Oxford City Council

2008/09 Annual Governance Statement
to accompany the Statement of Accounts

Scope of responsibility

Oxford City 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. It 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, Oxford City Council 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.

This statement explains how Oxford City Council 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 Oxford City 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 Oxford City Council for the year ended 31st March 2009 and up to the date of approval of the accounts.

The governance framework

Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users

- The Council's vision has been defined through the development of its Corporate Plan (2009-12). This identifies six corporate priorities and specific 1 and 3 year targets for each priority. The Corporate Plan is reflected in service transformation plans and individual appraisals. The Corporate Plan is widely publicised.

Reviewing the authority's vision and its implications for the authority's governance arrangements

- The Corporate Plan 2009-12 was prepared on the basis of a review of the previous Corporate Plan. The priorities have been carried forward but the specific actions and targets under each priority have been updated so as to secure both continuity and continuous improvement.

Ensuring that risks are adequately identified and managed

- The Council's Risk Strategy was updated and re-adopted in April 2009. The corporate risk register is reviewed monthly by officers and quarterly by the Audit and Governance Committee. Service transformation plans each have a service risk register. Risk templates are in a consistent form and significant Executive decisions each have their own risk assessment appended to the City Executive Board report.

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

- The Council operates within a performance management framework. Key corporate indicators are reviewed monthly by an Officer's Performance Board and quarterly by the Executive and Scrutiny. We also use our residents survey and citizens panel to test user perceptions of service quality and inform our priorities.

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

- Clear schemes of delegation for Council, the Executive and officers are set out in the Council's constitution. The role, purpose and terms of reference for Scrutiny are also set out in the constitution as are protocols for effective communication and access to and use of information.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

- The Council has adopted Codes of Conduct for members and officers and local member protocols in relation to Member/Officer relations, planning and the use of IT. The Monitoring Officer and the Standards Committee provide regular training opportunities in relation to ethical conduct and the Standards Committee reports annually to full Council on its work. The Audit and Governance Committee reviews the effectiveness of governance arrangements.

Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes and manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

- The constitution is regularly reviewed and updated by the Monitoring Officer and full Council. Council and the Executive consider annually review and confirm their schemes of delegation and the terms of reference of their committees. All reports to decision making bodies are approved in accordance with the requirements of a report clearance protocol so as to ensure that legal, financial and other risks are properly identified. There are comprehensive contract, financial and employment rules in the constitution.

Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Protocol Guidance for Local Authorities

- The Council has an established Audit and Governance Committee with terms of reference that comply with CIPFA's guide. The Committee receives all internal and external audit reports, is effective and is contributing to improving the internal control environment of the Council.

Ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful

- The Council has a coherent accounting and budgeting framework which includes the monthly monitoring and publication of spend against budget

- Financial planning and budget setting is underpinned by consultation, prioritisation, savings action plans and a medium term financial strategy which is regularly reviewed and updated by the Executive

- All reports to Members are required to be approved by legal and finance officers. The Monitoring Officer and Chief Finance Officer

have not had cause to issue reports in exercise of their statutory powers from the 2008/09 financial year to date.

Whistle blowing and receiving and investigating complaints from the public

- The Council has adopted and publishes within its constitution a Whistle Blowing Policy. The Policy has recently been reviewed by the Standards Committee

- The Council operates a corporate complaints system. The Standards Committee keeps under review the operation of that system and publicly receives any Ombudsmen reports in relation to maladministration. The Audit and Governance Committee receive quarterly reports on all allegations of fraud or corruption.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

- In addition to attending external training events members have committed themselves to annual refresher training in respect of their ethical conduct and regulatory issues, attendance at which is linked to the payment of their basic allowance

- The Council has launched a significant management development programme which will have universal coverage for all managerial posts. In addition service areas retain dedicated training budgets to allow for the fulfilment of individual learning and development plans.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

- The Council has set out in its Corporate Plan the importance of partnership working and identified its key strategic partnerships. Political and managerial leadership is communicated and where appropriate co-ordinated between the public bodies serving the residents of the city.

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.

In preparing this statement each service area has completed and each Head of Service has signed an assurance checklist.   The checklist covered the following areas:

Risk management
Business planning
Projects and projects management
Financial management
Fraud
Procurement
Human resources
Equality
Data quality
Health and safety
External accreditations
Review of controls

The checklist asked each Head of Service to draw attention to any matters in respect of which internal controls were not working well and required a positive assurance that apart from those areas which were identified for improvement that the controls within the service had been, and are, working well. Every service was able to give a positive assurance.

The internal audit annual report 2008/09 prepared by KPMG and dated 15th April 2009 provided the Authority with an opinion on the adequacy and effectiveness of its internal control environment. After noting that sufficient internal audit had been undertaken to allow a reasonable conclusion to be drawn the report concluded that "Oxford City Council has for the most part adequate and effective risk management, control and governance processes to manage the achievement of its overall objectives."

This statement has also drawn on Audit Commission reports prepared during 2008/09 and the risk register outturn for each service area. The lists of authorised signatories for each service area have also been reviewed to ensure that adequate and appropriate schemes of authorisation for the discharge of functions exist within each service.

All of the above documents collectively represent the assurance framework and they have been reviewed by the Monitoring Officer and a Governance Group.   The Governance group consists of the Chief Executive, Executive Directors, the Head of Finance and our new internal auditor. The Governance Group together with the Leader of the Council and the Chair and vice-Chair of the Audit and Governance Committee reviewed the draft statement. We have been advised on the implications of the result of the review of effectiveness of the governance framework by the Audit and Governance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant governance issues

The control framework described above facilitates the identification of any areas of the Council's activities where there are significant weaknesses in the financial controls, governance arrangements or the management of risk. Overall, it concluded that controls are operationally sound.

The areas where weaknesses have been identified are listed below, together with a brief summary of the action being taken to make the necessary improvements.

Area of Concern	Action Planned
Home Choice deposit scheme – this scheme is used to prevent homelessness. The concern is that monies paid out for deposits are not monitored, chased and recovered on a timely basis	An additional member of staff has been engaged to ensure that systems are in place to optimise the recovery of deposits, when required. This will include the migration of data onto the HMIS using the new Housing Advice module
Health and Safety – there are recommendations outstanding from an internal audit review of our corporate health and safety arrangements	An action plan has been agreed and progress in implementing it will be reviewed by the Audit and Governance Committee
A Code of Corporate Governance has yet to be adopted	It is proposed to seek comments on a draft Code of Corporate Governance at the September 2009 meetings of the Audit and Governance Committee and the Standards Committee before inviting Council to adopt a Code at its October 2009 meeting
Effective implementation of the single status agreement	The Head of Human Resources has a project plan in place and will use additional external resources, if necessary, to ensure effective implementation

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 _____ Leader   Dated _____

Signed _____ Chief Executive   Dated _____

Signed _____ Monitoring Officer   Dated _____

Signed _____ Head of Finance   Dated _____