

Assurance and evidence in support of the authority's annual governance statement. For each objective, the items in bold are, as per the Finance Advisory Network's Rough Guide to the Annual Governance Statement, what is normally required to meet the objective. Luton's evidence in relation to each item is in normal type.

Objective 1: Establishing principal statutory obligations and organisational objectives:
Examples of assurance:
<p>1. Responsibilities for statutory obligations are formally established in the constitution</p> <ul style="list-style-type: none"> • Constitution recording individual officer and member responsibilities and delegations • Minutes of additional delegations to officers and members are recorded • Committee terms of reference in the constitution • Job descriptions of key officers • Structure charts
<p>2. Record held of statutory obligations – constitution on Intranet, as are corporate processes.</p>
<p>3. Effective procedures to identify, evaluate, communicate, implement, comply with and monitor legislative change exist and are used. Heads of Service are responsible for monitoring change and updates, and use parliamentary e-mailing services etc.</p> <ul style="list-style-type: none"> • Appointment of suitably qualified and experienced employees, selected against accurate and specific job descriptions and person specifications • Evidence of effective arrangements for internal and external communication with major issues raised at CLMT, communication via News Now, Inline. • Appropriate induction training has been given to specific post holders • Inspection of reports to members on implications of new legislation
<p>4. Effective action is taken where areas of non-compliance are found in either mechanism or legislation</p> <ul style="list-style-type: none"> • Review of evidence to demonstrate that action has been taken to overcome identified areas of non-compliance, for example: <ul style="list-style-type: none"> o 2007/08 review and briefings to members on issues in Revenues Division

In support of Objective 1 – Mechanisms in place to establish organisational objectives
Examples of assurance:
<p>1. Consultation with stakeholders on priorities and objectives – in 2007/08, developing joint strategic needs assessment, sustainable communities strategy, publishing addendum to corporate plan following discussion with local strategic partnership board.</p> <p>Code of corporate governance updated and approved December 2007</p>
<p>2. The authority’s priorities and organisational objectives have been agreed (taking into account feedback from consultation).</p> <p>Addendum to corporate plan produced for 2007/08</p>
<p>3. Priorities and objectives are aligned to principal statutory obligations and relate to available funding</p> <ul style="list-style-type: none">• Corporate priorities and objectives are clearly set out in the strategic plan• Strategic plan takes account of annual budget and medium term financial plan
<p>4. Objectives are reflected in departmental plans and are clearly matched with associated budgets</p> <ul style="list-style-type: none">• terms of reference are set for the preparation of departmental and service plans• Departmental and service plans reflect corporate objectives and match approved funding
<p>5. The authority’s objectives are clearly communicated to staff and to all stakeholders, including partners.</p> <ul style="list-style-type: none">• A communication strategy in respect of the corporate objectives and values was developed, approved and implemented in 2007/08• There was consultation with the LPSB and other partners.• Senior management meetings discussed corporate values and plan

<p>In support of objective 1 – Performance management arrangements are in place</p>
<p>Examples of assurance:</p>
<p>1. Performance management systems operate routinely</p> <ul style="list-style-type: none"> • There is a clearly defined performance management framework that identifies: <ul style="list-style-type: none"> o sources of performance measures; o who is responsible for achieving each performance measure; o who is responsible for collating the data for each one; o who determines and approves the performance measures; o who receives reports on performance and how often; o how data quality is assured; o how performance data is captured and its integrity maintained; o how poor performance is addressed; o how performance is driven upwards over time <p>There is a well-established process for performance management with clear responsibility for achieving each performance measure, and for data collation. Plans to improve data quality have been developed for 2008-09, and there are proposals to improve performance management further.</p> <p>2. Key performance indicators are established and monitored</p> <ul style="list-style-type: none"> • Appropriate key performance indicators (KPIs) have been established and approved for each service element and are included in departmental and service plans • KPIs have been developed and are monitored in respect of key partnerships • A monitoring system has been approved and implemented • There are regular reports on progress on delivering approved KPIs <p>Methods of Assurance Re Performance</p> <ul style="list-style-type: none"> • Quarterly reports are presented to members on the delivery of national, authority, departmental and partnership performance targets • Internal and external auditor's reports on key performance indicators • Use of Resources reviews and progress reviews against the action plans. • Best Value Performance Indicators • Local performance indicators • Regular budget monitoring reports for revenue and capital integrated with the performance reports. • Voluntary benchmarking exercises with peer groups <p>Monitoring reports are presented to Executive Quarterly. Those reports identify below par performance, highlight areas where corrective action is necessary, and include action plans as appropriate. Auditors reports are referred to this</p>

committee, and a number of voluntary benchmarking exercises are undertaken with peer groups.

Performance management was a specific focus of the corporate assessment, and their conclusions have been reported to the Executive and are summarized in the Annual Governance Statement.

**Objective 2: Identify principal risks to achievement of objectives:
In support of objective 2 – The authority has robust systems and
processes in place for the identification and management of strategic and
operational risk**

assurance:

1. There is a Risk Management strategy and policy in place for managing risk which:

- Has been formally approved at Executive
 - Is reviewed on a regular basis
 - Has been communicated to all relevant staff
- Is available on the intranet
Is referred to in risk management training.

2. The Council has implemented clear structures and processes for risk management which are successfully implemented and:

• Management board and elected members see risk management as an integral part of every management task

• Decision making considers risk, and risk implications are required in each Executive report

• A senior manager has been appointed to “champion” risk management – the Exchequer Services Manager, who is an Executive Member of the South East Association of Local Authority Risk Managers (ALARM), and who is strongly supported by a Risk Officer who is also an ALARM members

• Roles and responsibilities for risk management have been defined

• Risk management systems are subject to independent assessment by internal and external audit

• Risk management is considered in the annual service planning process

The Corporate Assessment in 2007/08 considered the council’s risk management to be robust.

3. The authority has developed a corporate approach to the identification and evaluation of risk which is understood by staff

• Systematic procedures for risk identification and evaluation have been agreed and published in the risk management strategy and are consistently applied across all business units and partnerships

4. The authority has defined procedures for recording and reporting risk

• Evidenced by review of risk management strategy and policy

• Examination of risk registers (partnership risk registers need further development)

• Key risk indicators have been determined and there is evidence of monitoring against these risks

• There is regular reporting of risk registers to Executive, and key risk issues are dealt with by CLMT as part of the Directors issues section of each CLMT meeting.

• risk based auditing is part of the internal audit approach.

• Evidence of risks not properly addressed are identified in internal audit reports etc being fed into the risk management process

5. The authority has well-established and clear arrangements for financing risk

- the authority's policy for risk financing is regularly reviewed in the light of costs and alternative risk mitigation strategies
- All legal requirements for insurance are met
- self-insurance provisions are subject to independent actuarial valuation every few years with information from the council's insurers used in between, and contributions to the fund are adjusted accordingly
- Insurance claims being managed in accordance with 'Woolf' principles

6. The authority has developed a programme of risk management training for relevant staff and members

- Training programme for risk management

7. The Risk and Internal Control Group adds value to the risk management process by:

- Advising and supporting corporate management team on risk strategies
- Identifying areas of new and overlapping risk
- Driving new risk management initiatives
- Communicating risk management and sharing good practice
- Regularly reviewing the risk registers

8.. Managers are accountable for managing their risks

- Risk owners detailed in corporate /departmental risk register(s)
- Risk owners assigned in relation to key partnerships
- Job descriptions of managers outline their risk management responsibilities
- Evidence of annual review of risk at service/operational levels and of partnership risks

<p>9. Risk management is embedded throughout the organisation</p> <ul style="list-style-type: none"> • Evidence of a general risk management culture at all levels • Risk management training regularly provided • Managers ask for risk management facilitation to assess the risks of new projects.
<p>10. Risks in partnership working are assessed</p> <ul style="list-style-type: none"> • Risks are included in reports on which the decision to proceed is based • risk assessment are regularly reviewed and updated during the partnership period by project boards • Partnership instructions require risk to be assessed prior to entering into a partnership • Evidence of partnership arrangements risk assessments is being assembled.
<p>11. The LACHS risk management information system is being used to ensure that key risk are assessed on a regular basis, with review requests sent out to risk owners.</p>

<p>Objective 3: Identify and evaluate key controls to manage principal risks:</p> <p>In support of objective 3 – The authority has a robust system of internal control which includes systems and procedures to mitigate principal risks</p>
<p>Assurance</p>
<p>1. There are written financial regulations in place which have been formally approved, regularly reviewed and widely communicated to all relevant staff:</p> <ul style="list-style-type: none"> • Authority has adopted CIPFA code on Treasury Management • Compliance with the Prudential Code is monitored and reported to Executive as part of Treasury Monitoring reports including the annual report. <p>Financial regulations are reviewed and updated as part of the annual budget report</p> <p>Internal audit reports to Audit and Governance Committee identify issues of non-compliance</p> <p>The annual treasury management and investment strategy, and the annual report on treasury management, are reported to members.</p>

2. There are written contract standing orders in place which have been formally approved, subject to review by officers, and communicated to all relevant staff
3. There is a whistle blowing policy in place which has been formally approved, regularly reviewed and widely communicated to all relevant staff
4. There is a counter fraud and corruption policy in place which has been formally approved, reviewed and communicated to all relevant staff 5. There are codes of conduct in place which have been formally approved and widely communicated to all relevant staff
6. A register of interests is maintained, regularly updated and reviewed (members and staff)
7. A corporate procurement strategy policy has been drawn up, formally approved and communicated to all relevant staff 8. Business continuity plans have been drawn up for all critical service areas and the plans are subject to review, and are being tested (further work is required re testing).
9. A corporate health and safety policy has been formally approved, is subject to review and has been communicated to all relevant staff The number of cases investigated by Health & Safety Executive remains very low each year
10. A corporate complaints process has been formally approved, communicated to all relevant staff, the public and other stakeholders and is subject to review Progress and performance on dealing with complaints is monitored

<p>Objective 4: Obtain assurance on the effectiveness of key controls:</p> <p>Step 1: In support of objective 4 – Appropriate assurance statements are received from designated internal and external assurance providers:</p> <ul style="list-style-type: none"> • The authority has identified appropriate sources of assurance • Appropriate external assurances are identified and obtained
<p>assurance:</p>
<p>1. The authority has determined appropriate internal and external sources of assurance – external via inspections, including the Corporate Assessment in 2007/08, and the annual Use of Resources Assessment. Internal the process to produce the Annual Governance Statement.</p>
<p>2. Appropriate key controls on which assurance is to be given have been identified and agreed</p>
<p>3. Departmental and individual service assurances are provided</p> <ul style="list-style-type: none"> • Corporate Directors and Heads of Service each provide a statement on the adequacy of controls as part of a Statement of Governance <p>Questionnaires are returned by each Director and Head of Service.</p> <p>4. External Assurance reports from the External Auditor, the Audit Commission, and other inspectorates are reported to committees along with the management action plans.</p> <p>5. The Head of Audit reports to Audit and Governance Committee.</p>

<p>Objective 5: Evaluate assurances and identify gaps in control/</p>
<p>assurances:</p>
<p>assurance:</p>
<p>1. Responsibilities for the evaluation of assurances are clearly defined. Corporate Directors and Heads of Service responsible for producing and implementing action plans for their own areas</p> <p>2. RIC group evaluates assurance corporately and determines the specific gaps that are of corporate significance for inclusion in the Annual Governance Statement.</p>

Objective 6: Action plan to address weaknesses and ensure continuous improvement of the system of corporate governance:
assurance:
<ol style="list-style-type: none">1. Action plans are drawn up and included in departmental and service plans as appropriate.2. Action plans for items in the Annual Governance Statement are reported to Corporate Improvement Board for corporate review and action3. Ongoing review of progress including reporting to Audit and Governance Committee.

Objective 7: Annual Governance Statement:
Assurance:
<ol style="list-style-type: none">1. Responsibility for the compilation of the Annual Governance Statement has been assigned to the Risk and Internal Control (RIC) Group with senior representatives from each department.
<ol style="list-style-type: none">2. The Annual Governance Statement is reviewed, challenged and approved by the authority .<ul style="list-style-type: none">• Annual Governance Statement is compliant with CIPFA guidance
<ol style="list-style-type: none">3. The Annual Governance Statement incorporates all the required elements of the statement on internal control

Objective 8: Report to Audit and Governance committee:
assurance:
<ol style="list-style-type: none">1. Responsibility for reporting is clearly defined<ul style="list-style-type: none">• Initial report explaining the requirement to produce an annual governance statement should establish the reporting arrangements / responsibilities of all involved and set out who should sign the annual governance assurance statement after approval by the authority or designated committee

2. The signatories to the annual governance statement are defined and are appropriate in accordance with statutory requirements (i.e. Chief Executive and Leader of the Council)

3. The report is likely to be published in a timely fashion with the statutory accounts