ANNUAL GOVERNANCE STATEMENT 2012/13

Annual Governance Statement (AGS)

1.   Scope of Responsibility

1.1   Craven 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.

1.2   In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

1.3   The Council has approved and adopted a Local Code of Governance (the Code), which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.   A copy of the Local Code can be obtained from the Council's website **www.cravendc.gov.uk** or by writing to: - Financial Management, Craven District Council, 1 Belle Vue Square, Broughton Road, Skipton, North Yorkshire, BD23 1FJ**.**

1.4   This Statement explains how Craven District Council has complied with the Code and meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control. The Statement also sets out significant governance issues that will be addressed during 2013/14.

2.   The Purpose of the Governance Framework

2.1   The Governance Framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and the activities through which it accounts to, engages with and, where appropriate, leads the community. It enables the Authority to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

2.2   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.

2.3   The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.4   The framework for corporate governance recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (SOLACE) identifies six underlying principles of good governance. These principles have been taken from the Good Governance framework and adapted for local authorities. They are defined as follows:
- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

- Members and officers working together to achieve a common purpose with clearly defined functions and roles
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of members and officers to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability.

2.5   The Governance Framework has been in place at the Council for the year ended 31st March 2013, and up to the date of the approval of the Statement of Accounts for 2012/13.

3.   The Council's Governance Framework

Set out below are the key elements of the Council's systems and processes that comprise our governance arrangements in accordance with the six principles:

3.1   <u>Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.</u>

3.1.1   The Council produces and publishes a Council Plan which sets out the Council's Vision, and states clear key priorities for improved outcomes for citizens. The Council Plan is published as a four year rolling document. A review of the Plan, including the Council's vision, mission and priorities is carried out on an annual basis through the strategic planning process. This process is informed by community and member consultation, reflecting political and community objectives, and acts as the basis for setting the Council's priorities. Service Plans are also produced on an annual basis setting out the key goals, actions and targets for the year, for each service area. The Plans incorporate improvement actions and performance indicators, including those relating to the delivery of the Council Plan.

3.1.2   The Council has a Medium Term Financial Strategy and budgets that are soundly based and are designed to deliver the Council's priorities. The financial management system includes:
- A Medium Term Financial Strategy highlighting key financial risks and pressures on a four year rolling basis
- An annual budget cycle incorporating Council approval for revenue and capital budgets as well as treasury management strategies
- Annual Accounts supporting stewardship responsibilities, which are subject to external audit and which follow Statements of Recommended Practice, Accounting Codes of Practice, and International Financial Reporting Standards
- Budget Monitoring Reports and Quarterly Value for Money (VFM) Clinics which combine budget and performance monitoring.

3.1.3   A Performance Management Framework sets out the formal arrangements for effective performance management, and is used to monitor and report progress against the Council Plan, Annual Service Plans, Budgets and Performance Indicators.

3.1.4   The Council has a Value for Money Framework detailing the Council's principles and actions for securing Value for Money in the services it delivers. This includes

a programme of Service Reviews to secure efficiencies and improve effectiveness.

3.2   Members and Officers working together to achieve a common purpose with clearly defined functions and roles

        The Council has the following arrangements in place:

3.2.1   A Constitution, updated on a rolling basis, setting out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are lawful, efficient, open, transparent and accountable to local people. This includes Standing Orders; Financial Regulations, Committee Membership and Terms of Reference, Scheme of Delegation to Officers, and Members and Employee Codes of Conduct / Protocol.

3.2.2   Regular meetings between the Leader of the Council, the Chief Executive and Group Leaders.

3.2.3   Lead Members and Champions for specific Council Priorities. In 2012/13 a member champion for procurement was also introduced.

3.2.4   A designated Head of Paid Services (the Chief Executive), responsible and accountable to the Authority for all aspects of operational management, in accordance with Section 4 of the Local Government and Housing Act 1989.

3.2.5   A designated Section 151 Officer (the Corporate Head of Financial Management), 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, in accordance with Section 112 of the Local Government Finance Act 1988.

3.2.6   A designated Monitoring Officer (the Strategic Manager Legal and Democratic Services), 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, in accordance with Section 5 of the Local Government and Housing Act 1989.

3.2.7   An Independent Remuneration Panel that reviews Members' remuneration.

3.2.8   Recruitment and Selection and Job Evaluation Policies and Procedures, providing a framework for the recruitment and selection of employees which reflects fairness, equity and best practice.

3.2.9   A strategic planning process, communication strategy and performance framework to ensure 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.

3.2.10 Effective mechanisms to monitor service delivery, e.g. the Performance Management Framework, the complaints, comments and compliments procedure, and customer satisfaction surveys.

3.2.11 An Asset Management & Capital Working Group, including a Lead Member, to oversee effective asset management, as well as an Officer with specific responsibility for asset management.

3.2.12 Constitutions, Terms of Reference or Service Level Agreements are in place for

each partnership, as appropriate. These measures ensure that there is clarity over the legal status of powers, and roles and responsibilities in respect of each partnership in which the Council is involved. The Council has a comprehensive database of partnerships which is maintained on an on-going basis.

3.3   <u>Promoting the values of the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</u>

3.3.1   The set of shared core Values launched in January 2011 are now embedded in the culture of the organisation, guiding and influencing the way the Council and its staff work, and helping to continually improve performance.

3.3.2   The Council has developed and adopted formal Codes and Protocols aimed at ensuring high standards of conduct and personal behaviour, which make up the Council's ethical framework for both Members and employees.

3.3.4   The Localism Act 2011 introduced changes to the standards regime. The Council has a duty under the act to promote and maintain standards. The Council's Standards Committee acts as the main means to raise awareness and takes the lead in promoting and maintaining high standards of conduct and the effectiveness of the ethical framework.

3.3.5   Arrangements are in place to ensure that members and staff are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and appropriate processes exist to ensure they continue to operate in practice. These include a complaints procedure, standards hearings, codes of conduct, equality impact assessments of services, and policies and equalities training.

3.4   <u>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</u>

3.4.1   The Council's Select (Scrutiny) Committee provides constructive challenge in relation to the Council's services and those of other agencies. The Scrutiny Officer provides support to the Committee and the development of the scrutiny function. A work programme is formulated on an annual basis which complements the aims and objectives of the Council's Priorities in the Council Plan. Issues that arise during the year can also be referred to the Committee. Different methods are used to involve the public and stakeholders in Select (Scrutiny) Reviews, including surveys, press releases and invitations to meetings. An annual report is produced recording recommendations and actions.

3.4.2   The Audit and Governance Committee acts as the Council's responsible body charged with governance. In doing so it provides independent assurance on the adequacy of the risk management framework and the associated control environment, approves the Final Statement of Accounts, and receives reports from External and Internal Audit.

3.4.3   The Council has a Standards Committee that is responsible for promoting and maintaining good ethical governance within the organisation and operates in accordance with legislative requirements.

3.4.4   The Call-In Procedure provides a mechanism for Members to directly challenge decisions made by the Policy Committee.

3.4.5   The Council has a Whistleblowing Policy and an Anti-Fraud and Corruption Policy.

3.4.6　Arrangements and processes are in place to ensure conflicts of interest on behalf of members and employees are avoided.

3.4.7　The Council has an established Complaints, Comments and Compliments procedure which was last reviewed in March 2012. There are also procedures in place to deal with complaints about Members.

3.4.8　In order to ensure those making decisions are provided with information that is fit for purpose, relevant, timely and gives clear explanations of technical issues and their implications, the Council uses a standards report format. The reports include financial, legal and risk management implications, as well as relevance to Council Priorities. Wherever possible, reports are circulated in good time before meetings in order to meet the Access to Information requirements.

3.4.9　The Council has a formal system of Risk Management. Whilst responsibility for the identification and management of risks rests with service managers, corporate arrangements are coordinated by the Risk Management function to ensure that:
- the council's assets are adequately protected;
- losses resulting from hazards and claims against the council are mitigated through the effective use of risk control measures.

3.4.10　The system of risk management includes the maintenance of an overall and corporate risk register. The Risk Management Group and Corporate Leadership Team (CLT) are responsible for keeping arrangements for both risk registers under review. The Register is used to monitor risks and identify appropriate action plans to mitigate risks. These risk management arrangements and the Corporate Risk Register containing the Council's key strategic risks are monitored by CLT and the Audit & Governance Committee.

3.4.11　The Council has policies in place to ensure compliance with established policies, procedures, laws and regulations.

3.5　<u>Developing the capacity and capability of Members to be effective and ensuring that officers, including statutory officers, also have the capability and capacity to deliver effectively</u>

3.5.1　The People Strategy 2012 – 2016 approved by Policy Committee in November 2011.

3.5.2　Recruitment and selection procedures are based on recognised good practice that aims to secure applicants for employment from all sections of the Community.

3.5.3　Induction training is given to new Members and staff.

3.5.4　Protocols are in place which set out the roles and responsibilities of the three statutory officers.

3.5.6　Performance of officers is managed under the Council's Performance Development Review (PDR) system. This links individuals' performance to that of their Service and the Council. The PDR provides the opportunity to identify staff training and development needs.

3.5.7　An annual programme of Member Training is provided to meet Members' needs. The programme is considered by the Council's Audit and Governance Committee annually.

3.5.8　The Council revised its Training and Development Plan during 2011/12. The first phase of Leadership and Management Development Programme launched in

October 2011 has been completed. This is a modular programme which focusses on developing managers' skills and effectiveness and ensuring the delivery of the Councils Core Competencies. In addition during 2012/13, supervisory development opportunities were made available to all staff via a variety of workshops to develop staff across the Council. Supervisory Development opportunities continue to be made available to all staff. Discussions with potential providers are on-going to continue Leadership and Management Development Programme for a further 12 month period.

3.5.9 The Council continues to build on its Modern Apprenticeship Scheme with three new apprentices to be recruited in July 2013. Opportunities will be available throughout 2013/14 for Apprentices to work towards securing permanent employment.

3.5.10 In March 2012 it was confirmed that the Council had retained its Investors in People (IiP) accreditation. The IiP award is a very challenging standard to meet and is increasingly seen as a measure of a quality employer. The award represents a significant achievement for the Council and it serves as a testament to the work of all staff and Members in establishing excellent management practices. Most importantly, it acknowledges the efforts of all the staff who have embraced the considerable changes that have been necessary to move the Council forward. The next review is due to take place in 2015.

3.5.11 Various partnerships are in place with local schools, colleges and voluntary organisations to provide opportunities for work experience to individuals from all sections of the community.

3.6 <u>Engaging with local people and other stakeholders to ensure robust local public accountability</u>

3.6.1 The Council ensures its staff and the community are clear to whom and for what the Council is accountable through publication of its Constitution.

3.6.2 The Council's Community Engagement Strategy and Toolkit sets out how the Council will consult, engage and involve the public in service improvement and delivery. The Select (Scrutiny) function is one of the Council's primary means of engaging with local communities and stakeholders. An annual report on the activity of the scrutiny function is produced.

3.6.3 The Council also operates an Employers Consultative Working Group consisting of Members, the Chief Executive, Corporate Head of Business Support and Trades Union representatives.

3.6.4 Clear channels of communication are in place with the Parishes, for example the Parish Liaison Group and the Parish Clerks Forum.

3.6.5 All meetings of the Council, its Committees and Sub-Committees are open to the public, except when we have to discuss information in closed session to avoid the disclosure of exempt information.

3.6.7 The following includes some of the arrangements the Council has in place to enable us to engage with all sections of the community effectively:
- The annual consultation programme - Have Your Say
- A Residents Panel
- Active involvement with the Craven Youth Council
- Budget Consultation
- Publishing an Annual Statement of Accounts

- Crime and Disorder Committee
- Craven Community Safety Partnership

3.6.8   The Council requested a peer review which was completed in June 2012. One of the guiding questions for this type of challenge is 'Are effective governance and decision-making arrangements in place to respond to key challenges and manage change and transformation'. The review found that the council embraced the challenge positively, transparently and openly.

3.6.9   The Council nominates Members on to outside bodies.

3.6.10   The Council is continuing to develop its approach to Community Led Planning, establishing Local Action Teams. A 'Localism Reserve' was established in 2011 to enable organisations and individuals including third sector, parish and town councils and community and business groups access funding to deliver community projects that fitted with Council aims, activities or services that benefitted the economic and social community of the district.

4.   Review of Effectiveness

4.1   Craven 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 Council's Leadership Team, who have responsibility for developing and maintaining the governance environment, the Audit Manager's annual report, and also by the comments made by external auditors and other review agencies and inspectorates.

4.2   The purpose of a review is to identify and evaluate the key controls in place to manage the main risks. It also requires an evaluation of the assurances received, identifies gaps in controls and assurances, and should result in an action plan for addressing significant internal control issues.

4.3   This document is produced as a result of that review in respect of the 2012/13 financial year.

4.4   Key roles in maintaining and reviewing the effectiveness are performed by:

4.4.1   **The Council**
The Council is the supreme body of Members and has overall responsibility for the Council's policy and budget framework, which includes adoption of, and any fundamental changes to, the Council's Constitution.

4.4.2   **Policy Committee**
The Policy Committee is responsible for exercising the Council's powers within the budget and policy framework in the non-regulatory areas of its functions. It is also charged with making recommendations to the Council on the budget and framework and any plans, policies or strategies that have a significant corporate impact.

4.4.3   **Select (Scrutiny) Committee**
This Committee plays an important part in Members' influence on the Council's governance, including holding the decision-makers to account, primarily through the call-in procedure, contributing to policy development and review.

4.4.4   **Audit and Governance Committee**
The Audit and Governance Committee has overall responsibility for ensuring the effective development and operation of corporate governance within the Council and ensuring compliance with best practice. The Committee's remit includes internal and external audit activities, the control environment, risk management and the review and approval of the Council's annual Statement of Accounts.

The Committee is also responsible for maintaining the Council's Constitution and for conducting community governance reviews within the District.

4.4.5   **Standards Committee**
The Standards Committee monitors compliance with codes and protocols, reviews the operation of the Members' Code of Conduct, ensures the provision of effective training and is responsible for the system that ensures complaints relating to alleged breaches of this Council's and the Parish Councils' Codes of Conduct are dealt with. The Committee is a consultee on all elements of the Constitution relating to the ethical framework.

4.4.6   **Statutory Officers (i.e. Head of Paid Service, Chief Financial Officer, and Monitoring Officer)**
The Chief Executive is the Council's head of paid service, the Corporate Head (Financial Management) is the Council's chief financial officer (s151 officer). The Council's Monitoring Officer is also a strategic manager and member of the corporate leadership management team. This officer has a statutory responsibility to ensure the legality of transactions, activities and arrangements that the Council enters into.

All reports presented to Committee for decision making require the legal, financial, and staffing implications to be explicitly detailed. The council's Head of Paid Service, Chief Financial Officer, and Monitoring Officer consider these reports, along with their implications.

Each officer also provided on-going advice in connection with both the financial and legal standing of council business, including monthly reviews of the council's expenditure against budget.

The Council's Monitoring Officer, the Strategic Manager Legal and Democratic Services, and the Council in general, oversee the operation of the Constitution in order to ensure that its aims and principles are given full effect. A Corporate Governance Working Group, consisting of the s151 officer, the Monitoring Officer, other relevant officers and Members, oversees the review of the governance framework.

At the end of the year a statement assuring that there were no significant governance issues that were not covered in the Annual Governance Statement which was signed on behalf of management by the Chief Executive.

4.4.7   **Internal Audit**
The work of the Council's Internal Audit Service is in compliance with the CIPFA 2006 Code of Practice on Internal Audit in Local Government in the United Kingdom. With effect from April 2013 this has been replaced by the Public Sector Internal Audit Standards (PSIAS).

The 2012/13 financial year was the first year of a three year shared service arrangement between Craven District Council and Harrogate Borough Council. This arrangement will end on 31 March 2015. The overall opinion of the Council's Internal Audit is that**:**

". . . for the systems and areas reviewed, significant progress is being made. In most of the areas reviewed, fundamentally sound systems of internal control are in place. In others, the Authority is moving in a positive direction. In determining its opinions, Internal Audit takes into account that in some areas, ideal internal controls cannot be put in place (e.g. on the segregation of duties) due to management decisions made on resource and capacity issues."

4.4.8 **External Audit**
The external audit of the Council is now provided by Mazars (previously the Audit Commission). Whilst external auditors are not required to form an opinion on the effectiveness of the Council's risk and control procedures, their work does give a degree of assurance. The Council believes that a proactive relationship with the Mazars strengthens its governance arrangements. Regular meetings have taken place to cover corporate matters and accounting and internal audit matters.

Conclusions and significant issues arising in 2012/13 have been included in their report to those charged with governance. The 2011/12 Audit highlighted a number of governance issues, which were incorporated into the Annual Governance Report Action Plan. Outstanding actions have been included in Appendix A.

5. Significant Governance Issues

5.1 It is stressed that no system of control can provide absolute assurance against material mis-statement or loss. This statement is intended to provide reasonable assurance.

5.2 Issues that have been identified as Significant Governance Issues are included in Appendix A. Appendix B sets out the major issues arising from the work of Internal Audit ('Priority 1' issues). Under the Council's 2012/13 governance arrangements, all internal audit recommendations are reported through the Audit and Governance Committee. Outstanding Priority 1 issues arising during 2012/13, and brought forward from the previous year, have been set out in Appendix B.

5.3 The governance issues set out in Appendices A and B will be addressed during 2013/14. Progress on actions identified to address the recommendations of the Audit Commission's report will be subject to regular monitoring by the Council's Audit and Governance Committee.

APPENDIX A: SIGNIFICANT GOVERNANCE ISSUES 2012/13					
Ref	Gaps in 2012/2013	Improvement Action	Responsible Officer	Timescales	Position at 31 March 2013 & Commentary
Audit Commission Annual Governance Report 2010/11					
1	The Council should consider its arrangements for preparing the financial statements and make sure that robust processes are in place for providing financial statements that meet the requirements of the Code.	Outstanding action: Ensuring that weaknesses in the preparation of the financial statements are addressed as part of the Financial Management Review. The Review consultation period has concluded and the revised structure will be implemented by December 2012.	Corporate Head of Financial Management	31 December 2012	On-going: The Financial Management Structure has been implemented and staff appointed to all posts. However due to recruitment issues the position of Finance Manager & Deputy s151 is currently being filled on a temporary basis by an appropriately qualified & experienced accountant. This will be addressed by 31 March 2014.
Audit Commission Annual Governance Report 2011/12					
2.	Implement the fixed asset register module in Agresso, as planned, to improve future asset management and the preparation of the financial statements.	As a result of unexpected difficulties, implementation of the Agresso fixed asset register module was not achieved, as planned, by the 2011/12 year end. Spreadsheets have been used to maintain a basic record as an interim measure. A revised project plan for implementation of the Agresso fixed asset register has been agreed. Internal Audit has been asked to provide assurance on implementation.	Corporate Head of Financial Management	31 December 2012	On-going: The fixed asset register module has been implemented and utilised for the 2012/13 statement of accounts preparation. The accounts and audit process has however shown some inconsistencies in the expected accounting treatment of certain asset types and this requires further development during 2013/14. This will be addressed by 31 March 2014.
Asset Management Plan (AMP) 2011-2015 & Corporate Peer Challenge June 2012					
3	The AMP recommends reviewing the disposals policy during the plan period (2011/15), taking any adopted and approved changes through the	As part of the review of the Disposals Policy, to formally adopt and implement a protocol for the disposal of land and property at an undervalue. .	Director of Services	31 March 2013	On-going: The Council has approved an Asset Management Plan setting out a structured process to ensure the Council's assets are fit for purpose and increase its capital reserves

APPENDIX A: SIGNIFICANT GOVERNANCE ISSUES 2012/13					
Ref	Gaps in 2012/2013	Improvement Action	Responsible Officer	Timescales	Position at 31 March 2013 & Commentary
	appropriate channels. The Corporate Peer Challenge recommends that growth of the capital reserve would be partly met through more co-ordinated management of assets.				through managed disposals, this includes disposals at undervalue which are treated on individual merits pending the development of a protocol which will be implemented by 31 March 2014. Monthly meetings are held with lead member for Assets to report on progress against the plan.

APPENDIX B: SIGNIFICANT GOVERNANCE ISSUES					
2012/13 (Outstanding Priority 1 issues arising from 2011/12 Internal Audit Work)					**Position at 31 March 2013 & Commentary**
Report C2/7 – Data Handling (PARTIAL ASSURANCE)					
1	In order that users have confidence that information held is actually up to date, IS documentation on the intranet needs to be fully reviewed, irrelevant and out of date documentation removed, content updated and held where users can easily find it. The IS Policy acceptance form should be reissued to users, for signature and appropriately stored by IS, advertising the fact that this exercise has been carried out and providing users with details of where documentation can be located. Going forward, IS policies and procedures held on the intranet should be regularly reviewed to ensure they reflect current practice.	All ICT policies and procedures have been reviewed and will be available on the new intranet once it is in place.	ICT Manager	31 December 2012	On-going: IS policy acceptance form has been reissued. The upgrade / replacement intranet is to form part of the Council's website development project which is scheduled for 2013/14. This action will be completed once that project is complete
2	The ICT Manager should continue to investigate the suitability of available technical products providing control over shared information and consider the feasibility of use at Craven	Potential data leakage has been limited to a certain extent through the creation of logins as part of the secure VPN. Data management training has been approved and undertaken by relevant staff. No progress has been made with regard to data once it has left Craven's	ICT Manager	31 December 2012	On-going: Issue with regard to data once it has left Craven's boundaries still requires resolution.

APPENDIX B: SIGNIFICANT GOVERNANCE ISSUES					
2012/13 (Outstanding Priority 1 issues arising from 2011/12 Internal Audit Work)					**Position at 31 March 2013 & Commentary**
		boundaries. This work is now been considered to be an on-going process.			
3	A strategy should be compiled as to the most appropriate way in which to carry out a Council wide review of all data sharing, and arrangements put in place to promptly address this to ensure compliance with the guidelines	An information sharing protocol has been formulated and will be placed on the new intranet.	ICT Manager	31 December 2012	On-going: The upgrade / replacement intranet is to form part of the Council's website development project which is scheduled for 2013/14. This action will be completed once that project is complete
2012/13 (Outstanding Priority 1 issues arising from 2012/13 Internal Audit Work)					
Report C3/3 – Sundry Debtors 2012/13 (GOOD LEVEL OF ASSURANCE)					
4	There should be formal arrangements in place to manage the debt recovery for outstanding Market Trader debts once the service has been transferred to Skipton Town Council.		Director of Services / Corporate Head of Financial Management	30 June 2013	Action agreed May 2013
Report C3/4 – Creditors (PARTIAL LEVEL OF ASSURANCE)					
5	A review of authorisation limits in the creditors module found that they have not been strictly applied. One officer has been given an approval limit of £2k, which is not one of the approved parameter limits.	The Agresso approver limits will be reviewed and aligned.	VFM and Improvement Manager	31 March 2013	Action implemented Q1 2013/14. A decision has been made to leave this exception in place due to business needs.
C3/11a – Payroll – Finance (GOOD LEVEL OF ASSURANCE)					
6	Honoraria payments are not shown as a separate element on the iTrent payroll system	Honoraria payments to be shown as a separate element on the iTrent payroll system	VFM and Improvement Manager	31 August 2013	Action agreed June 2013

APPENDIX B: SIGNIFICANT GOVERNANCE ISSUES				
2012/13 (Outstanding Priority 1 issues arising from 2012/13 Internal Audit Work)				**Position at 31 March 2013 & Commentary**
C3/11b – Payroll – Human Resources (PARTIAL LEVEL OF ASSURANCE)				
7	Disclosure and Baring Service (DBS) checks must be undertaken for all posts that fall within the DBS eligibility requirements.	All posts will be reviewed to determine if a DBS check is required, as part of the PCIDSS requirements.	Corporate Head (Business Support)	31 August 2013	Action agreed June 2013
8	An honoraria policy should be introduced and communicated to Management.	A policy/guidance note will be produced to ensure that honoraria payments are clearly and fairly applied.	Corporate Head (Business Support)	31 August 2013	Action agreed June 2013

Through the actions referred to above, we propose, over the coming year, to address the issues that have been identified, with a view to further enhancing our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.

Signed   **Signed**

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Councillor S Place   **Paul Shevlin**
Chairman of the Audit & Governance   **Chief Executive**
Committee