

## **Annual Governance Statement**

### **Scope of responsibility**

Eastbourne Borough council 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 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.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Eastbourne Borough Council 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 available on the website ([www.eastbourne.gov.uk](http://www.eastbourne.gov.uk))

This statement explains how the Council 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 and 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 Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2011 and up to the date of approval of the Annual Reports on financial Outturn and performance and Statement of Accounts.

## The governance framework

Key elements of the systems and processes that comprise the authority's governance arrangements include arrangements for:

Key Elements	Owner	Confirmation that arrangements are in place	Comments
Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users	Heads of Service and Senior Heads of Service. (HOS)	Yes	Set out in the themed sections of the 2010-2015 Corporate Plan
Reviewing the authority's vision and its implications for the authority's governance arrangements	HOS	Yes	Annual review and approval by full Council of key projects and activities within the priority themes in the Corporate Plan
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	HOS/ Chief Finance Officer (CFO)	Yes	Collation of performance data and milestones through use of Covalent system as set out in the Corporate Plan alongside planned activity together with their specific reporting lines and time tables. Monitoring management and intervention arrangements through Corporate Management Team, Cabinet and Scrutiny in place.
Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication	Head Strategy and Democracy (S&D) / HOS	Yes	Set out in responsibility for functions and roles section of the Council's Constitution and confirmed by the Council at its annual meeting scheme
Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff	HOS	Yes	Set out in relevant sections of the Council's Constitution, reviewed as necessary in accordance with new or changing guidance

<b>Key Elements</b>	<b>Owner</b>	<b>Confirmation that arrangements are in place</b>	<b>Comments</b>
Reviewing and 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 required to manage risks	CFO/ S&D/ HR/ Monitoring Officer (MO)	Yes	Scheme of Delegation, Financial Regulations and procedure notes in place and reviewed regularly. Processes and controls covered by Internal Audit programme.
Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities	HOS/ CFO	Yes	Audit Committee in place with core functions defined in the Council's constitution. The Council also submits items to Cabinet such as external audit reports and the Annual Audit and Inspection letter
Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful	S&D/ CFO/ HR / MO	Yes	Set out in the rules of procedure section of the Council's constitution
Whistle-blowing and for receiving and investigating complaints from the public	Internal Audit Manager (IAM)/ S&D/ HR	Yes	Set out in the codes and protocols section of the Council's constitution and regularly reviewed by Internal Audit
Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training	HR	Yes	Work force development and member development plans are in place. The Council is required as an Investor in People.
Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation	S&D	Yes	Annual bespoke consultation designed each year alongside corporate plan, budget and service planning processes jointly owned by Executive and Scrutiny. To direct priority projects and activities.

Key Elements	Owner	Confirmation that arrangements are in place	Comments
Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, (ref 7) and reflecting these in the authority's overall governance arrangements.	Senior Head of Community Services (CS) /S&D	Yes	All working partnerships have previously been the subject of equality impact assessments and are properly constituted. Elected member representatives appointed annually by full Council and listed in the Council's constitution.

### Review of effectiveness

The 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 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.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes the following elements:

- Continual assessment and review by officers of the corporate governance arrangements to ensure they are 'fit for purpose' in a changing environment
- All reports from Internal Audit work, annual report by the Head of Internal Audit
- External Auditor's Annual Audit and Inspection Letter and other commissioned audit reports
- Risk Management – review of report by the Head of Internal Audit, Annual Governance Statement and Strategic Risk Register reported to Corporate Management Team.
- Audit Committee – Review of report by the Head of Internal Audit, Annual Governance Statement, Internal Audit provision, all internal audits and Strategic Risk Register. Also considers the draft annual financial statements including the Annual Governance Statement in June and then the final statements following audit in September
- Scrutiny – Any item discussed by the Audit Committee can be subject to Scrutiny as required
- Corporate Management Team - Consideration of Internal Audit Plan, Strategic Risk Register and Annual Governance Statement.

- Cabinet – Consideration of External Auditor’s Annual Audit and Inspection Letter and other commissioned audit reports. To sponsor and recommend adoption of the accounts.
- Managers’ Assurance Statements – Statements cover the operational, project and partnership responsibilities of Heads of Service. These can be used to highlight concerns and actions required to improve governance throughout the Council.
- External reviews – Reviews carried out by external agencies, e.g. APP; Benefit Performance Review; RIPA inspection which impact on the governance framework.

### Significant Governance Issues

Internal controls across the authority were generally found to be sound. However the following exceptions are noted;

Area	Issue	Actions
Contracts (Managing and Monitoring)	Findings indicate a lack of central responsibility/leadership to ensure that there is a consistent approach to managing contracts.	The setting up of a central procurement team is being developed as part of a wider re-structure within Corporate Services.
Leasing and Licensing	Fully repairing leases are not being monitored and insurance documentation is not being chased.	The Corporate Management Team are aware of the issues and this is viewed as a corporate priority.  A review has been carried out across all the main functions of the Estates Department and a strategy proposal is being prepared for the asset management of the Council’s portfolio.

We have been advised on the implications of the result of the review of effectiveness of the governance framework by the Audit Committee and recommend a plan to address weaknesses identified by processes outlined above. In addition we commit to ensure continuous improvement of the system is in place.

Signed on behalf of Eastbourne Borough Council:

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Leading Member

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Chief Executive

Date: 14<sup>th</sup> July 2011