



ANNUAL GOVERNANCE STATEMENT 2012-13

Why do we need an Annual Governance Statement?

- Denbighshire County Council is responsible for ensuring that it conducts its business in accordance with the law and proper standards, and that it safeguards and properly accounts for public money, using it economically, efficiently and effectively.
- In discharging this overall responsibility, we are responsible for putting in place proper arrangements for the governance of our affairs, operating effectively and managing risk. Good governance is essential to both the Council and the public. It supports the Council in making the right decisions, reduces the likelihood of things going wrong and protects it when problems do occur. It inspires confidence in the public that we are taking decisions for the right reasons, protecting service quality and spending public money wisely.
- We have a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This Annual Governance Statement explains how we have complied with the Code during 2012-13 and how we meet the requirements of the Accounts and Audit (Wales) Regulations 2005 in relation to the publication of a statement on internal control.

What is good governance?

- Good governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, at the right time, in an inclusive, open, honest and accountable way. It comprises our systems, processes, cultures and values, through which we account to, engage with and, where appropriate, lead our communities. It enables us to monitor 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, designed to manage risk to a reasonable level. It is an on-going process to identify and prioritise the risks to achieving our priorities, policies, aims and objectives, to evaluate their likelihood and to manage them should they occur. However, the system of internal control cannot eliminate all risk and can only provide reasonable and not absolute assurance of effectiveness.
- Our governance framework has been in place and has been improved for the year ended 31 March 2013 and up to the date of the approval of the Statement of Accounts.
- Section 3 of this Annual Governance Statement provides an overview of our governance arrangements. We provide a detailed review in Appendix 1.

Summary of our governance assurance arrangements

Where do we need assurance?

- Delivery of corporate priorities
- Service performance and quality
- Financial planning and performance
- Partnership governance and effectiveness
- Project management and delivery
- Procurement processes
- Management and engagement of our staff
- Clarity of roles and responsibilities
- Decision making protocols
- Leadership effectiveness
- Standards of conduct and ethics
- Compliance with laws, regulations etc.
- Effectiveness of the scrutiny function
- Effectiveness of internal control
- Management of risks
- Training and development of elected members and staff
- Community engagement
- Openness and transparency

What do we have in place?

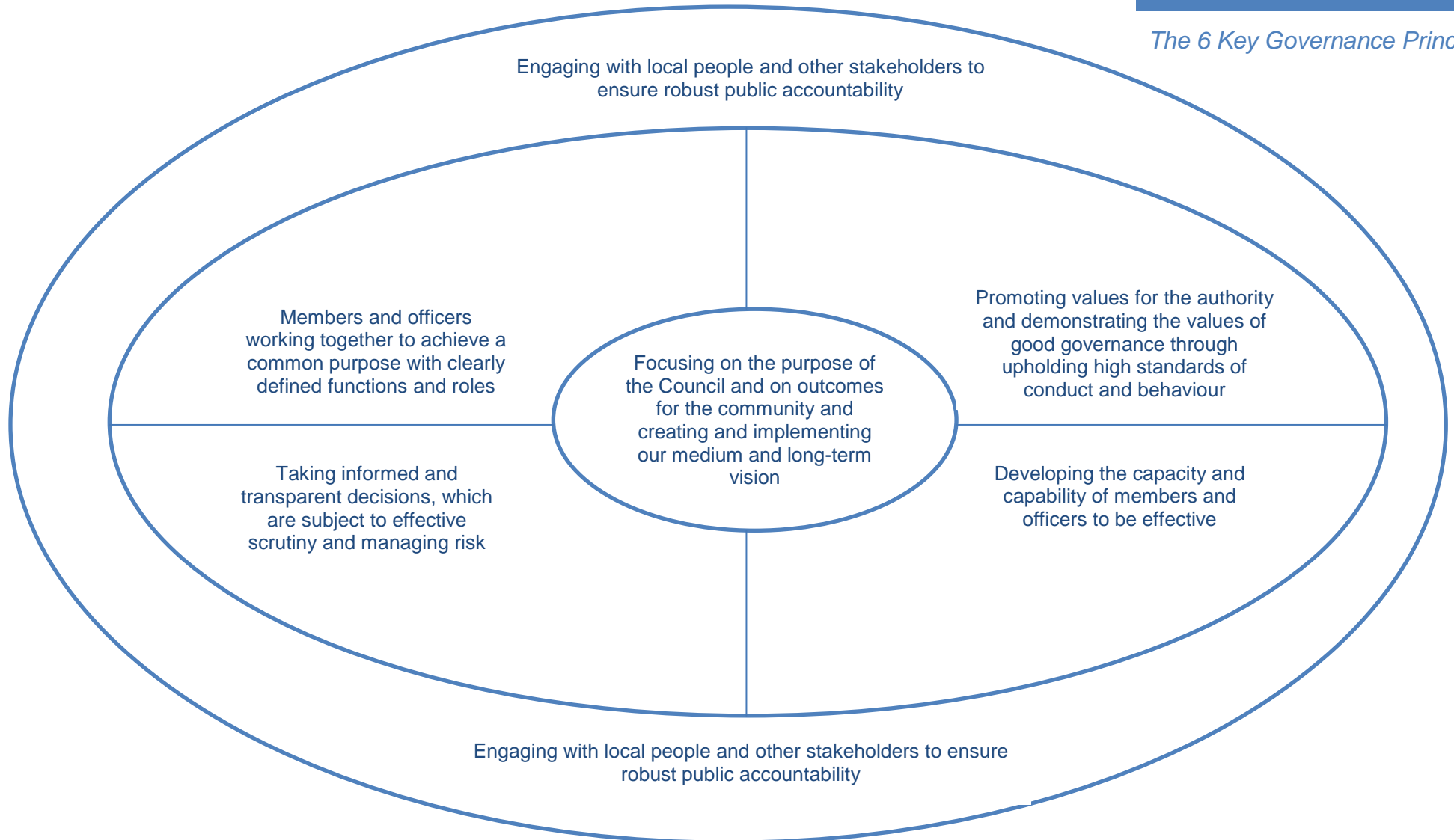
- Corporate Plan
- Frameworks for measuring service and employee performance
- Effective financial management e.g. Annual Statement of Accounts, Medium-term Financial Plan, regular reporting of performance
- Customer feedback and complaints processes
- Partnership governance framework
- Project management methodology
- Corporate procurement strategy
- HR strategy, policies and procedures
- Council Constitution and democratic arrangements e.g. Corporate Governance Committee, Standards Committee, scrutiny function
- Scheme of delegation for decision making
- Specific job roles for CEO, S151 Officer and Monitoring Officer
- Member/officer protocols
- Terms and conditions for remuneration
- Officer and member codes of conduct
- Registers of interest/hospitality
- Anti-fraud and corruption policy and whistleblowing arrangements
- Financial Regulations
- Staff and member training
- Risk management framework
- Equalities framework
- Core Values
- Effective systems, processes and controls
- Effective methods for engaging employees, customers, stakeholders etc.

Where can we get assurance?

- External auditor reviews and reports
- Internal Audit reviews and reports
- Internal audit planning linked to governance framework and risk
- Estyn reviews and reports
- CSSIW reviews and reports
- External consultant reports
- Self-assessments
- Peer reviews
- On-going review of governance
- Partnership boards
- Council's democratic arrangements e.g. scrutiny and 'audit' committees
- Staff surveys

Key principles of our governance framework

The 6 Key Governance Principles



Review of effectiveness of our governance framework

- The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. We review our effectiveness on an on-going basis through our Governance Group and the outcomes of this are contained within Appendix 1, informed by the work of those managers with responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's Annual Report 2012/13, and by comments made by the external auditors and other review agencies and inspectorates.
- We also carry out an annual Corporate Self-assessment to support compliance with our statutory obligation to make arrangements to secure continuous improvement (as required under the Local Government (Wales) Measure 2009). This helps us to understand our strengths and weaknesses in relation to our key processes, such as strategic planning, performance management, workforce planning and financial management. In future, we are considering combining our governance and corporate self-assessments to provide a more efficient self-assessment process.

How have we maintained, reviewed and improved our framework this year?

- **Our Internal Audit service has a comprehensive assurance plan that works alongside the governance framework and ensures that the Head of Internal Audit can provide an opinion on governance, risk and internal control as part of his annual report. Audit assurance can be High, Medium, Low or None. The overall audit assurance for 2012/13 is Medium.**
- We regularly review of our financial systems and have implemented a restructuring of our Management Accounting function to support services in the most efficient manner and bring a greater focus on value for money, compliance and efficiency within services. We have also commenced work on new Financial Regulations for the Council. Internal Audit reviews financial systems annually and has provided High and Medium assurance opinions.
- We regularly update our Corporate Risk Register with the Corporate Executive Team (CET). Internal Audit reviews how we manage the high inherent risks in the risk register and has provided High or Medium assurance opinions in all cases.

■ We have implemented a separation of duties within risk management so that Internal Audit can now carry out an independent and objective review. We have also provided training for elected members to ensure that they understand risk management. The recent Internal Audit review of corporate risk management provided.....not reported yet (will included in the final version of the AGS)

■ We have improved our performance reporting against our Corporate Plan to elected members including our Annual Performance Review. Internal Audit reviewed corporate performance management, giving a Medium assurance rating and all improvements have since been implemented.

■ We regularly review and update of our Constitution to take account of changing circumstances.

■ Scrutiny committees are organised around key themes to enable a more corporate approach, and have shown their strength through the successful delivery of working group objectives. We have welcomed a peer review of our scrutiny function and await the outcome but we identified some improvements in our self-assessment while preparing for this review, which we will implement.

■ We have developed a Governance Group of senior officers and the Chair and Vice-Chair of Corporate Governance Committee to oversee the Corporate Governance Framework, its action plan and the development of this Annual Governance Statement. We have also widened consultation on the Statement to include our Senior Leadership Team and earlier and better informed consultation with the Corporate Governance Committee.

■ Corporate Governance Committee receives regular reports on progress with implementing actions to improve our governance framework. The action plan shows good progress and will be continued into 2013/14 with additional actions from this year's Annual Governance Statement.

■ We have developed a new tool to show where the Council gets its assurance in all key governance areas and have used it to develop the Annual Governance Statement, linking it with the Internal Audit assurance plan and annual corporate self-assessment.

■ We act on Internal Audit, external audit and other review agencies reports, developing action plans for Scrutiny Committee monitoring. Corporate Governance Committee maintains an overview of these action plans and holds services to account if they do not act on these.

Significant governance issues

- Last year's Annual Governance Statement included one significant governance issue relating to information governance. We have taken steps to improve this area during the year, including reorganising and realigning the service, but a recent Internal Audit report on Data Protection and Freedom of Information showed that there is still a significant amount of work to do. We have therefore carried it forward as a significant issue this year.
- The significant governance issues in the table below, together with any less significant issues that we have identified in our review in Appendix 1 will be added to our Governance Assurance Framework Action Plan managed by the Council's Governance Group and monitored by the Corporate Governance Committee.

Significant Governance Issue	Proposed Action	Timescale & Responsibility
Strategic HR needs to implement improvements following an adverse Internal Audit report.	Action plan included with Internal Audit report to be implemented. Corporate Governance Committee will receive a progress update in July 2013.	Included in Action Plan Head of Strategic HR 3 July 2013
We need to improve our information governance and implement improvement to our Data Protection and Freedom of Information arrangements following an adverse Internal Audit report.		

We propose over the coming year to take steps to address the above matters to 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: **(Leader)**.....**2013**

Signed: **(Chief Executive)****2013**

Appendix 1 - Review of governance assurance arrangements

Key Principle 1	Focusing on the purpose of the Council and on outcomes for the community and creating and implementing our medium and long term vision
<p>Our governance arrangements</p>	<ul style="list-style-type: none"> • Our process for developing our new corporate priorities for 2012-17 was robust and inclusive, and we have systems in place to support their delivery and to ensure that we review them annually. • Our performance management framework helps us to translate our corporate priorities into the contribution expected from services and shows how we will monitor this. • We have a Medium Term Financial Plan and monitor and report regularly on our financial performance, producing an Annual Statement of Accounts. Our financial management arrangements support priorities and ensure financial health. <ul style="list-style-type: none"> • We monitor and report regularly on operational performance, producing an Annual Performance Review. <ul style="list-style-type: none"> • All services undergo performance challenges during the year. • Our customer feedback and complaints framework is designed to feed into service improvement. • We are involved in, and lead on, a number of regional and sub-regional collaboration projects, and have developed proper governance arrangements for our collaboration activity. We are recognised as a leader in terms of developing the partnership agenda, with a joint Local Service Board and an integrated strategic partnership plan (The BIG Plan). <ul style="list-style-type: none"> • We have improved our management of programmes and projects following a full review of the project management methodology, PRINCE2 training, and the procurement of a project management system. • Our human resources strategy and policies show how we manage our human resources and plan our future workforce.
<p>Assurances received</p>	<ul style="list-style-type: none"> • Wales Audit Office Improvement Assessment Letters • Internal Audit reports on services, including corporate performance management, partnerships, strategic HR and financial systems <ul style="list-style-type: none"> • Partnerships Scrutiny Committee and Senior Leadership Team review of partnership framework <ul style="list-style-type: none"> • The BIG Plan • Various major partnerships, e.g. North Wales Procurement, Regional Food Waste, Regional School Improvement <ul style="list-style-type: none"> • Regular and year-end financial and performance reports to elected members • Wales Audit Office report on the Council's accounts and financial systems <ul style="list-style-type: none"> • Service Performance Challenge report

- Regular reports on complaints and other feedback to Performance Scrutiny and Corporate Governance Committees
 - Partnership Scrutiny Committee and some joint scrutiny committees receive regular reports on partnership work
 - Medium Term Financial Plan updates to Cabinet
- Various self-assessment reports, including, Corporate Self-Assessment, Social Services self-assessment, Estyn inspection self-assessment, service self-assessments
 - Corporate Partnership Register
- Corporate Project Register reported to CET regularly

Improvement Areas

- We still have work to do to develop how we will deliver some of our corporate priorities.
- We need to improve co-ordination of the various self-assessments that we carry out.
- Within our financial planning, we need to develop a more strategic approach to the efficiency programme for the difficult years ahead.
- We are developing new service standards to improve customer service further.
- We still have work to do to improve how we manage customer complaints.
- The configuration of Denbighshire's strategic partnerships is not yet right and requires further work.
- We need to re-launch our partnership framework to make sure that everyone is aware of it and uses it.
- We are improving our procurement strategy, systems and processes to achieve more financial savings.
- We are strengthening the Service Performance Challenge process for 2013.
- We will continue our work to fully embed programme and project management into our culture.
- Strategic HR needs to implement improvements following an adverse Internal Audit report.

Key Principle 2 Members and officers working together to achieve a common purpose with clearly defined functions and roles

Our governance arrangements

- Our Constitution clearly sets out respective roles and responsibilities of the Cabinet and its individual members, particularly relating to governance. It includes our scheme of delegation for decision making.
 - We ensure separation within key roles, such as CEO, S151 Officer and Monitoring Officer.
- The role of the S151 Officer ensures that appropriate advice is given on all financial matters, that the Council keeps proper financial records and accounts, and maintains an effective system of internal financial control.
- The Monitoring Officer is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.
 - We have a member/officer protocol to ensure constructive working relationships.
- We have agreed terms and conditions for remuneration of elected members and officers and an effective structure for managing the process.
 - We have a performance management and appraisal process for officers.
- Our partnership framework requires partnerships to have clear objectives, clarity of roles and responsibilities, governance arrangements, funding arrangements, accountabilities and protocols for dispute resolution.

Assurances received

- Constitution approved by County Council includes roles & responsibilities, key officer roles, member/officer protocol, remuneration scheme, scheme of delegation etc.
 - Cabinet reports on budget setting and monitoring of financial performance
 - Job descriptions outline the roles of key officers
 - Partnerships Scrutiny Committee and Senior Leadership Team review of partnership framework
 - Improvements made following the Internal Audit report on partnerships

Improvement Areas

- We are developing a performance management framework for elected members.
- While we now have a partnership framework, we need to make sure that all current partnerships meet its requirements.

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

Our governance arrangements

- We have codes of conduct for officers and elected members.
- Our member/office protocol ensures high standards of behaviour.
- We operate a register of interests and hospitality and elected members have the opportunity to declare interests at meetings.
 - Customers can use our feedback and complaints framework if they are not happy about conduct and behaviour.
 - We have a policy on anti-fraud and corruption.
- Our Corporate Governance Committee acts as an ‘audit committee’, complying with the Local Government (Wales) Measure.
 - We operate an independent and objective Standards Committee.
 - Financial Regulations outline key responsibilities in respect of conflicts of interest, prejudice, bias etc.
 - We have a set of core values for elected members and officers.
 - Our performance appraisal process includes an assessment of conduct and application of core values.
 - Our partnership framework includes a set of values against which decision making and actions can be judged.
- Our systems and processes are designed to comply with laws, regulations, internal policies and procedures and conform to appropriate ethical standards.

Assurances received

- Constitution approved by County Council includes codes of conduct, member/officer protocol, requirements for declarations of interest, Standards Committee role, Corporate Governance Committee terms of reference
 - Committee meeting agendas and minutes showing declarations of interest from elected members
- Regular reports on complaints and other feedback to Performance Scrutiny and Corporate Governance Committees
 - Head of Internal Audit review of Corporate Governance Committee terms of reference
 - Partnerships Scrutiny Committee and Senior Leadership Team review of partnership framework
 - Improvements made following the Internal Audit report on partnerships
 - Internal Audit Annual Report 2012/3 giving assurance on the system of internal control

Improvement Areas

- We need to update our anti-fraud and corruption policy.
- We are updating our Financial Regulations.
- We are undertaking a self-assessment to ensure that the Corporate Governance Committee operates effectively as an audit committee.

Key Principle 4

Taking informed and transparent decisions, which are subject to effective scrutiny and managing risk

Our governance arrangements

- We have a robust scrutiny function to challenge decision-makers constructively, including those who work in partnership with us.
- Our Council, Cabinet and committee meetings are open and transparent. We advertise meetings in advance, have transparent decision-making processes, publish decisions and have robust criteria for considering confidential reports.
 - Elected members have the opportunity to declare interests at meetings.
 - We have codes of conduct for officers and elected members.
 - We operate a register of interests and hospitality.
 - Our 'audit committee' is independent of the Cabinet to allow it to act objectively.
- Customers can use our feedback and complaints framework if they are not happy about the way we make decisions.
- We present external and internal regulator reports to the relevant committee and act on issues raised in those reports.
 - We provided a comprehensive training programme for elected members following the last local elections.
- We have reviewed our committee reporting to provide more concise and clearer reports to our elected members to help decision making.
- We have processes in place to manage risk effectively and regularly update our Corporate Risk Register. We have provided separation of duties between co-ordination of risk management and the audit of risk management.
- We have an independent and effective internal audit service operating within professional auditing standards, providing a wide range of governance, risk, operational and financial assurance, including on partnerships.
 - We have whistleblowing arrangements for elected members, officers and contractors.
 - We have a robust system of internal control, both financially and operationally.
 - Our partnership framework requires each partnership to assess risks and outline how it will manage them.
- Our Monitoring Officer makes sure that the Council follows agreed procedures and complies with all applicable statutes and regulations.
- The Constitution and scheme of delegation clearly outline statutory obligations of elected members and officers who make decisions.

Assurances received

- Agendas, reports and minutes of Council, Cabinet, scrutiny and other committees
- Council meetings, papers and decisions published on the Council's website and in libraries
 - Formal protocol for Part II reports
- Council's Constitution includes statutory obligations, codes of conduct, member/officer protocol, committee terms of reference etc.
- Regular reports on complaints and other feedback to Performance Scrutiny and Corporate Governance Committees
- Corporate Governance Committee and Performance Scrutiny minutes show consideration of internal and external regulator reports
 - Updated corporate risk register presented to Performance Scrutiny Committee in February 2013
 - Internal Audit Strategy 2012/13 and regular progress reports to Corporate Governance Committee
- Internal Audit Annual report 2012/13 giving a positive opinion on the system of governance, risk management and internal control
 - Internal Audit's Charter outlining its status and independence
 - Improvements made following the Internal Audit report on partnerships
 - Internal Audit report on corporate risk management

Improvement Areas

- We need to promote our scrutiny function among our stakeholders and provide further training for elected members. We will also implement any improvements arising from a recent peer review.
- We need to improve our information governance and implement improvement to our Data Protection and Freedom of Information arrangements following an adverse Internal Audit report.
- Our Corporate Self-assessment recognised some improvements needed in risk management and we will implement these and any additional issues arising from the recent Internal Audit review.
- We will update Internal Audit's Charter and carry out a self-assessment of the service to ensure that it complies with the new Public Service Internal Audit Standards.
- We are strengthening our research and intelligence functions to be more proactive in the way that we consider the external environment to support decision-making and strategic planning.
- We are updating our Whistleblowing policy.

Key Principle 5

Developing the capacity and capability of members and officers to be effective

Our governance arrangements

- We are developing our elected members to have the skills, knowledge and experience to carry out their roles effectively.
 - New elected members received a comprehensive programme of training in the months following their election.
- We have made some improvements to workforce planning and the way we make use of our employees to achieve improvement.
 - We have improved the rate of officer performance appraisals completed.
 - We have a programme of corporate training in a variety of subjects.
- We encourage new ideas from inside and outside of the Council to improve our services and performance through community engagement, employee suggestion schemes, manager conferences, officer groups etc.

Assurances received

- Strategic HR reports to CET on officer appraisal completion rates
- Cabinet Lead Member leading on elected member development project
- Training programme and attendance records for elected member training following election
 - Community Engagement Plan
 - Middle Managers conferences held regularly
 - Bright Ideas scheme
 - Corporate training programme
 - The Hwb
 - Learning Hub on Intranet

Improvement Areas

- We need to do more to improve the flexibility of our workforce to enable us to use them in the areas of greatest need.
- We are developing a new training programme for elected members based on a needs assessment.
- There is still work to do to ensure that officer performance appraisals are completed at least once a year.

Key Principle 6

Engaging with local people and other stakeholders to ensure robust public accountability

Our governance arrangements

- We have a scrutiny function that includes scrutiny of performance and of partnership arrangements.
- We have a Community Engagement Plan to ensure we take an active and planned approach to dialogue with the public.
 - Our customer feedback and complaints framework allows the opportunity for views to be shared on service delivery.
- We have a co-ordinated approach to internal and external communications and media activities to publicise our priorities and the action we will be taking to improve services for those who live in, work in or visit the county.
- Our Council, Cabinet and committee meetings are open and transparent. We advertise meetings in advance, have transparent decision-making processes, publish decisions and have robust criteria for considering confidential reports.
- We maintain strong working relationships with our external partners, including the joint Conwy & Denbighshire Local Service Board, and actively engage with stakeholders and local communities.
- We have played a leading role in the North Wales Public Sector Equality Network, which has produced six shared objectives with agreed action areas to drive forward equality work across the region.
- We report regularly our financial performance. Our Annual Statement of Accounts is open to the public for inspection as required by legislation and the final version is accessible on our website.
 - We report regularly on operational performance, producing an Annual Performance Review.
- We engage our employees through staff road shows, Excellence Denbighshire, staff surveys, CEO breakfast meetings, Staff Council etc.

Assurances received

- Scrutiny committee agenda, reports, minutes etc.
- Partnership framework includes requirement for governance arrangements
 - Member Area Groups
 - Residents Survey 2011
 - Town Plans
 - Town & Community Council cluster groups
- Improvements made following the Internal Audit report on partnerships
- Regular reports on complaints and other feedback to Performance Scrutiny and Corporate Governance Committees
 - Communication Strategy

- Community Engagement Plan
 - Agendas, reports and minutes of Council, Cabinet, Scrutiny and other committees
- Council meetings, papers and decisions published on the Council's website and in libraries
 - Formal protocol for Part II reports
 - Strategic Equalities Plan.
- Positive Wales Audit Office report on the Council's accounts and financial systems
 - Regular financial and performance reports to Scrutiny committees and Cabinet
 - 'You Said, We Did' action plan following 2011 staff survey
 - Agendas and minutes of Staff Council
 - Denbighshire Volunteering Strategy
 - Excellence Denbighshire awards

Improvement Areas

- We need to make sure that our employees are fully aware of the requirements of equalities legislation.
- The Consultation & Engagement Strategy needs to become embedded in our service delivery.
- We will roll out the Denbighshire Volunteering Strategy.
- We need to further improve the way we engage with business groups.