

**SOUTH DERBYSHIRE DISTRICT COUNCIL**

**ANNUAL GOVERNANCE STATEMENT 2009/10**

**A Scope of Responsibility**

South Derbyshire District 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. South Derbyshire District 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, South Derbyshire District 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.

South Derbyshire District Council has formulated a 'Local 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 [www.south-derbys.gov.uk](http://www.south-derbys.gov.uk) or can be obtained from the Head of Legal & Democratic Services, Civic Offices, Civic Way, Swadlincote, Derbyshire, DE11 0AH.

This Annual Governance Statement explains how South Derbyshire District Council has complied with the Local Code of Corporate Governance 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.

**B The Purpose of the Governance Framework**

The Governance Framework comprises the systems and processes, and culture and values, by which South Derbyshire District Council is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables South Derbyshire District Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective and efficient 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 South Derbyshire District Council's policies, aims and strategic 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 South Derbyshire District Council for the year ended 31st March 2010 up to the date of approval of the Annual Report and Statement of Accounts.

## **C The Governance Framework**

The key elements of the systems and processes that comprise South Derbyshire District Council's Governance Framework are as follows:

### **Decision Making**

The Council operates under a Constitution. This sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. It sets out the individual roles and responsibilities of Members and the three statutory officers.

The Full Council makes decisions on key policies and sets the budget and levels of local taxation for the Council's services. The Constitution includes the delegation from Full Council down to the Policy Committees and further it provides a Scheme of Delegation to Officers.

### **Policy Making**

This is facilitated through 3 policy committees which are responsible for the main service areas of the Council and are:

- Environmental and Development Services
- Housing and Community Services
- Finance and Management

Each Committee is governed by its Terms of Reference, as laid down in the Constitution. Meetings of these committees are open to the public, except where issues of an exempt nature are being disclosed.

The Overview and Scrutiny Committee have 'call-in' powers to consider the appropriateness of Policy Committee decisions. It also shadows the policy committees, supports policy development and review and it carries out external reviews on issues that affect South Derbyshire.

Six Area Forums, a Parish Liaison Meeting and a Flood Liaison Meeting are well established and these meet throughout the year. They are designed to improve community involvement in decision-making and provide a continuous link with local residents, parish councils, the voluntary sector and other public bodies.

### **Governance and Accountability**

The Council has designated the Head of Legal and Democratic Services as its Monitoring Officer. It is the function of this officer to ensure compliance with established policies, procedures, laws and regulations.

After consulting with the Head of the Council's paid service (the Chief Executive) and Chief Finance Officer (Director of Corporate Services), the Monitoring Officer will report to Full Council if they consider that any proposal, decision or omission would give rise to unlawfulness or maladministration.

Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

In addition, the Council operates 2 regulatory committees focusing on Development Control (planning applications and enforcement) and a Licensing and Appeals Committee. Furthermore, a Standards Committee which is chaired by an independent member oversees the conduct of elected councillors.

The Standards Committee assists in setting and promoting the ethics agenda for the Council and monitors training in relevant areas and is chaired by an Independent Member.

Accountability for the use of public funds and service provision is largely undertaken through the annual publication of a Statement of Accounts, the Annual Report and Corporate Plan.

### **Code of Corporate Governance**

The Code was updated during 2008 to reflect the new Governance Framework developed by CIPFA/SOLACE and subject to regular six monthly reviews by a Senior Officer Group reporting to Audit Sub-Committee and the Standards Committee, with an annual report to Full Council.

### **Standards of Financial Conduct**

Financial management is conducted in accordance with financial management and procedural rules, as set out in Part 4 of the Constitution. The Council has designated the Director of Corporate Services in accordance with Section 151 of the Local Government Act 1972.

This officer is responsible for making arrangements for the proper administration of financial affairs in accordance with best professional practice.

The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

In addition, under the Code of Audit Practice, the Council has a responsibility to ensure that its affairs are managed in accordance with proper standards and to prevent and detect fraud and corruption. The Council has adopted a Fraud and Corruption Strategy.

The financial management system includes:

- A medium term Financial Plan linked to Service Plans

- An annual budget cycle incorporating Council approval for revenue and capital budgets, as well as treasury management strategies
- Financial Procedure Rules that are reviewed as required
- Process and procedure guidance manuals
- Annual Accounts supporting stewardship responsibilities, which are subjected to external audit and which follow Statements of Recommended Practice, Accounting Codes of Practice and Financial Reporting Standards
- Regular budget monitoring by budget holders through monthly financial monitoring reports
- Identification of financial risks regularly challenged, both internally and externally

### **Standards of Overall Conduct**

Elected councillors and employees of the Council operate under codes of conduct. These codes provide a set of standards of conduct expected of employees at work and for councillors in performing their public duties. In addition, both Officers and Members are required to declare interests and register gifts and hospitality.

The codes take into account the requirements of the law and the provisions of official conduct in the appropriate national conditions of service (for employees).

The Leader of the Council and the Chief Executive are the Corporate Governance Champions for Members and Officers respectively, creating a climate of openness, support and respect, promoting a strong ethical culture and upholding the values of good governance.

From May 2008, the responsibility for considering written complaints against elected or co-opted Members of both the District Council and the Parishes of South Derbyshire moved from Standards for England to South Derbyshire District Council's Standards Committee. All decisions taken under the local assessment framework are reviewed by the Standards Committee which decides whether there is a need to recommend changes to policies or for further training.

Standards for England provides advice and guidance to Council's Standards Committee on the Member Code of Conduct.

### **Members and Senior Officers – Development Needs**

Members and senior officers receive a thorough induction tailored to their role in the Council, including when they take on new roles. The Council has adopted an e-induction checklist and an e-induction package for officers, and an induction scheme is undertaken by Members at the beginning of each four year term of office. In addition, on an annual basis, existing and new Members of the Development Control, Standards and Licensing & Appeals Committees must attend training sessions to enable them to continue to sit on these Committees, to ensure that they are fully briefed on new developments in these areas.

The Council provides a full range of development opportunities for Members and the Senior Management Team, who undertake Performance Development Reviews, 360° appraisals and attend the Leadership and Development course.

Training records are kept for each individual Member, with evaluation taking place on Member development courses. This enables Members to identify and address their own development needs and is supported by documentation such as the Members' IT Protocol and the Planning Code of Good Practice, along with the Members' Code of Conduct, which enables Members to clearly identify their roles and responsibilities.

### **Establishing Council Objectives**

These are set out in our Corporate Plan. This is effectively the Council's business/forward plan, set for five years and refreshed on an annual basis. This plan sets out the Council's vision for South Derbyshire, its values and the priorities for delivering local services for the Community.

The Sustainable Community Strategy for South Derbyshire 2009-2029 is produced by The South Derbyshire Partnership. This sets out the district wide priorities across a range of public service providers that include the District Council, County Council, Police, PCT and the Voluntary Sector. This plan aims to improve the overall economic, social and environmental wellbeing of South Derbyshire by tackling those issues that are important to the local community, business and service providers.

### **Complaints**

The Council has a corporate Complaints Policy and Procedure. This is used to help identify service improvements from complaints, comments and compliments received. Information is collated centrally and reported half yearly to Finance and Management Committee, where performance is challenged and areas for improvement identified.

Arrangements are also in place for dealing with and monitoring Ombudsman complaints and reporting annually to Full Council.

The Council also has arrangements in place for whistleblowing to which staff and all those contacting with the Council have access. The confidential reporting code is reviewed regularly and widely publicised.

### **Service Delivery**

The Comprehensive Area Assessment (CAA) is a new approach and will provide the first independent assessment of the prospects for local areas and the quality of life for people living there. It will assess and report how well public money is spent and will ensure that local public bodies are accountable for their quality and impact.

The CAA is based on two assessments

## Organisational Assessment

### 1. Managing performance

This will assess how well the Council is delivering services, outcomes and sustainable improvements in its priorities that are important locally including whether it has the leadership, capacity and capability it needs to deliver future improvements. This is a joint inspectorate judgement and replaces the Direction of Travel assessment.

In December 2009, the Organisational Assessment stated that the Council performs well overall (scoring a three out of four), it listens to what local people tell it and that the Council is improving those things that matter most to local people such as the economy, value for money and anti-social behaviour. It confirmed that most Council services are good and getting better and that Councillors and staff work well together, along with police, nearby councils and other local organisations.

### 2. Use of Resources

We are also assessed by our external auditors, Grant Thornton, on an annual basis, on how we use our resources. For 2008/09, Grant Thornton has produced a judgement for each of the following three themes:

- **Managing finances** - focusing on sound and strategic financial management (3);
- **Governing the business** - focusing on strategic commissioning and good governance (3); and
- **Managing resources** - focusing on the effective management of natural resources, assets and people (2).

Overall, the Council scored a 3 out of 4 in the new Use of Resources Framework which shows that processes are effective and having the intended impact.

We have created our own evidence base based on consultation and research that highlights the key issues that we need to tackle. We need to look increasingly at outcomes for our residents and delivering quality services that they want. The importance of data quality, as set out in the Council's Data Quality Strategy, will also focus on making sure that our arrangements for collecting information are robust and that we can trust the evidence and management information we collect for the district. We are also placing an increasing importance on self-awareness; we need to know ourselves what we are good at and how we can work with our partners to deliver improved outcomes for residents across the district.

## Business Improvement

To support service delivery, the Council has a dedicated Business Improvement Team. This is intended to co-ordinate greater efficiency and effectiveness in the use of Council resources.

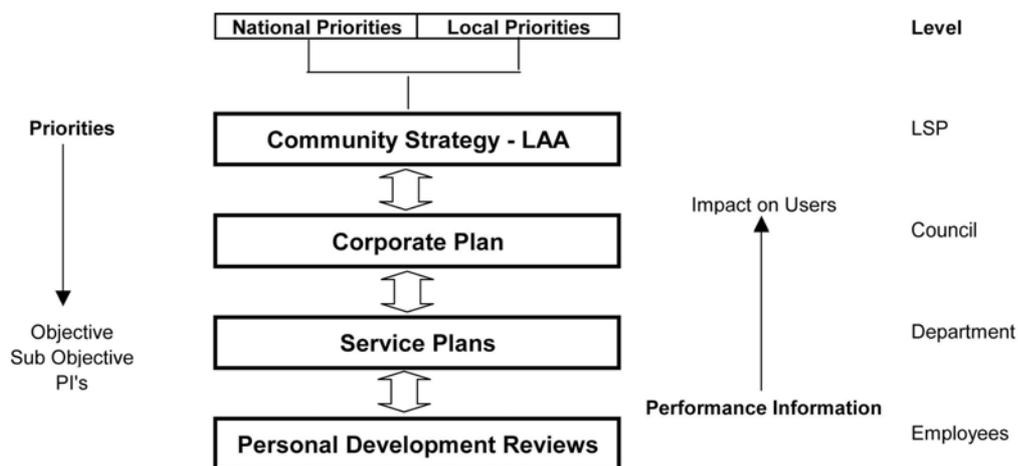
## Procurement

The Procurement Section ensures that our purchasing is legal, ethical, accountable and carried out in accordance with regulatory and legislative requirements.

## Managing Performance

Our performance framework is largely developed from national requirements in terms of the National Indicators and the Comprehensive Area Assessment (CAA) and the local issues that are emerging from the Sustainable Community Strategy. It also takes into account the Derbyshire LAA 2008-2011 - Working Together for a Better Derbyshire and changes to the local arrangements for the collection and analysis of performance information. An outline of the new framework is shown in Figure 1.

Figure 1 – South Derbyshire District Council's performance framework



## Components

**Our Sustainable Community Strategy** sets the long-term vision and community goals for all partners in South Derbyshire. This was reviewed in 2009 and a new Strategy launched for the period 2009-2029. This feeds into the countywide LAA published in June 2008.

The Council's **Corporate Plan** describes how we will provide services to support the Community Strategy and focus our resource on key priorities and actions for improvement. This is an integral part of the Council's Performance Management framework and the actions set out how we will deliver our key priorities together with measures of success. The development of the Corporate Plan takes place alongside the development of the Medium Term Financial Plan to ensure that the corporate priorities are resourced fully.

**Service Plans** are the cornerstone of the performance framework and demonstrate how each section of the Council will deliver improvements in line with priorities detailed in the **Corporate Plan**.

**Performance Development Reviews** provide employees with a clear understanding of how their work is enabling the Council to deliver the priorities detailed in the **Corporate Plan**.

### **Partnership Working**

The Council works in partnership with many other public agencies, including the voluntary sector, and private organisations to deliver its services. The extent of these partnerships varies across the Authority.

The Council's most significant partnerships are the South Derbyshire Partnership and the Safer South Derbyshire Partnership that operates under the Local Area Agreement for the County of Derbyshire.

These partnerships are properly constituted and Committees are established (comprising representatives of this Council) who monitor and review progress.

### **Risk Management**

The Council operates under a Risk Management Policy Statement, which sets out the principles, responsibilities and commitment to dealing with risk. It is effectively the framework for the management of risk throughout the Council.

The Council, through its service planning process, has a system for identifying and evaluating significant risks. Each service plan contains a risk register and this is developed and maintained by officers involved in planning and delivering services.

In addition, the Council's Corporate Plan and financial strategy identify and evaluate risk at a more strategic level. Furthermore, evaluation of proposals for new spending and capital investment includes a risk assessment score.

The Council's risk management strategy was reviewed and updated during 2009/10. A revised corporate framework for managing risk and to embed risk within services was approved by the Council in March 2010. This included guidance for managers in assessing and treating risk, together with a refresh of the Corporate Risk Management Group. The strategy will be fully implemented during 2010/11.

### **Internal Audit**

Under the Account and Audit Regulations 2003 (as amended), the Council maintains an Internal Audit function, which operates to the standards set out in the Code of Practice for Internal Audit in Local Government in the UK.

This function provides an independent evaluation on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

Internal Audit undertakes annual work plans, agreed with and monitored by members and senior officers. It provides opinions on internal controls in place to manage risks across the Council's diverse activity. Its plans and outputs are monitored and challenged by Audit Sub-Committee.

Internal audit is the main means by which the Council obtains assurances that systems are operating effectively. They are required to issue an Assurance Statement (annual report) each year that provides an assessment of the Council's internal control system.

## **Health and Safety**

The Council has a Health and Safety Policy and annual Action Plan that sets out the Council's commitment to health and safety and identifies positions with responsibilities under the policy. There is also a quarterly Employee Health and Safety Committee, chaired by the Director of Community Services, with representatives from the trade unions and managers, which monitors policies and work practices.

## **The Council's Audit Sub-Committee**

The purpose of the Sub-Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment.

It also provides independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment.

The Sub-Committee also oversee the Authority's corporate governance arrangements in relation to financial matters in conjunction with the Standards Committee.

## **External Scrutiny**

Grant Thornton UK has been appointed as the Council's external auditor. Besides auditing the accounts and financial statements of the Council, they also focus on more strategic performance and financial management arrangements.

This includes reviewing arrangements in place for securing economy, efficiency and effectiveness in the use of resources.

Officers of the Council meet regularly with the external auditors to discuss planned and ongoing external audit and inspection activity through the Annual Audit Plan (developed using risk-based criteria) and also the result of such activity and how improvements will be implemented across the Council.

The Auditors undertake regular reviews each year and issue reports with action plans to aid improvement in specific areas. The annual Audit and Inspection Letter summarises the conclusions and significant issues arising out of audit and other inspections undertaken.

The outcome of all inspections and audits are used to plan and improve Council services.

## **ICT (Information Communication Technology)**

The Council would not be able to operate without an effective ICT infrastructure in place.

The Council's ICT Strategy is designed to ensure that the appropriate ICT infrastructure is in place to enable the Council to deliver its services effectively and implement the Council's Corporate Plan. Therefore, the ICT Strategy is aligned to the strategic objectives of the Council, with technology being used as an enabler of business change to support the Council's priorities. The ICT infrastructure in place enables the Council's service areas to concentrate on delivering their customer and business requirements.

Appropriate safeguards are in place to ensure the integrity of the Council's ICT infrastructure, the ICT infrastructure complies with the requirements of Government Connect (the Government best practice requirements for IT security). Third party ICT health checks are carried out on an annual basis, ensuring that an independent assessment of the ICT infrastructure is given.

## **D Review of Effectiveness**

South Derbyshire District 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 Corporate Management Team, who have responsibility for the development and maintenance of the governance environment, Internal Audit reports on the audits conducted through the year, and also by comments made by the External Auditors and other review agencies and inspectorates.

The processes and indicators that have been applied in maintaining and reviewing the effectiveness of internal control during the year 2009/10 are set out below.

### **Overall Corporate Governance**

The Council has adopted a local code of corporate governance based on recommended best practice, which reflects the governance framework developed by CIPFA/SOLACE. This sets out the systems by which the Council directs and controls its functions. This code is reviewed twice (on a half yearly basis) during the year.

### **The system of Internal Audit**

Internal Audit is responsible for monitoring the quality and effectiveness of internal control. They review all fundamental financial and other management systems each year and all other activities over a five yearly cyclical period. This is based on a risk assessment of each area.

Internal Audit reports to the Council's Audit Sub-Committee on a quarterly basis. The reporting process requires a report of each audit to be submitted to the relevant service manager.

The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by managers. The process includes reviews of recommendations to ensure that they are acted upon.

Under its terms of reference, the Audit Sub-Committee considers in detail any recommendations that are found to have a potentially “high-risk” impact on the Council’s control environment. These are subject to on-going monitoring until all recommended actions have been implemented.

Internal Audit is subject to an annual assessment by the Council’s external auditors (currently Grant Thornton).

As part of the annual assessment, Internal Audit’s operational plan is reviewed, including their coverage of controls in important financial systems. External audit express an opinion on the adequacy of internal audit work and, where appropriate, rely on their work for assurance. As highlighted in their Annual Audit Letter for 2009, Grant Thornton confirmed that there were no issues that warranted a report to the Council.

Furthermore, the Council is required to conduct an annual review of the effectiveness of its system of internal audit, as part of a three year review cycle. The review is required to ensure that the opinion in the annual report of the Audit Manager may be relied upon as a key source of evidence for this Statement.

In accordance with the 3 year cycle, the review for 2009/10 used a self-assessment approach undertaken by the Council’s Chief Finance (Section 151) Officer. This followed a detailed independent peer (external) review in 2008/09.

Based on this, the Audit Sub-Committee concluded that during 2009/10, the system of internal audit was effective. Internal Audit’s annual Assurance Statement that sets out an assessment of the internal control system is attached at **Annexe A**.

## **Communication and Consultation**

### **Communication**

Corporate communications covers the full range of media management, publications and external and internal communications. This is provided by a central team based in the Organisational Development Unit. Through targeting our communications activities the Council can continue to enhance its reputation and profile at a local and national level. Good corporate communications can encourage people to feel positively about the Council because they are better informed, have higher levels of satisfaction and know they are getting value for money. We review and update the Council’s Corporate Communications Strategy and Action Plan on an annual basis.

### **Consultation**

The Corporate Plan is informed by consultation and is based on the views of all stakeholders including local people, voluntary and community groups and local businesses as well evidence collected on the district through our [Evidence Base](#).

The Consultation Strategy was first developed in July 2007 and has improved the coordination of consultation activities between the services within the Council and with key partners and to ensure that citizens' views were used effectively to inform council decision-making. This is reviewed and updated on an annual basis.

We have undertaken the new Place Survey with the first survey being carried out in 2008 and have developed robust Action Plans to address the issues raised. We have also undertaken a comprehensive consultation exercise as part of the development of the Corporate Plan and Community Strategy.

## **The Constitution**

The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure that its aims and principles are given full effect. Changes to the Constitution have to be approved by Full Council and reflect any changes to the Council's structure and responsibilities.

In addition, the Overview and Scrutiny Committee has to the power to "call in" a decision, which has been made by a policy committee but not yet implemented, to enable them to consider whether the decision is appropriate. No decisions were called in during 2009/10.

The Overview and Scrutiny Committee scrutinises key policy issues, recommending and reporting back actions to the main policy committees. Their annual reports set out details of their work and outcomes during the year.

An external Peer Review of our Overview and Scrutiny function was carried out with an associated Action Plan approved by Members in October 2009. The review concluded that we "carried out good quality, innovative and influential scrutiny". In terms of the impact of our reviews, it was concluded that they have a "positive impact" and we are "punching above our weight".

## **Propriety in the Conduct of Business**

For the 2009/10 reporting period, South Derbyshire District Council has not been the subject of a finding of maladministration by the Ombudsman.

No elected member of South Derbyshire District Council was found to be in breach of the Code of Conduct during 2009/10.

There were 10 major reportable accidents under Health & Safety Regulations during 2009/10. Following investigation of each accident, risk assessments were reviewed and updated as appropriate. No enforcement or other action was taken by the Health & Safety Executive.

## **Monitoring Performance**

The Performance Management framework specifies the performance monitoring regime. A "traffic light" monitoring system is used to highlight areas at risk of being achieved/not achieved. During the year, policy committees received quarterly performance monitoring reports and agreed remedial measures where these were necessary. In addition, the Finance and Management Committee received quarterly financial and risk monitoring reports.

External assessment of the Council's performance is also undertaken on an annual basis through the Use of Resources Assessment and Organisational Assessment. This is completed by the Council's External Auditor and will be used as the Council's contribution towards the CAA.

## **Partnerships**

The partnerships that the Council is a principle partner of are the South Derbyshire Partnership (SDP) and the Safer South Derbyshire Partnership (SSDP). The governance arrangements, which include a constitution and terms of reference, replicate those in the county-wide Derbyshire Partnership Forum. This ensures that decisions are made in an accountable manner and that transparency is shown as part of the decision making process. The partnerships have annual action plans which are monitored and reported quarterly to the relevant Strategic Boards. The Council receives an End of Year Report on the performance which identifies the outcomes of partnership work and the financial implications of work undertaken. These reports were presented to Full Council, LSP Board and Parish Council Liaison Meetings.

Information on outcomes for local people is collected as part of the performance management arrangements operated at a county level through the collection of performance information for the Local Area Agreement and locally through the SDP's Sustainable Community Strategy.

## **Use of Resources**

External Auditor, Grant Thornton, also judged the Council's performance in how it uses its resources and manages its finances, including how well it achieves value for money. The Council achieved a Level 3 for managing finances and governing the business and Level 2 for managing resources, scoring an overall 3 (out of 4). This shows that the Council is performing consistently well in this area, with processes that are effective and having the intended impact.

## **Other Indicators**

Generally, liaison takes place on an on-going basis with Heads of Service, who help assess the adequacy of internal control and to help identify areas for improvement.

Finally, the Council's Annual Audit and Inspection Letter reports any significant weaknesses in the overall control framework, in arrangements to prevent and detect fraud and corruption, and in its framework for ensuring the legality of financial transactions.

## **E Significant Governance Issues**

The Council operates within a fast changing environment. Consequently, the system needs to be subject to constant review and there will always be room to strengthen and increase the effectiveness of internal control.

Indeed, issues identified in the corresponding statement for 2008/09 identified several areas to be developed. Many of these were acted upon during 2009/10, such as:

- Creation, adoption and publication of a new Sustainable Community Strategy for South Derbyshire 2009-2029 by the South Derbyshire Partnership
- Reached National Equality Framework 'Achieving' status following IDeA Peer Assessment
- Positive external Peer Assessment of the Council's Overview and Scrutiny function
- Risk Management Strategy was reviewed and updated. A revised corporate framework for managing risk and to embed risk within services was approved by Council ensuring that risk management has been integrated with performance
- Implementation of the locally based system for the assessment, referral, investigation and hearing of complaints of alleged Member misconduct
- Achieved a Level 3 for Use of Resources
- 6 monthly review of our local Code of Corporate Governance in accordance with the CIPFA/SOLACE framework
- Establishment and approval of a Corporate Workforce Development Strategy
- Undertook Personal Development Plans with Members in conjunction with the Groups' nominated training champions
- Revised policy and procedure for our Recruitment and Selection process
- Development of a robust Action Plan to address the issues raised in the Place Survey
- Implemented the Performance Management system
- Access Strategy has been reviewed
- Implemented actions arising out of the External Review (2008/09) of internal Audit, including a more governance focused audit plan for 2010/11 and the introduction of key performance indicators

Whilst these will continue to be embedded in the day to day business of the Council, there are other areas that have been identified that are considered key in further strengthening the internal control environment.

Primarily, these have been highlighted from a review of the Local Code of Corporate Governance and through work undertaken by External Auditor, Grant Thornton, during the last year, including its Use of Resources Judgement.

In addition, some actions may relate to areas where an initial strategy, policy or plan is required to strengthen the control environment. Any specific or detailed actions emanating from these are monitored and reviewed as part of the Council's performance management framework.

The Local Code of Corporate Governance is held as an action area due to outstanding actions required from its half yearly review. This code is a key part of the Council's overall system of internal control.

Areas which have been identified as being essential in further strengthening the internal control environment are summarised below:-

<b>Issue and Actions</b>	<b>Timescale</b>	<b>Responsible Officer</b>
Continue to review the Local Code of Corporate Governance in accordance with updated guidance and to undertake any outstanding work during the year	½ yearly review	Head of Legal & Democratic Services
Implement actions from the Audit Commission's review of the Local Area Agreement (as they affect the Council) – in particular, on risk and financial management arrangements	by March 2011	Director of Corporate Services
Ensure that the Council recognises more clearly its duty to promote equality and opportunity – Implement our robust Action Plan to address those areas identified in the IDeA Peer Assessment following reaching the 'Achieving' status to cement our robust and effective approach towards equalities	by March 2011	Director of Corporate Services
Members' training and development programme to be reviewed and Action Plan implemented	by March 2011	Director of Corporate Services/ Head of Legal & Democratic Services
Create a scheme for responding to Petitions received	by January 2011	Head of Legal & Democratic Services
Maintain and strengthen current partnership arrangements – Develop a Good Practice Protocol for partnership working	by March 2011	Director of Corporate Services
Implement Action Plan from the External Auditors' review of our Use of Resources Assessment	by March 2011	Director of Corporate Services
Full implementation of the Risk Management Strategy via the Corporate Risk Management Group	by March 2011	Head of Finance and Property Services
Adopt the revised Members' Code of Conduct on introduction of the legislation	by March 2011	Head of Legal & Democratic Services
Implementation of an Action Plan to take forward the outcomes of the Place Survey	by March 2011	Director of Corporate Services

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.

This Annual Governance Statement is signed by the Leader of the Council and the Chief Executive on behalf of South Derbyshire District Council.

**Signed:** .....  
(Leader of the Council)

**Dated:** .....

**Signed:** .....  
(Chief Executive)

**Dated:** .....

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