

EPPING FOREST DISTRICT COUNCIL

Annual Governance Statement 2012-13

1. Scope of responsibility

- 1.1 Epping Forest District Council (EFDC) 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.

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, including arrangements for the management of risk.

The Council has approved and adopted a Code of Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and forms part of the Councils Constitution. A copy of the Code is on our website at www.eppingforestdc.gov.uk. This statement explains how the Council has complied with the Code and also meets the requirements of Regulation 4 of the Accounts and Audit Regulations 2011, in relation to the publication of a Statement on Internal Control.

2. The purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values for the direction and control of the Council and its activities through which it accounts to, engages with and leads the community. It enables the Council 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 the Governance Framework and is designed to manage risk to a reasonable level. It cannot eliminate all risks 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 on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives. It is also responsible for evaluating the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

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

The Council's Code of Governance recognises that effective governance is achieved through the following core principles.

- (i) focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area.
- (ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles.
- (iii) promoting values for the Council and demonstrating good governance through upholding high standards of conduct and behaviour.
- (iv) taking informed and transparent decisions which are subject to effective scrutiny and management of risk.
- (v) developing the capacity and capability of Members and officers to be effective.
- (vi) engaging with local people and other stakeholders to ensure robust public accountability.

The table below summarises the Council's Governance Framework (which includes the system of internal control) for the year ending 31st March 2013 and up to the date of approval of this Statement and the Statement of Accounts.

| The Governance Framework | |
|---------------------------------|--|
| | The key elements of the Council's governance arrangements are: |
| 1 | A corporate plan covering 2011-2015, setting out the Council's priorities and defining the goals to be achieved |
| 2 | The Constitution, which is revised each year |
| 2.1 | sets out the Council's decision-making framework |
| 2.2 | gives a clear definition of the roles and responsibilities of members, committees, and the statutory officers (Head of the Paid Service, Section 151 Officer and Monitoring Officer) |
| 2.3 | includes a scheme of delegation of responsibility, financial regulations and contract standing orders |
| 2.4 | defines codes of conduct for members and officers, and a protocol for how the two work together. |
| 3 | The Council facilitates policy and decision making via a Cabinet Structure with Cabinet Member portfolios. |
| 4 | There are Standing Scrutiny Panels to cover key policy areas, Task and Finish Panels to undertake specific reviews and a co-ordinating Overview and Scrutiny Committee. |
| 5 | A Standards Committee. |
| 6 | An Audit and Governance Committee |
| 7 | A Management Board consisting of the Chief Executive, Deputy Chief Executive and Directors |
| 8 | A Corporate Governance Group consisting of the Chief Executive, Deputy Chief |

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| | Executive, Section 151 Officer, Monitoring Officer, Deputy Monitoring Officer and The Chief Internal Auditor, meeting monthly |
| 9 | A Corporate Risk Strategy managed by a Risk Management Group meeting quarterly |
| 10 | Working Group on Financial Regulations, Contract Standing Orders and Delegated Authorities (reviewed annually) |
| 11 | A standard committee report format that includes specific consideration of all legal, financial, professional and technical considerations |
| 12 | A Medium Term Financial Strategy which informs service planning and budget setting, |
| 13 | A compliments and complaints procedure |
| 14 | A risk-based approach to internal audit, emphasising the need for sound control and good value |
| 15 | A robust whistle blowing policy and process, refreshed in 2011-12, along with supporting documents outlining the Council's zero tolerance approach to fraud and corruption |
| 16 | Contribution to the delivery of the Sustainable Community Strategy for the District through active participation on One Epping Forest, formerly the Local Strategic Partnership, and the alignment of the Key Themes of the Corporate Plan 2011/15 with the Community Strategy. |

Review of effectiveness

The Council is responsible 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 various sources noted below.

Directors governance statements, which provide appropriate management assurance that the key elements of the system of internal control are operating effectively;

Documentary evidence of processes, procedures and standards:

The Chief Internal Auditor's annual opinion on the Council's control environment, delivered to the Audit and Governance Committee, as the body charged with governance. Audit reports issued along with the assurance ratings of full, substantial, limited or no assurance, on the adequacy and effectiveness of the Council's control environment, particularly in the key financial systems;

The work undertaken by the External Auditor reported in their annual audit and inspection letter and other review reports;

Significant governance issues from previous years;

Significant governance Issues from 2012/13.

In preparing this statement and reviewing the effectiveness of the council's governance arrangements, we have identified areas for improvement which are set out in the table below, together with the steps to be taken to address them.

| No. | Issue | Action to be taken |
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| 1 | <p>Housing Repairs Service Stores A number of Internal Audit Reports since the Housing Directorate has taken over responsibility for the former Building Maintenance Works Unit have highlighted internal control deficiencies within that section (now known as the Housing Repairs Service) with regard to procedures relating to the Stores.</p> | <p>Since taking over the Stores, the Asst. Director (Property) has taken a number of steps to improve the position in the short term.</p> <p>To improve efficiency, value for money and financial controls, an EU-compliant competitive tender exercise has therefore been undertaken to appoint a company to provide a material supply chain, with adequate control measures being a key component of the specification. This new contract will commence in May 2013.</p> |
| 2 | <p>Housing and Council Tax Benefits Accuracy checks Last year the Governance Statement mentioned an internal control issue in Benefits. This problem had been raised by both external and internal audit and related to the amount of checking that was being undertaken. The internal audit report issued on Benefits in June 2012 (relating to the 2011/12 year) still had a limited assurance rating because of the checking control.</p> | <p>This control has been addressed and checking has taken place to cover the whole of the 2012/13 financial year.</p> |

We propose over the coming year to continue to improve matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for any improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Glen Chipp
 Chief Executive

Signed

Councillor Chris Whitbread
 Leader of the Council