

ANNUAL GOVERNANCE STATEMENT

1. SCOPE OF RESPONSIBILITY

Warwick 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. Warwick 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, Warwick 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.

Warwick District 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 on our website at www.warwickdc.gov.uk or can be obtained from the Chief Finance Officer. This statement explains how Warwick District 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.

2 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 Warwick District 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 Warwick District Council for the year ended 31st March 2008 and up to the date of approval of the [annual report] and statement of accounts.

3 THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Authority's governance arrangements are as follows:

THEME 1: FOCUSSEING ON THE PURPOSE OF THE AUTHORITY AND ON OUTCOMES FOR THE COMMUNITY AND CREATING AND IMPLEMENTING A VISION FOR THE LOCAL AREA

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

Following the elections in May 2007 a new Conservative administration was formed. The new administration started considering its new Corporate Strategy at the July 2007 Executive having taken on board the following

- i) the political intentions and ambitions of the political groups which are represented on the Council;

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- ii) the previous Corporate Strategy – of which some elements may prove still to be of relevance;
- iii) the current Community Plan;
- iv) the Warwickshire Local Area Agreement (LAA);
- v) a review of the previous Corporate Strategy with lessons learned (carried out by an all party group of Councillors);
- vi) information of the quality of life in Warwick District (drawn from the County Council produced document Quality of Life 2006);
- vii) information from the most recent Householder Survey in the District.

and agreed a draft Corporate Strategy for consultation with managers, staff, unions, the community and key partners.

Following this consultation at its meeting in February 2008 the Executive recommended to Council, which then agreed seven Corporate Strategy Objectives along with the three priorities falling within each objectives. The Strategy also sets out a vision and mission; the targets for each priority; high level actions; the resource framework; the management and delivery framework and the process for monitoring and review.

The Portfolio holders agrees an annual portfolio holder statement setting out their key objectives for the year at the same time as agreeing the annual budget.

The process of consultation is part of the communication process and the final document is now being published on the Council's website and in hard format.

3.2 Reviewing the Authority's vision and its implications for the Authority's governance arrangements

The Council's vision would normally only be reviewed every four years when a new corporate strategy is developed. However during the period of each four-year strategy it will be reviewed as the following two key partnerships develop proposals

- the local strategic District partnership through the Sustainable Community Strategy
- the local strategic County partnership through the Local Area Agreement

At a special Executive meeting in April 2008 a report outlining changes to the Governance arrangements was agreed which can be summarised as follows:

- providing the necessary mechanism for the revised overview and scrutiny arrangements;
- extending the powers of the Standards Committee to provide the final health check on the Annual Governance Statement; this revision would also provide for an annual review of the Constitution which would enable it to be kept up to date more effectively;
- membership of the Standards Committee would be permitted to expand to allow for the establishment of the necessary panels to enable the handling of a predicted increase in workload as a result of the local determination of complaints; and
- revisions to the delegations to committees as a result of the above. Revisions to the powers of officers to coordinate with the above and to bring other aspects up to date.

This report also identified a number of further changes that will be required during 2008-09, as a result of Government directives or reviews of current practices.

3.3 Measuring the quality of service 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

Performance reporting and management mechanisms ensure performance management is embedded into the core management structures of the organisation. Performance targets are set for the Top key indicators in the Corporate Strategy, and other important service performance measures are identified in the Service Plans and Portfolio holder statements. The Council regularly measures the experience of its services for users through the use of the

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citizens' panel of approximately 1,000 representative local citizens (that is refreshed every three years) , and in addition through service specific local surveys from time to time.

The Council's online performance management system requires managers to input data on at least a quarterly basis. The system, introduced at the end of 2003, identifies indicators which have missed their target or are at risk of doing so and requires managers to provide an assessment of the reasons for this along with any appropriate corrective action. These indicators can be drawn together into reports to be used for team, service area and directorate meetings and portfolio holder briefings as well as forming the basis of reports to Corporate Management Team, Overview and Scrutiny Committees and the Executive. The Executive receives a report on performance every quarter. In addition portfolio holders review performance within their remit with the Heads of Services and Directors every quarter. There is a cycle of quarterly meetings relating specifically to performance management, that are set at the beginning of each year.

The Council also reviews performance by analysing complaints, both those made through the Ombudsman which were reported to both CMT and then the Audit & Resources Overview and Scrutiny Committee, and the Council's own complaints system, on which reports are presented to CMT.

During 2007-08 the Council agreed a new Neighbourhood structure with the County which has the aim of all tiers of Government getting closer to the community, and understanding quality from the user perspective. Other initiatives in place were

- on-line polls
- the ability for the public to communicate with Portfolio holders through the Council's website

Every year in December a report is prepared on the Council's spending in context showing services which have high relative spending, so Councillors are aware of the historic resource allocations and their potential impact in the context of commenting on the budget proposals. The Audit Commission's 'Use of Resources Assessment' scores the Council on Value for money and once again the Council received a score of 3 indicating that it is performing well and consistently above minimum standards in this area.

THEME 2: MEMBERS AND OFFICERS WORKING TOGETHER TO ACHIEVE A COMMON PURPOSE WITH CLEARLY DEFINED FUNCTIONS AND ROLES

3.4 Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and other functions, with clear delegation arrangements and protocols for effective communication.

The Constitution sets out the respective responsibilities of Members and Officers. It specifically sets out the terms of reference for the Executive and Scrutiny Committees. The Standards Committee takes an active role in reviewing the Constitution and ensuring the levels of delegation are appropriate. Amendments necessary to the scheme of delegations were identified during the year and included in the revision to the Constitution as set out in Para 3.2 above. It has been identified that the Constitution could be improved to specifically refer to the general role of Councillors.

There is a management matrix which shows the relationship between portfolio area and service areas and relates to the Corporate Strategy and Community Plan, which has been communicated to all service managers and is used as part of the induction programme for new staff.

During the year there has been considerable uncertainty in the arrangements for managing Crime and Disorder as proposals for merger of functions with Stratford District Council have taken longer than expected to complete.

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3.5 Reviewing and updating council procedure, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken

The report on changes to the Constitution in April (see 3.2 above) identified that further changes will be required to the Constitution.

The Code of Financial Practice was recently reviewed in its entirety, with changes agreed by Council in February 2008. This was the first major review for over three years. The review was led by Finance so as to address limitations apparent in the Code, with CMT reviewing the proposals. The Code of Financial Practice is scheduled to be formally reviewed at least each year, with changes made as appropriate.

There is a standard report template which sets out the standard information required for a decision to be taken, and there is a protocol for officer attendance at Committees. There are guidance notes for officers on writing reports. However Committee Services have identified the need to set up a system to monitor the implementation of decisions.

THEME 3: PROMOTING VALUES FOR THE AUTHORITY AND DEMONSTRATING VALUES OF GOOD GOVERNANCE THROUGH UPHOLDING HIGH STANDARDS OF CONDUCT AND BEHAVIOUR

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

Following the elections in May there was an induction programme for new members which included the code of conduct. In addition there has been specific training for members of the Standards Committee.

There is a Member and Officer Protocol and Codes of Conduct for Members and Officers. This is embedded by regular review of member interests by the Standards Committee and a quarterly review of officer interests and declarations of gifts and hospitality by senior managers and CMT. As this is an area where constant vigilance is required the process of developing this statement had identified that further improvements could be made in order to remind both members and officers to make any declarations required.

During the year there was a Chief Officer grievance and the process of dealing with this has identified that the performance review arrangements need to be made clearer for Chief Officers. An external review of the legal service section has identified that work needs to be done to ensure the Monitoring Officer role is understood.

3.7 The processes and controls required to manage risks

The Council approved a Risk Management Policy Statement and Strategy in January 2003 and this is updated annually and reported to the Audit and Resources Overview and Scrutiny Committee. This explains the methodology which provides a comprehensive framework for the management of risk throughout the Council. A cross-departmental Risk Management Group has defined Terms of Reference to develop a comprehensive performance framework for risk management and to embed risk management across the Authority. Corporate and departmental risk registers are in place and appropriate staff have been trained in the identification, assessment and monitoring of risks. There is regular review of service and high level corporate risks are reported to the Executive every quarter.

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THEME 4: TAKING INFORMED AND TRANSPARENT DECISIONS WHICH ARE SUBJECT TO EFFECTIVE SCRUTINY

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

The core functions of an audit committee are delivered by the Authority's Audit and Resources Overview and Scrutiny Committee. These are set out in its terms of reference approved by Executive.

The prime purpose of the Audit and Resources Overview and Scrutiny Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, 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, and to oversee the financial reporting process.

In addition to the general role of Audit and Resources overview and Scrutiny Committee, the Committee also:

- Approves (but not directs) internal audit's strategy, plan and performance
- Reviews summary internal audit reports and the main issues arising, and seeks assurance that action has been taken where necessary
- Considers the reports of external audit and inspection agencies
- Considers the effectiveness of the Authority's risk management arrangements, the control environment and associated anti fraud and anti corruption arrangements. Seek assurances that action is being taken on risk related issues identified by auditors and inspectors
- Satisfies itself that the Authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it
- Ensures that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted
- Reviews the financial statements, external auditor's opinion and report to members, and monitor management action in response to the issues raised by external audit.

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

Compliance with law and regulation is achieved by recruiting suitably qualified staff, and having job descriptions and personal specifications for all posts. All senior managers receive local government briefing to alert them to changes in the external regulatory framework, and major changes are identified for reports to the Executive or Council as appropriate. As part of the service planning process the impact of new laws is addressed.

Key service staff and internal audit are responsible for monitoring compliance with internal policies from time to time; examples are the annual review of appraisals undertaken, compliance with health and safety registers, and the completion of equalities assessments. Internal audit will identify any key policies that might need to be tested as part of any audit.

To ensure expenditure is lawful the Council agrees detailed budgets, and managers responsible for the budgets are required to sign acceptance of them. The financial regulations and contract standing orders set out procedures to ensure lawful expenditure. Both the finance staff, the Chief Financial Officer and the monitoring officer are required to sign off Committee reports to ensure relevant financial issues have been addressed, and any matters of legality are addressed. We have identified that there needs to be better understanding of law and regulation around procurement throughout the Council.

The Council publishes a Forward Plan which contains details of key decisions to be made by the Council, its committees and those of Chief Officers under their delegated powers, however, the latter has not been used during the year.

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3.10 Whistle-blowing and arrangements for receiving and investigating complaints from the public

An anti-fraud and corruption strategy and a whistleblowing policy and procedure is in place. Both documents are reviewed annually by Members and publicised widely, including on the Council's website.

The anti-fraud and corruption strategy comprises a series of measures and procedures that are designed to frustrate any attempted fraudulent or corrupt acts. This includes:

- Establishing the appropriate culture
- Appointing statutory officers
- Maintaining a Council committee structure which reviews decisions, examines specific issues and promotes high standards, as well as investigating alleged breaches of the code of conduct.
- Recruiting and retaining high calibre staff
- Establishing relevant procedures and codes that form the Council's overall control framework.
- Exchanging information with other bodies.

The strategy also describes the arrangements for investigating allegations and is reviewed annually.

The whistle-blowing policy and procedure provides an avenue for those that have serious concerns about any aspect of the Council's work to come forward and express those concerns.

The policy gives examples of the possible concerns that may exist, how these should be raised and how the Council will respond. In the event of dissatisfaction, other avenues for raising concerns are also set out within the policy.

The Council has a Complaints Procedure in which members of the public can record formally a complaint which is then investigated by the head of the service to which the complaint relates to. If the complainant is dissatisfied with the outcome of the investigation they can require the complaint to then be investigated by an officer outside of the service to which the complaint relates. If the complaint is still dissatisfied they have the right to have the complaint referred to the Local Government Ombudsman for investigation and resolution.

THEME 5: DEVELOPING THE CAPACITY AND CAPABILITY OF MEMBERS AND OFFICERS TO BE EFFECTIVE

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

There is both a Members Development Programme and Staff Development programme, with the former being agreed by the Members Development Group. Training for senior officers is identified through the induction programme, and on an ongoing basis through the appraisal process which requires a review of development needs.

The need to develop a competency framework for senior officers in addition to the job descriptions and personal specifications has been identified.

THEME 6: ENGAGING WITH LOCAL PEOPLE AND OTHER STAKEHOLDERS TO ENSURE ROBUST PUBLIC ACCOUNTABILITY

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

The Council issues a residents' magazine 3 times per year distributed with the Observer free newspaper or separately delivered, particularly in rural areas that do not receive the Observer, although it has been identified that rural distribution needs constant monitoring. In addition,

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wraparounds of the Observer have been used to highlight particular issues such as waste collection and wireless Warwick. Annual performance is reported in one of these magazines.

The Local Strategic Partnership and its sub groups enable a two-way dialogue across the whole spectrum of the Councils activities involving key local stakeholders in partnership working. During the year agreement has been reached on neighbourhood working which will extend the remit of the current local neighbourhood policing forums to cover the totality of local government working, District, County and Parish. The need to improve communication in this area of work is acknowledged.

The Council is working to attain Level 3 of the equalities standard and has identified the need to improve its dialogue with hard to reach groups, in order to ensure its services are responsive to the whole community.

The Council has had three citizens' panels during the year in order to gain views from a representative sample of constituents, together with a number of service specific consultations.

The website is recognised as a key means of communication, and it is acknowledged as one of the best local government sites. Councillors can and are frequently contacted through the website.

3.13 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, and reflecting these in the Authority's overall governance arrangements.

The Council has a policy for managing its partnership arrangements. However, it has identified that this needs review in the light of more recent best practice and then embedding to ensure all partnership arrangements follow best practice.

The feedback mechanism for Councillors on outside bodies, particularly those with strategic significance requires review.

4 REVIEW OF EFFECTIVENESS

Warwick 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 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 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 is as follows:

4.1 The Authority

The Authority is responsible for agreeing the changes to the Constitution that have been developed during the year, and most recently these were agreed at the April Council. This Annual Governance Statement is also reported to the Authority when it approves the financial statements.

The Executive

The Executive agreed a new Code of Corporate Governance in March 2008, and agreed the methodology for the production and review of this Annual Governance Statement.

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4.2 The audit committee/overview and scrutiny committees/risk management committee

The Council has delegated to the Audit and Resources Overview and Scrutiny Committee responsibility for discharging the functions of an audit committee. Its prime purpose, therefore, is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance and oversee the financial reporting process.

Each quarter the committee reviews the findings from internal audit assignments completed during those periods whilst annually it receives a report on the effectiveness of Internal Audit. It also considers reports from external audit and other review agencies as and when they are issued.

4.3 The Standards Committee

The introduction of the new Code of Corporate Governance and the requirement to produce an annual governance statement has led to responsibility for Corporate Governance, and the review of the statement to be explicitly recognised in the terms of reference of the Standards Committee.

4.4 Internal Audit

Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate a three-year plan which is approved by the Audit and Resources Overview and Scrutiny Committee, and from which the audit assignments are identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant service director and service manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by service managers. The process includes quarterly reports to Members on progress in achieving the annual plan. The reports also set out the recommendations made in the quarters and the state of implementation of recommendations issued in previous periods.

The Internal Audit Section is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by the section. During 2007/08 the Audit Commission assessed Internal Audit against the CIPFA Code of Practice for Internal Audit in Local Government in the UK. It reported that internal Audit were complying fully with nine of the eleven elements of the Code. An action plan had been formulated to address the two elements where partial compliance was found to exist.

4.5 CMT

CMT commissioned the officer review group of

- The Chief Executive (chair)
- the Monitoring Officer
- The Strategic Director & Chief Financial Officer
- the Assistant Chief Executive (Members)
- the Head of Finance
- the Internal Audit Manager
- the Senior Committee Services Officer
- the Policy and Performance Manager

to produce this statement. CMT have also reviewed and where necessary queried the annual assurance statements from senior managers.

4.6 Other review/assurance mechanisms

Overview and scrutiny committees, the standards committee, external audit and external inspection agencies such as the Benefit Fraud Inspectorate and the Food Standards Agency contribute to the review of the Authority's compliance with policies, procedures, laws and regulations. Occasional use is also made of other review agencies such as peer assessors

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from the West Midlands Local Government Association. In preparation for CPA, management has also carried out its own review.

The Council has actively used the EFQM Excellence Model for the last eight years as a tool for improving practice against an internationally recognised model and as a tool for benchmarking against cross-sector organisations. The Council has consistently increased its EFQM scores over four assessments. In 2008 the Council was the West Midlands Award Winner (competing against organisations from all sectors) in the Midlands Excellence EFQM Awards. The Council has also been Investors In People accredited since the late 1990s. A number of services are externally accredited against specific standards, for instance Building Control, and Food Safety are both accredited under ISO9000.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Standards Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5 SIGNIFICANT GOVERNANCE ISSUES

Governance issues that are identified for improvement are set out below, they are prioritised high (H) medium (M) or low (L) as follows:

- High: A significant weakness that must be addressed in 2008-09
- Medium: Would make a significant improvement to governance standards; and every effort will be made to address in 2008-09
- Low: A minor item that would enhance current arrangements

It is felt that there is benefit in all intended governance improvements being recorded with this statement. The actions have been identified from work done on the statement above and in collecting the evidence required.

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ACTIONS FROM EVIDENCE IN PREPARING GOVERNANCE STATEMENT					
REF	ISSUE	ACTION	TIMEFRAME Q1-4 are the 4 quarters of 08/09	RESP See key at end	H/ M/L
Objective 1, Step 1: Mechanisms established to identify principal statutory obligations					
1	Statutory obligations are formally established	Update of Constitution	Q4	HoL	H
1	"	Update of relevant Job Descriptions following review of constitution	09/10	HOPI	L
2	Record of statutory obligations	List of record of statutory obligations to be circulated to Heads of Service.	Q1	HoL	H
4	Effective action for non-compliance with procedures	Corrective action being taken in response to upheld complaints to be reported to Standards Committee on an annual basis.	Q2	ACE (M)	M
Objective 1, Step 2: Mechanisms in place to establish organisational objectives					
2	Priorities and organisational objectives	Once the Community Strategy has been reviewed, the Corporate Strategy will be revisited to ensure alignment and if necessary reviewed	Q4	HODPI	H
3	Priorities and objectives are aligned	Further consideration of how priorities and objectives match up to the new LAA is required	Q4	CEx	H
5	Objectives are clearly communicated	Corporate Strategy communication plan being developed – will be rolled out	Q1	HODPI	H
5	"	Review documentation of team meetings	Q3	HODPI for CMT	M
Objective 1, Step 3 : Effective Corporate Governance arrangements are embedded within the authority					
2	"	Internal audit to include a review of some element of Corporate Governance every year	Q1-Q4	IAM	H
4	Governance training	Induction programme for new staff and Councilors to be amended by Personnel to take on board Governance training	Q3/Q4	HODPI	M
5	Governance awareness	Publish Code on the website	Q1	ACE(M)	H
Objective 1, Step 4: Performance management arrangements are in place					
1	"	Define strategic partnerships that require an annual report and progress	Q2/Q4	HODPI	H
5	Continuously improving performance	Link our performance management arrangements with the Sustainable Community Strategy when this is approved	Q4	HODPI	M
Objective 2, Step 1– The authority has robust systems and processes in place for the identification and management of strategic and operational risk					
2	Risk management processes	Develop risk management for partnerships	Q3	HODPI/ CFO	H
3	Identification & evaluation of risk understood by all staff	Risk management refresher/introduction to be arranged for Senior Officers	Q2	HF	M
4	Recording risk	Consider extent to which current performance monitoring is highlighting key risk indicators	Q2	HODPI/ CFO	M
5	Financing risk	Claims handling system being purchased which will help monitor this as Woolf timetable can be set against claims producing reminders	Q2	HF	M
6,9	Staff training	Risk Management to be incorporated in management competencies	Q4	HODPI	L
8	Corporate risk officer	The job description of the Audit and Risk Manager needs updating to reflect risk management responsibilities.	Q2	HF	M

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ACTIONS FROM EVIDENCE IN PREPARING GOVERNANCE STATEMENT					
REF	ISSUE	ACTION	TIMEFRAME Q1-4 are the 4 quarters of 08/09	RESP See key at end	H/ M/L
11	Consideration of risks	Ensure risk assessments are undertaken before the commencement of major projects by embedding the Prince 2 approach to all major projects	ongoing	CMT led by CEx	H
12	Risk information system	Audit and Risk Manager to investigate software for managing risks, in particular possibility of in-house development of system	Q3	HF	M
Objective 3, Step 1 - The authority has robust systems of internal control which includes systems and procedures to mitigate principal risks					
1	Financial regulations	Code of Financial Practice will continue to be reviewed at least annually, with amendments sought if required.	Q4	HF	H
2,8	Communication of Procurement Code	Review arrangements for officer understanding of proper procurement practice	Q3	HF	H
6	Register of interests	Annual reminder in payslips regarding need for declarations	Q3	HF	L
7	Communication of scheme of delegation to all staff	Training for individual Service Areas perhaps linked to the new constitution as it comes into effect later this year	Q3/Q4	HL	M
9	Business continuity	Develop business continuity plans in light of test held in 07/08, and other good practice	Q3	HE to lead	H
13	Health & Safety	Review of Health and Safety Policy in progress, reporting to CMT quarterly. Due to be submitted for approval within next 3 months	Q1	HEH	M
14	Complaints	Once the review of the complaints process is completed gain formal approval of this from CMT, Members and LGO.	Q4 (dependent on WCC)	ACE (M)	M
Objective 4, Step 1 – Obtain assurance on the effectiveness of key controls					
3	External assurance reports	Consider if necessary to collate external assurance reports centrally	Q3	CFO	L
Objective 5, Step 1 – Evaluate assurances and identify gaps in control/assurances					
1	Responsibilities for assurances are defined	Review if responsibility is sufficiently documented	Q2/Q3	CEx & CFO	H
2	Mechanism for governance assurances	Document responsibility for agreeing and documenting service assurances	Q2/Q3	HF	H
2	"	Ask Audit to review if clear guidance exists on evaluation procedure including assurance over risks, independence and objectivity of assurance	Q3	HF	H
2	"	Agree a timetable for 2008/09 assurance gathering	Q3	CEx *& CFO	H

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ACTIONS FROM EVIDENCE ON THE SIX THEMES OF CODE OF CORPORATE GOVERNANCE					
REF	ISSUE	ACTION	TIMEFRAME Q1-4 are the 4 quarters of 08/09	RESP See key at end	H/ M/ L
CIPFA/SOLACE Core Principles – Theme 1: Focusing on purpose/outcomes and creating a vision for the local area					
1	Develop & promote vision	Promotion for Corporate Strategy	Q1	HODPI	H
2	Review vision	Review the Warwick Area LSP governance once the new Strategy is agreed in 2008	Q3/Q4	SD (CSI)	M
3 & others	Ensure partnerships have common vision	Review of Partnership Policy and review of individual partnerships in line with the agreed Policy	Q3	HODPI	H
4	Publish Annual Reporton website	Q2	HODPI	H
7	Value for money	The authority's approach to value for money and benchmarking needs to be more formalised. Paper to CMT/Executive	Q3/Q4	HF	M
CIPFA/SOLACE Core Principles – Theme 2: Members & officers working together to achieve common purpose with clearly defined functions & roles					
2	Clear statement of roles & responsibilities	Constitution to be amended to refer to the role of Councillors generally	Q3	ACE (M)	L
2	"	Personnel to amend the Conditions of Employment of staff to make reference to the Code of Governance and the role of officers and Councillors	Q4	HODPI	L
4	Chief Executive responsibilities	Personnel to amend the job description of the Chief Executive to include responsibility for all aspects of operational management	Q4	HODPI	L
5	Leader/Chief Executive protocol	Formal protocol to be agreed.	Q2	CEX	M
CIPFA/SOLACE Core Principles – Theme 3: Promoting values for the authority and demonstrating values of good governance through upholding high standards of conduct and behaviour					
1	Leadership setting the tone	Competency Framework for all staff to be developed based on organisational values (also in 8 of this section) Test staff attitudes by survey for Best Council to Work for	Q4 Q1	HODPI	M
2	Standards of Conduct	Update Chief Officer performance review arrangements	Q3/Q4	HODPI	H
6	Effective Standards Committee	Standards Committee training in 2008 will need to be designed to ready this committee and future members ready for the role. Document training of Committee later this summer, collate training materials and retain for future use	Ongoing Q2	HoL	M
CIPFA/SOLACE Core Principles – Theme 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk					
1	Effective Scrutiny	Review effectiveness of new scrutiny arrangements	Q3	(CMT/ Policy/ Member Services)	M
2	Decision making	Devise a process for recording when decision of Council, Executive and Committees are implemented.	Q2	ACE(M)	M

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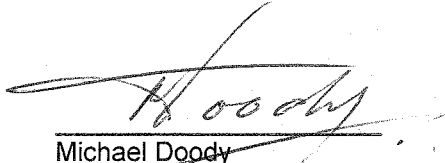
ACTIONS FROM EVIDENCE ON THE SIX THEMES OF CODE OF CORPORATE GOVERNANCE					
REF	ISSUE	ACTION	TIMEFRAME Q1-4 are the 4 quarters of 08/09	RESP See key at end	H/ M/ L
3	Conflicts of interest	Strategic Director to remind members quarterly (when CMT reviews for officers) about Declarations of hospitality and gifts.	ongoing	CFO	M
3, and elsewhere	"	Annual reminder in pay slip regarding need to make declarations for conflicts of interest for officers	Q2	HF	M
8	Risk management culture	Risk management refresher /introduction to be arranged for Senior Officers	Q2	HF	M
12	Legislative requirements are observed	There is a need for better understanding of wider powers. Develop training for members & senior officers on legality issues to include vires, Wednesbury	Q2/Q4	HoL	M
CIPFA/SOLACE Core Principles – Theme 5: Developing the capacity and capability of members and officers to be effective					
2	Statutory offices have necessary skills & resources and their roles are understood in the organisation	It is felt that senior managers need to be given a better understanding of all the statutory roles Encourage attendance of Monitoring Officer at CMT Executive report sign-off meetings Monitoring Officer : support to understand his role	Q2 Ongoing Q1/Q4	Stat Officers HOL CEX/HOL	H M H
5	Effective arrangements for reviewing performance	Complete proposals and implement new arrangements for crime and disorder partnership	Q2/Q3	SD (CRI)	H
6	Engagement, contribution & participation of all members of the community	Develop comprehensive and routine systems of community engagement to involve all sections of the community	Q4	SD(CRI)	H
7	Member & officer career structures	Agree new management development programme	Q3	HODPI	M
7	"	Agree new Member Development Programme	Q2/Q3	HODPI/A CE (M)	M
CIPFA/SOLACE Core Principles – Theme 6: Engaging with local people and other stakeholders to ensure robust public accountability					
1,3	Accountability made clear	Sustainable Community Strategy to be agreed.	Q3	SD(CSI)	H
2	Institutional arrangements	Warwick LSP to be reviewed once the SCS is agreed LAA Governance framework is to be reviewed in 2008 once new LAA is agreed	Q4 Q4	(CEX)/ SD (CRI) "	H
4,6,7	Consultation & engagement	Communications and consultation strategy needs review and updating, with particular regard to hard to reach groups	Q4	SD(CSI)	M

ANNUAL GOVERNANCE STATEMENT

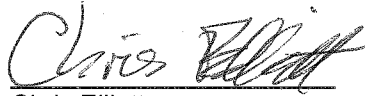
ACE (M) – Assistant Chief Executive (Members services)
CEx – Chief Executive
CFO – Strategic Director (Living, Lifestyles & Resources) & Chief Financial Officer
CMT- Corporate Management Team
HE – Head of Engineering
HEH – Head of Environmental Health
HF – Head of Finance
HODPI – Head of Organisational Development & Improvement
HoL – Head of Legal & Monitoring Officer
IAM – Internal Audit Manager
SD (CSI) – Strategic Director (Customer Service & Improvement)

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:



Michael Doody
Leader of the Council



Chris Elliott
Chief Executive

Dated:

25 June 2008

25 June 2008

Independent auditor's report to the Members of Warwick District Council

Opinion on the financial statements

I have audited the Authority accounting statements and related notes of Warwick District Council for the year ended 31 March 2008 under the Audit Commission Act 1998. The Authority accounting statements comprise the Income and Expenditure Account, the Statement of the Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Housing Revenue Account, the collection fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Warwick District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Responsible Financial Officer and auditor

The Responsible Financial Officer's responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Authority accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007:

- the financial position of the Authority and its income and expenditure for the year; and
- the financial position of the Group and its income and expenditure for the year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and



controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures.

I read other information published with the Authority accounting statements, and consider whether it is consistent with the audited Authority accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Authority accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. However in respect of a section of the Authority's fixed assets with an estimated value of £69m the evidence available to me was limited because the audit testing undertaken revealed variances between the legal department's records and those of the finance department. Owing to the nature of the Authority's records I was unable to obtain sufficient appropriate audit evidence that the record of those fixed assets is complete.

In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Authority accounting statements and related notes.

Qualified Opinion arising from a limitation of scope

In my opinion:

- Except for being unable to verify the completeness of the fixed assets figure of £69 million referred to above, in my opinion the Authority's financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice



on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Authority's Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor's Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for other local government bodies. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for other local government bodies specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, Warwick District Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

Best Value Performance Plan

I have issued our statutory report on the audit of the authority's best value performance plan for the financial year 2007/08 on 10 December 2007. They did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.



Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Dave Rigg

**Dave Rigg
District Auditor**

**The Audit Commission, 2nd Floor, No 1 Friarsgate, 1011 Stratford
Road, Solihull, B90 4EB.**

3/2/09

