

# **BURY COUNCIL**

## **Annual Governance Statement 2009/10**

### **1. SCOPE OF RESPONSIBILITY**

Bury MBC 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. The Authority 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 the above.

In discharging this overall responsibility, the Authority is also 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.

The Authority has approved and adopted 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.bury.gov.uk](http://www.bury.gov.uk) or can be obtained from;

Head of Strategic Finance  
Town Hall  
Knowsley Street  
Bury MBC  
BL9 0SP

This statement explains how Bury MBC 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 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, processes, 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 the Council's 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 Bury MBC throughout the year ended 31 March 2009, and up to the date of approval of the statement of accounts.

### **3. GOVERNANCE FRAMEWORK**

The Authority has adopted a revised "Local Code of Corporate Governance" and recognises that effective governance is achieved through the following core principles:

- (i) Focussing on the purpose of the authority and on outcomes for the community including citizens and service users 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 the values of the authority and demonstrating the values of good governance through behaviour.
- (iv) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- (v) Developing the capacity and capability of Members to be effective and ensuring that officers – including the statutory officers – also have the capability and capacity to deliver effectively.
- (vi) Engaging with local people and other stakeholders to ensure robust local public accountability.

The table overleaf demonstrates how these core principles have been upheld during the year 2009/10, and also highlights the critical role of the Council's Chief Finance Officer (CFO).

Core Principle	Supporting Principles	Specific Actions	Role of Chief Finance Officer (CFO)
<p>Focussing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area</p>	<p>Exercising leadership by clearly communicating the authority's purpose and vision and its intended outcome for citizens and service users</p> <p>Ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning</p> <p>Ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money.</p>	<p>The Council has made a clear statement of the Authority's purpose and vision and uses this as a basis for corporate and service planning and shaping the Community Strategy and Local Area Agreement</p> <p>The Council reviews on a regular basis the Authority's vision for the local area and its impact on the Authority's governance arrangements</p> <p>The Council (and Team Bury) publishes an annual report on a timely basis to communicate the Authority's activities and achievements, its financial position and performance</p> <p>The Council has decided how the quality of service for users is to be measured and makes sure that the information needed to review service quality effectively and regularly is available. The Authority ensures that this information is reflected in the Bury Plan, the Financial Strategy and other resourcing plans in order to ensure improvement</p> <p>The Council has determined how value for money is to be measured and makes sure that the information needed to review value for money and performance effectively is available. The Authority also ensures that the results are reflected in the Bury Plan, in service plans and in reviewing the work of the Authority</p> <p>There are effective arrangements to deal with failure in service delivery</p> <p>When working in partnership there is a common vision underpinning the work of the partnership that is understood and agreed by all partners. The vision is:</p> <ul style="list-style-type: none"> <li>• supported by clear and measurable objectives with targets and indicators</li> <li>• the driver for deciding what services will be provided by or commissioned by the partnership, the quality and the cost.</li> </ul>	<p>The CFO ensures that timely, accurate and impartial financial advice and information is provided to assist in decision making and ensures that the Authority meets its policy and service objectives and provides effective stewardship of public money and value for money in its use.</p> <p>The CFO ensures that the Authority maintains a prudential financial framework, keeping commitments in balance with available resources, and monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action where necessary.</p> <p>The CFO ensure compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.</p>
<p>Members and officers working together to achieve a common purpose with clearly defined functions and roles</p>	<p>Ensuring effective leadership throughout the authority by being clear about executive and non executive functions and of the roles and responsibilities of the scrutiny function</p> <p>Ensuring that a constructive working relationship exists between elected Members and officers and that the responsibilities of Members and officers are carried out to a high standard.</p>	<p>The Council has set out a clear statement of the respective roles and responsibilities of the Executive and of the Executive's members individually and the Authority's approach towards putting this into practice</p> <p>There is a clear statement of the respective roles and responsibilities of other Members, Members generally and of senior officers</p> <p>The Council has developed protocols to ensure effective communication between Members and officers in their respective roles</p> <p>Established protocols ensure that the Leader and Chief Executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained</p> <p>There are clear terms and conditions for remuneration of Members and officers and an effective structure for managing the process including an effective remuneration panel</p>	<p>The CFO reports directly to the Chief Executive and is a member of the Leadership Team (Management Board) with a status at least equivalent to other members.</p> <p>The Authority's governance arrangements allow the CFO direct access to the Chief Executive and to other Management Board members as required.</p> <p>The CFO is professionally qualified, and complies with the CIPFA Statement on the Role of the CFO in Local Government. The role of the</p>

Core Principle	Supporting Principles	Specific Actions	Role of Chief Finance Officer (CFO)
	<p>Ensuring relationships between the authority, its Partners and the public are clear so that each know what to expect of the other.</p>	<p>The Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated</p> <p>When working in partnership the Council has adopted a Partnership Code of Practice ensuring:</p> <ul style="list-style-type: none"> <li>• that there is clarity about the legal status of the partnership</li> <li>• that the roles and responsibilities of the partners are agreed so that there is effective leadership and accountability</li> <li>• that representatives or organisations make clear to all other partners the extent of their authority to bind their organisation to partner decisions</li> </ul> <p>Effective mechanisms exist to monitor service delivery, e.g. Star Chambers</p> <p>A scheme of delegated and reserved powers exists within the Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Authority taking account of relevant legislation; this is monitored and updated when required</p> <p>Effective management arrangements are in place at the top of the organisation</p> <p>The Chief Executive is responsible and accountable to the Authority for all aspects of operational management</p> <p>The Director of Finance and E Government (s151 officer) is responsible to the Authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control</p> <p>The Monitoring Officer / Director of Legal and Democratic Services is responsible to the Authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with.</p>	<p>CFO is outlined in the Council Constitution and is understood throughout the organisation.</p> <p>The CFO leads the promotion and delivery of good financial management throughout the organisation, and ensures that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.</p> <p>The CFO (through the Medium Term Financial Strategy) ensures that budget calculations are robust and reserves adequate (risk assessed) in line with CIPFA guidance.</p> <p>The CFO ensures that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls apply consistently to all activities, including Partnerships, Group activity, or where the Authority is acting in an enabling role.</p> <p>The CFO has established a medium term business and financial planning process to deliver strategic objectives, this includes;</p> <ul style="list-style-type: none"> <li>• A medium term financial strategy, ensuring sustainable finances</li> <li>• A robust annual budget process that ensures financial balance</li> <li>• A comprehensive monitoring and reporting process</li> </ul> <p>These processes are subject to regular review.</p>

Core Principle	Supporting Principles	Specific Actions	Role of Chief Finance Officer (CFO)
<p>Promoting the values of the authority and demonstrating the values of good governance through behaviour</p>	<p>Ensuring council Members and officers exercise leadership by behaving in ways that uphold high standards of conduct and exemplify effective governance</p> <p>Ensuring that organisational values are put into practice and are effective.</p>	<p>The Council has developed, and maintains shared values including leadership values both for the organisation and its staff reflecting public expectations about the conduct and behaviour of individuals and groups within and associated with the Authority</p> <p>The Authority's shared values act as a guide for decision making and as a basis for developing positive and trusting relationships within the Authority</p> <p>Established Codes of Conduct define expected standards of personal behaviour</p> <p>An effective Standards Committee acts as the main means to raise awareness and takes the lead in ensuring high standards of conduct are firmly embedded within the local culture</p> <p>Arrangements are in place to ensure that Members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders; appropriate processes ensure that they continue to operate in practice</p> <p>Procedures and operations are designed in conformity with appropriate ethical standards, and continuing compliance is monitored. Staff and Member awareness of ethical standards has been raised further during 2009/10 via an on-line e-learning package.</p> <p>When pursuing the vision of a partnership, values are agreed, against which decision making and actions can be judged. Such values are 'alive' and demonstrated by partners' behaviour both individually and collectively.</p>	<p>The CFO ensures that systems and processes for financial administration, financial control and the protection of the Authority's resources and assets conform with appropriate professional and ethical standards, and are subject to regular review.</p>
<p>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</p>	<p>Exercising leadership by being rigorous and transparent about how decisions are taken and listening to and acting upon the outcome of constructive scrutiny</p> <p>Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs</p> <p>Making sure that an effective risk management system is in place</p> <p>Recognising the limits of lawful action and observing both the specific</p>	<p>The Council has an effective scrutiny function which encourages constructive challenge and enhances the Authority's performance overall</p> <p>There are effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based</p> <p>Arrangements are in place so that conflicts of interest on behalf of Members and officers are avoided and processes ensure that they continue to operate in practice</p> <p>Arrangements are in place for whistle blowing, to which all staff and all those contracting the Authority have access</p> <p>Effective transparent and accessible arrangements are in place for dealing with complaints</p> <p>An effective Audit Committee is in place, which is independent of the Executive and the scrutiny function</p> <p>An effective Standards Committee lies at the heart of decision making and raises awareness on standards issues</p> <p>A Governance Panel oversees the Council's ethical framework, and monitors</p>	<p>The CFO ensures that an adequate and effective internal audit function operates in the Council, and this is appropriately resourced by qualified and suitably experienced staff.</p> <p>The Authority's governance arrangements offer both the CFO and Head of Internal Audit direct and unrestricted access to the Audit Committee and the Council's External Auditors.</p> <p>The CFO ensures the provision of clear, well presented, timely, complete and accurate information and reports to budget managers, senior officers, and elected members on the budgetary and financial performance of the Authority.</p> <p>The Authority's governance</p>

Core Principle	Supporting Principles	Specific Actions	Role of Chief Finance Officer (CFO)
	<p>requirements of legislation</p> <p>and the general responsibilities placed on local authorities by public law, but also accepting responsibility to use their legal powers to the full benefit of the citizens and communities in their area.</p>	<p>compliance on a quarterly basis</p> <p>Those making decisions are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications</p> <p>Effective arrangements are in place for determining the remuneration of senior staff</p> <p>Effective arrangements are in place to record declarations of interest and offers of gifts &amp; hospitality</p> <p>Professional advice on legal and financial matters is available and recorded well in advance of decision making and used appropriately when decisions have significant legal or financial implications</p> <p>Risk management is integral to the core functional activities and culture of the Authority, with Members and managers at all levels recognising that risk management is part of their job</p> <p>Limits of lawful activity are recognised by the ultra vires doctrine and managers strive to utilise their powers to the full benefit of the community</p> <p>Specific legislative requirements are observed, as well as the requirements of general law, and in particular the key principles of administrative law – rationality, legality and natural justice form part of procedures and decision making</p> <p>When working in partnership, protocols exist for working together which include a shared understanding of respective roles and responsibilities of each organisation</p> <p>When working in partnership, there are robust procedures for scrutinising decisions and behaviour and decisions and behaviour are compliant with any Local Authority rules/codes or comply with any rules/codes developed for the purpose of the partnership</p> <p>When working in partnership, partnership papers are easily accessible and meetings are held in public unless there are good reasons for confidentiality. The partners ensure that:</p> <ul style="list-style-type: none"> <li>• the partnership receives good quality advice and support and information about the views of citizens and stakeholders, so that robust and well reasoned decisions are made</li> <li>• risk is managed at a corporate and operational level.</li> </ul>	<p>arrangements ensure that the CFO</p> <p>has the opportunity to advise on / influence all material decisions.</p> <p>The CFO regularly advises on the adequacy of reserves and balances in the light of perceived risks, and best practice guidance.</p> <p>The CFO ensures that the Authority’s arrangements for financial and internal control and for managing risk are outlined and reported in this statement.</p> <p>The CFO ensures that the Authority puts in place effective internal financial controls covering budgetary issues, supervision, management review, monitoring, physical safeguarding of assets, segregation of duties, accounting procedures, information systems, authorisation and approval processes.</p>
<p>Developing the capacity and capability of Members to be effective and ensuring that officers – including the statutory officers – also</p>	<p>Making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles</p>	<p>The Authority assesses the skills required by Members and officers and makes a commitment to develop these to enable roles to be carried out effectively</p> <p>The Authority ensures that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority</p>	<p>The CFO has the necessary skills, knowledge, experience and resources to perform effectively in both financial and non-financial aspects of their role.</p> <p>The management responsibilities of</p>

Core Principle	Supporting Principles	Specific Actions	Role of Chief Finance Officer (CFO)
<p>have the capability and capacity to deliver effectively</p>	<p>Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group</p> <p>Encouraging new talent for membership of the authority so that best use can be made of resources in balancing continuity and renewal.</p>	<p>Induction programmes are tailored to individual needs and opportunities for Members and officers to update their knowledge on a regular basis</p> <p>Skills are developed on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed</p> <p>Arrangements are in place for reviewing the performance of the Executive as a whole and of individual Members and agreeing an action plan which might for example aim to address any training or development needs</p> <p>Arrangements are in place to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority</p> <p>Career structures for Members and officers encourage participation and development</p> <p>When working in partnership, partners individually and the partnership collectively share responsibility for appointing people to the partnership who have the required skills and are at an appropriate level.</p> <p>Partnerships;</p> <ul style="list-style-type: none"> <li>• identify the capacity and capability requirements of the partnership</li> <li>• conduct an audit of the availability of the capacity and capability of the partnership and partners</li> <li>• develop effective plans for addressing any gaps.</li> </ul>	<p>the CFO are such that financial duties are not compromised; e.g. appropriate segregation of duties.</p> <p>The CFO ensures that the Finance function is adequately resourced with the necessary staff, expertise and systems necessary to discharge its role effectively.</p> <p>Competency of finance staff is embedded in person specifications, and regularly reviewed through the staff appraisal scheme.</p> <p>The role of elected Members in monitoring financial and operational performance is clearly outlined and they have the required access to financial advice.</p> <p>Training is available to Members on an ongoing basis to allow them to keep up to date with financial matters and ensure they can discharge their responsibilities effectively.</p>
<p>Engaging with local people and other stakeholders to ensure robust local public accountability</p>	<p>Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders including partnerships, and develops constructive accountability relationships</p> <p>Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery</p> <p>Making best use of resources by taking an active and</p>	<p>It is clear to all staff and the community, to whom they are accountable and for what</p> <p>Staff consider those institutional stakeholders to whom they are accountable and assess the effectiveness of the relationships and any changes required</p> <p>Clear channels of communication exist with all sections of the community and other stakeholders and monitoring arrangements are in place to ensure that they operate effectively</p> <p>Arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements recognise that different sections of the community have different priorities and there are explicit processes for dealing with these competing demands</p> <p>There is a clear policy on the types of issues for consultation and service users including a feedback mechanism for those consulted</p> <p>A performance plan is published annually giving information on the Authority's vision, strategy, plans and financial statements as well as information about its outcomes,</p>	

Core Principle	Supporting Principles	Specific Actions	Role of Chief Finance Officer (CFO)
	planned approach .	<p>achievements and the satisfaction of service users in the previous period</p> <p>Effective systems are in place to protect the rights of staff. Policies for whistle blowing which are accessible to staff and those contracting with the authority, and arrangements for the support of whistle blowers, are in place</p> <p>There are clear policies on how staff and their representatives are consulted and involved in decision making</p> <p>An annual report is produced on scrutiny function activity</p> <p>The Authority as a whole is open and accessible to the community, service users and its staff and has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so</p> <p>When working in partnership, engagement and consultation undertaken by the partnership is planned with regard to methodology, target audience and required outcomes.</p> <p>Existing mechanisms and groups are used where appropriate. In the work cycle of the partnership it is clear what has happened to any feedback and what has changed as a result.</p>	



#### **4. RISK MANAGEMENT**

The Council has adopted a corporate risk management policy, and operates a fully integrated risk management system covering the core functionality of the organisation. A web-based risk management toolkit is available to all levels of staff, enabling the production of risk registers at various levels throughout the organisation which are reviewed continually, and reported on a quarterly basis.

Significant business risks that may impact upon the Council and its key partnership priorities (Team Bury) have been identified and appropriate control measures are in place.

During 2009/10, the Council continued to build upon its approach to the management of risk within partnership working arrangements.

In the Council's Use of Resources Judgement, the External Auditors concluded;

***"The Council has robust governance arrangements in place which extend to its partnership working. The Council's system of internal control is sound. In addition, effective risk management arrangements and a strategy to manage the risk of fraud and corruption are in place".***

A summary of the key risks the Council faced during 2009/10 is outlined in the table overleaf;

## CORPORATE RISK REGISTER 2009/10

RISK REF.	RISK EVENT	RISK STATUS AS AT 30/06/09	RISK STATUS AS AT 30/09/09	RISK STATUS AS AT 31/12/09	RISK STATUS AS AT 31/3/10
001	Budget is unsustainable and inadequate to support the achievements of the Council's Priorities and Ambitions	6 Medium	6 Medium	6 Medium	9 High
002	Continue to develop and implement preparations and improvement programme for Comprehensive Area Assessment	6 Medium	6 Medium	6 Medium	4 Low
003	Absenteeism levels are unacceptably high (as measured by BVPI targets)	6 Medium	6 Medium	6 Medium	6 Medium
004	Failure to effectively revise working practices to realise the full potential of new ICT systems now in place	3 Low	4 Low	4 Low	4 Low
005	Failure to comply effectively with established partnership governance arrangements within the Council and Team Bury	3 Low	3 Low	3 Low	Risk Removed
006	Children' Services are unable to meet existing and/or future demands within existing parameters	3 Low	3 Low	3 Low	6 Medium
007	Arrangements for workforce development do not support the provision of a "fit-for-purpose" workforce	6 Medium	6 Medium	6 Medium	6 Medium
008	Demands for Adult Social Care outstrip the available resources and capacity	9 High	9 High	9 High	6 Medium
009	Disaster Management policies practices and manuals are ineffective	4 Low	4 Low	4 Low	4 Low
010	Back-log against Maintenance Programme	6 Medium	6 Medium	6 Medium	6 Medium
011	Relocation of Travellers Site	6 Medium	6 Medium	6 Medium	Risk Removed
012	To effectively implement the Pay Structure in line with NJC pay agreement 04/07	16 High	16 High	16 High	6 Medium
013	Risk of deteriorating economic climate impacting upon the Council's financial wellbeing, and also leading to increased levels of support / service demands from the public.	4 Low	4 Low	4 Low	6 Medium

The most significant risk the facing the Council throughout 2009/10 has been the implementation of the Pay & Grading Review in response to the requirements of Single Status.

The new pay structure was finally implemented in September 2009 after extensive consultation with Trades Unions, and whilst the risk remains on the corporate risk register to allow post implementation monitoring, it is now classified as a medium risk.

Going forward into 2010/11, the increasing risk of public sector spending reductions presents the greatest challenge to the Council.

## **5. REVIEW OF EFFECTIVENESS**

The Council is required to conduct a continuous review of the effectiveness its governance framework including the system of internal control.

This is achieved through the following;

- The Council is fully committed to operating the highest standards of ethical governance throughout the organisation. During 2009/10 an e-learning exercise was performed to assess awareness of senior managers and elected members. As at 31<sup>st</sup> March 2010, 42% of senior staff and 36% of Members had successfully completed this training. Work is underway in 2010/11 to achieve 100% participation.
- Quarterly meeting of "Governance Panel" comprising; Director of Finance & eGovernment (s151 officer), Director of Legal & Democratic Services (Monitoring Officer), Head of Strategic Finance and Head of Internal Audit
- Continuous review of governance arrangements, and a quarterly update of the Governance Statement – reported to and approved by Audit Committee.
- The Council is keen to draw upon examples of good practice operating elsewhere, and to this end has signed up to the CIPFA "Better Governance Forum", and now also subscribes to the "Red Book" compiled by CIPFA's "Counter Fraud Advisory Panel".
- The Council has adopted a Planning and Performance Framework and carries out a programme of monitoring which runs throughout its annual cycle. This includes: monthly scrutiny of all budgets; bi-annual monitoring of Service Plans; quarterly monitoring of Best Value Performance Indicators/Local Area Agreement (BVPIs/LAA); and bi-annual monitoring of the Bury Plan. Internal Audit reviews the effectiveness of the data collection processes that underpin the internal and external reporting of BVPIs. Each summer the lead Members and officers hold a Strategic Forward Planning Event, in order to review performance and re-define corporate objectives, priorities and ambitions.
- The Executive carries out functions which are not the responsibility of any other part of the Authority. Several members of the Executive are assigned portfolio areas, and are assisted by non Executive Members as necessary. This allows the Executive to monitor the activities of the authority. Executive Members each have a specific Role Description setting out the responsibilities of their portfolio.

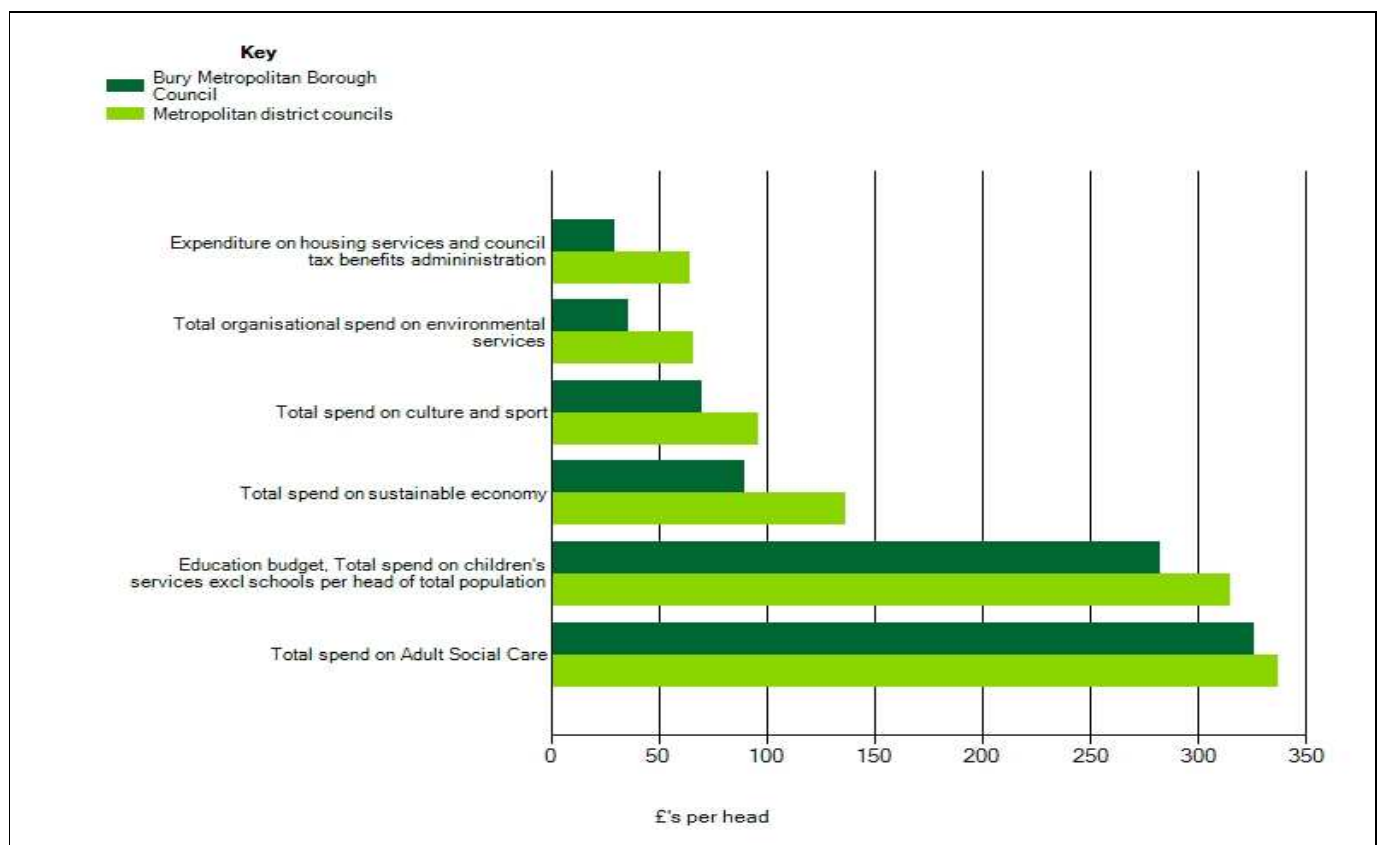
- There is a well established Overview and Scrutiny function which has been revised and updated in the light of experience. Scrutiny Commissions review the work of the Council throughout the year and also report annually to Council.
- The Council has introduced a corporate system to receive and reference incoming complaints, allowing the response to be tracked, and progress to be reported to senior management.
- During 2009/10, the Council developed an in-house database to record and track Freedom of Information requests, ensuring compliance with statutory deadlines.
- Similarly, a database has been developed in-house to hold service business continuity plans, and map links / dependencies between services.
- The Executive Directors have each reviewed the operation of key controls throughout the Council, from the perspective of their own departments, using a detailed checklist. They have provided a signed assurance statement and identified any weaknesses or reservations for inclusion in an improvement programme.
- The Monitoring Officer carries out a continuous review of all legal and ethical matters, receiving copies of all agendas, minutes, reports and associated papers, commenting when necessary, or taking appropriate action, should it be required. The Monitoring Officer is also responsible for monitoring the Local Code of Corporate Governance.
- The Director of Finance and E Government (s151 officer) prepares quarterly Risk Management reports reviewing activities and progress, and has reviewed the Local Code of Corporate Governance.
- The Standards Committee is responsible for standards and probity, and receives regular reports from the Monitoring Officer.
- The Audit Committee carries out an overview of the activities of the Council's internal and external audit functions. Members are provided with copies of all reports produced by Internal Audit and by the Council's external auditors (KPMG). They approve the annual plans for each, and receive regular progress reports throughout the year. The Head of Internal Audit submits to them an Annual Report and Opinion, and the external auditor submits an Audit and Inspection Annual Letter.
- The Internal Audit service is a directly employed in-house service, providing a continuous review in accordance with the Council's obligations under the Local Government Act 1972, and the Accounts and Audit Regulations 2006. It operates under the APB (Auditing Practices Board) Guidelines and CIPFA Code of Practice for Internal Audit in Local Government, as approved by the Audit Committee.
- In 2009, the Internal Audit Section again subscribed to the CIPFA Internal Audit Benchmarking Club. An assessment of the service concluded that it achieved upper quartile compliance of 97% with the "CIPFA Code of Practice for Internal Audit in Local Government (2006)". Compliance has increased annually and was 93% in 2008. An action plan has been developed to further improve compliance in the future.

- The Council’s external auditors (KPMG) review the activities of the Council and approve the annual accounts. Conclusions and significant issues arising are reported in their Report to those charged with governance.
- The Audit Committee has been advised on the outcome of the review of the effectiveness of the system of internal control, and an action plan to address weaknesses and ensure continuous improvement of the system is in place.

## 6. EFFICIENCY / VALUE FOR MONEY

The Council prides itself on delivering quality services at an affordable price, and is recognised as being efficient.

The Audit Commission has published profiles comparing the cost per head of population of services in Bury with those of other Metropolitan Councils; these confirm the Council is offering Value for Money.



The Council is keen to build upon this, and deliver further efficiencies where possible; a programme of Service Improvement Reviews is in place targeting services with high cost / poor performance issues.

The Council continues to fulfil its 3% Government target for cashable efficiencies each year.

## 7. USE OF RESOURCES AUDITOR JUDGEMENT

In September 2009, the Council received its "Use of Resources" Auditor Judgement.

The assessment evaluates whether the Council has adequate arrangements to ensure effective use of its resources. The framework assesses Local Authorities against three themes: managing finances, governing the business and managing resources.

The Council has been assessed as performing adequately against these themes as follows;

Key Line of Enquiry	Theme Score (out of 4)
Managing Finances	3
Governing the Business	2
Managing Resources	2

The Council's External Auditors concluded that:

***"the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources".***

Assessment arrangements are likely to be reviewed in the future, however the Council is committed to the underlying principles of good governance and delivering value for money.

## 8. GROUP ACTIVITIES

The Council has "Group" relationships with two organisations as follows;

- AskBury joint venture company
- Six Town Housing

From an internal control / governance perspective;

- All transactions relating to these organisations utilise the Council's corporate systems and are safeguarded by the controls therein.
- All transactions are open to examination by the Council's own Internal Audit team.
- There are regular "Joint Venture Board" meetings involving elected members and senior officers from Ask Developments and the Council.
- Guidance is sought from External Auditors on significant issues, e.g. Knowsley Place development.
- All decisions are subject to the Council's reporting / approval requirements
- There are regular performance / financial monitoring meetings between senior officers of Six Town Housing and the Council.

## 9. SIGNIFICANT GOVERNANCE ISSUES

The Effectiveness statement set out in section 5 above demonstrates that the Control Environment described in section 4 is operating effectively. Further evidence to support this conclusion comes from:

### Work of Internal Audit

The Internal Audit Section is managed by the Head of Internal Audit (HIA). In discharging this role, the HIA seeks to comply with the five principles of CIPFA's guidance on the Role of the HIA as follows;

The Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by;	Championing best practice in governance and management, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments.
	Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.
To perform this role the Head of Internal Audit;	Must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee.
	Must lead and direct an internal audit service that is resourced to be fit for purpose.
	Must be professionally qualified and suitably experienced.

The Internal Audit section reviews the core functional activities of the Council in accordance with professional standards and in line with a risk based plan. During 2009/10 65 Internal Audit reports were produced resulting in 413 recommendations. In addition, the Financial Management Standard in Schools (FMSIS) was successfully applied to 33 schools.

Internal Audit recommendations are ranked according to risk - there were no recommendations made during 2009/10 that were viewed as high risk.

The Annual Report and Opinion by the Head of Internal Audit states;

***"The effectiveness and security of local authority systems and controls are underpinned by the overall control framework. At Bury this is considered to be sound".***

#### View of External Audit

The Auditors' ISA 260 report concluded that;

***"No significant audit differences have been identified by our audit of [The Council's] financial statements for the year ended 31st March 2009."***

The Auditors confirmed that recommendations from the previous year had been satisfactorily implemented.

The ISA 260 report highlighted three new recommendations as follows;

<b>Issue</b>	<b>Priority</b>
Reconciliation with the bank account relating to one school.	Medium
Requirement to "break even" on Building Control activity	Low
Clarification of the definition of "non specific investments" in the Investment Strategy	Low

These points have been addressed in compiling the 2009/10 accounts.

## **10. LOOKING AHEAD - 2010/11**

Looking forward to 2010/11, the Council is proactively responding to a number of challenges;

- The new coalition Government has announced a fundamental review of public spending, and the likelihood of significant savings from the Public Sector. The Council needs to respond positively to this whilst maintaining the provision of essential services to residents. Details of the extent of savings required are not known at this stage, however preparations have commenced through Management Board, and with elected members.
- The economic conditions have seen an adverse impact on income levels in Departments, notably Adult Care Services and Environment and Development Services. This risk has been recognised, and addressed through the Councils budget strategy,



with additional resources being made available through the Priority Investment Reserve. The situation will continue to be closely monitored throughout 2010/11.

- Budgets in respect of Childrens Social Care remain under pressure in the light of the increased emphasis on child protection nationally. This situation will be closely monitored during 2010/11.
- The Council is adopting the "Strong Leader" democratic model; this offers considerable opportunities to streamline the decision making process, however must be underpinned by effective scrutiny arrangements.
- During early 2010/11, it was necessary to replace the Board of Six Town Housing. An interim Board is now in place, and a review of governance arrangements is in progress. Findings of this review will be included in the 2010/11 Governance Statement as appropriate. A new Board is expected to be appointed later in 2010.
- The 2009/10 revenue outturn position reports a net underspending of £120,000 and the Council maintains a strong position in terms of "financial standing" with balances now in excess of £7m. This is above the Council's risk assessed minimum level of balances (£3.6m).
- The Council has taken positive steps to address the challenges in managing the Adult Care Services budget; £2m was invested into the service for 2009/10, and the outturn figures highlight this budget is now sufficient. Pressure still remains as client numbers, longevity, demands and expectations increase; this situation will continue to be closely monitored throughout the forthcoming financial year.
- Concerns were raised in 2008/09 regarding the robustness of the RAISE system operating within Adult Care Services and Childrens Services. This risk has been recognised, and is now being addressed as the systems operated in both departments are scheduled for replacement in 2010/11.

This statement, and progress on the actions set out above is reviewed and monitored by the Management Board and the Audit Committee on a regular basis.

Signed:



Chief Executive  
14th June 2010



Council Leader  
14th June 2010