organisation but the cross-departmental procurement group should help this.'*

- 4.56 The Audit Commission has identified a number of areas for improvement, which the Council is taking action on. These include:
- a. Working to embed good procurement practices across the council.
  - b. Implementing effective procedures.
  - c. Improving the management, governance and risk management arrangements in relation to the Amey contract.
  - d. Developing a business continuity plan to ensure continuity of service in the event of Amey's failure to deliver services as agreed.

**Safeguarding Action Plan**

- 4.57 Nationally a response is required to Lord Lemming's Report, to help develop a response the Director of Children's Services commissioned an independent consultant to examine the directorates safeguarding arrangements and the interdependencies with the Herefordshire Children's Safeguarding Board (HSCB).
- 4.58 The report identified areas for improvement within the Children and Young People Directorate at, casework, management, ICT and performance management levels in addition to the role of the Children's Trust and Safeguarding Board.
- 4.59 There is an action plan which will be monitored by the Herefordshire Children's Safeguarding Board and the directorate leadership team.

**Comprehensive Performance Assessment**

- 4.60 In their Annual Audit and Inspection Letter dated February 2009 the Audit Commission has concluded in its' Direction of Travel judgement that the council is improving well, with a corporate assessment/capacity to improve assessed as 2 out 4. With the overall Use of Resources score improving from 2 to 3.

**Information Technology Security Techniques (ISO 27001)**

- 4.61 The external assessor SGS completed their last certification audit in November 2008 and concluded that Herefordshire Council has established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products and services within the scope and the Council's policy and objectives. There were no major issues identified.

## Draft Annual Governance Statement 2008/09

**Environmental Management System (ISO 14001)**

- 4.62 The external assessor SGS completed their last certification audit in February 2009 and concluded that Herefordshire Council has established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products and services within the scope and the Council's policy and objectives. There were no major issues identified.

**n. Assurances by Key Managers**

- 4.63 Written assurances have been received from key managers. These assurances highlight areas of concern and confirm that:

- (a) Action is being taken on recommendations from audit reviews.
- (b) Council money is being banked promptly and that reconciliations to the Council's corporate finance systems are up to date.
- (c) Gifts and hospitality have been declared in line with Council policy.
- (d) Effective controls are operational in each service area.

- 4.64 Written assurances have also been received from directors and heads of service giving assurance that there are no incidents of suspected fraud or corruption within their service area.

**o. Value for Money**

- 4.65 The Audit Commission in their Annual Audit and Inspection Letter dated February 2009 has identified that the Council remains a generally low cost authority. It also states that *'the Council is in the process of making improvements to its arrangements to define and secure value for money and to manage costs but these are not yet resulting in consistently improved outcomes.'*

- 4.66 The Audit Commission also highlighted that *'the Council's Strategy to deliver Gershon targets has been successful and targets have been exceeded. It is extending its procurement through partners and the joint working with the PCT aims to deliver improved VFM.'*

**5. SIGNIFICANT GOVERNANCE ISSUES**

- 5.1 The significant governance issues identified as a result of the annual review of the Council's governance arrangements are as follows:

- 5.2 Review the Code of Governance in line with the approved governance framework. (Assistant Chief Executive – Legal and Democratic).

## Draft Annual Governance Statement 2008/09

- 5.3 Complete actions on the areas for improvement identified by the Audit Commission in their Use of Resources Report. (Director of Resources).
- 5.4 Urgent corrective action is taken by Directors to ensure that there is an improvement in performance in relation to performance indicator outturn. (Deputy Chief Executive).
- 5.5 Improve the embedding of risk management across the Council (Assistant Chief Executive- Legal and Democratic).
- 5.6 Urgent action is taken to ensure that the outstanding data quality actions are completed by the revised dates and that Cabinet receive monthly updates on progress. (Assistant Chief Executive – HR and OD).
- 5.7 Action is taken on the recommendations made by Audit Services regarding the Creditors and Payment to independent systems providers (Director of Resources).
- 5.8 Ensure that the areas identified as areas for improvement in the Audit Commission's report on Planning Services are actioned. (Director of Regeneration).
- 5.9 Ensure that the areas identified for improvement in the Audit Commissions report 'Review of Procurement' are actioned. (Deputy Chief Executive, Director of Resources, Director of Environment and Culture).
- 5.10 The Herefordshire Children's Safeguarding Board continue to monitor the agreed action plan. (Director of Children Services).
- 5.11 Continue to promote the Council's antifraud and whistle-blowing policies, keeping them under review. (Assistant Chief Executive - Legal and Democratic, Director of Resources).
- 5.12 Plans are already in place to address the above matters in order to further enhance the Council's governance arrangements. Progress with these plans will be monitored by Cabinet and the Audit & Corporate Governance Committee through established reporting procedures during the coming year.

Cllr Roger Phillips  
Leader of the Council

Signed:  
Date:

Chris Bull  
Chief Executive & Head of Paid Services

Signed:  
Date:

David Powell  
Director of Resources & Section 151 Officer

Signed:  
Date:

Alan McLaughlin  
Assistant Chief Executive & Monitoring Officer

Signed:  
Date: