

2016-2017 *Annual governance statement*



better for customers and better for business

May 2017

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Scope of responsibility

Tewkesbury Borough 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. In discharging this overall responsibility, the council is responsible for putting in place proper arrangements of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Regulation 6(1) (a) of the Accounts and Audit Regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England). Regulation 6 (1) (b) of the Accounts and Audit Regulations 2015 require that for a local authority, the statement is an Annual Governance Statement.

The preparation and publication of an Annual Governance Statement in accordance with Delivering Good Governance in Local Government: Framework 2016 fulfils the statutory requirements for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts.

In England, the Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be ‘prepared in accordance with proper practices in relation to accounts’. Therefore, a local authority in England shall

provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016).

The purpose of the governance framework

The governance framework defines the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. The framework defines the principles that underpin good governance, providing a structure to help individual authorities with their approach to governance.

Governance structures and partnerships should be tested against the principles contained in the framework by:

- Reviewing existing governance arrangements
- Developing and maintaining an up to date local code of governance, including arrangements for ensuring ongoing effectiveness
- Reporting annually on compliance with the local code and how the effectiveness of governance arrangements have been monitored.

The governance framework

Delivering Good Governance in Local Government 2016 identifies the following core principles (which are supported with a raft of sub principles): -

- Behaving with integrity, demonstrating strong

commitment to ethical values, and respecting the rule of law.

- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Examples of key elements of the structures and processes that may comprise a council’s governance arrangements include :-

- Codes of conduct that define standards of behaviour for members and staff and policies such as whistleblowing and anti-fraud and corruption and these codes are communicated effectively.
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.
- Documenting a commitment to openness and acting in the public interest.
- Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning.
- Translating the vision into courses of action for the authority, its partnerships and

collaborations.

- Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers and robustness of data quality.
- Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of the authority and partnership arrangements.
- Management arrangements that conform with the governance arrangements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and the CIPFA Statement on the Role of the Head of Internal Audit (2010).
- Ensuring effective arrangements are in place for the discharge of the monitoring officer function and head of paid service function.
- Reviewing the effectiveness of the framework for identifying and managing risks and for performance and demonstrating clear accountability.
- Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)
- Ensuring an effective scrutiny function is in place.
- Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013)
- Ensuring that the authority provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

The council’s governance framework

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. A high level review is undertaken by the corporate governance group and is based on the sources of assurance that are demonstrated within diagram 1 – the council’s governance framework. The review of effectiveness is mainly informed by the work of senior management who have responsibility for the development and maintenance of the governance environment and internal and external audit reports plus third party assurance. The outcome of the review has concluded : -

- There is an acknowledgement of responsibility for ensuring there is a sound system of governance (incorporating the system of internal control) and broadly the framework is sound and arrangements are considered to be fit for purpose. The framework is extensive, complex and given the changing environment there will always be areas where governance can be strengthened. It would be unrealistic to expect all aspects of governance to be operating 100% effectively, 100% of the time.

When considering the governance framework, the corporate governance group recognised improvements made during the year. These include but are not limited to;

- Implementation of a new complaints and Freedom of Information request monitoring system.
- To improve financial governance, the roll out of the new e-ordering system.
- In terms of transparency, the scheme of public

participation at planning committee being made a permanent arrangement.

- Review of effectiveness of the Overview and Scrutiny Committee.
- Sign up to the county fraud unit.
- Review and update of the whistleblowing policy, anti-fraud and corruption policy and anti-bullying and harassment policy.
- Annual Health and Safety reporting to Audit Committee.
- Safeguarding training for all staff.
- Sign up to the officer and member planning protocols.

Progress on delivering previous year’s significant governance issues and emerging issues identified during 2016/17 are: -

Review of previous year’s significant governance issues

Five issues were identified and progress on delivering these have been reported to Audit Committee on a quarterly basis. A number of the identified actions have been implemented, although those which remain partially implemented have been carried forward for proposed action during 2017/18.

Review and update of the constitution

The last full review was undertaken in 2007. Since that time it has been updated on a piecemeal basis taking into account of changes to the political and management structure of the council. A revised Scheme of Delegation has been approved as an interim measure pending full review. This full review will be carried forward as a significant governance issue.

Risk Management

The council’s risk management arrangements have yet to be reviewed. This is an action within the Policy and Communication’s team 2017/18 service plan. A new strategy needs to reflect the risk appetite of the council, particularly in relation to the council’s new approach to commercialism. A risk register has been reported to Audit Committee for part of the year. The format of the register will be reviewed as part of the strategy review as well as the current strategic risks facing the council. A review of the risk register is also a recommendation from the councillor’s external auditors. The overall review of risk management arrangements will be carried forward as a significant governance issue.

Business Continuity

Supported by the Civil Protection Team, the majority of service plans have been updated. Once complete, priority systems can be identified and tested. The updated plans will help inform completion of a new corporate plan. Overall business continuity arrangements will be carried forward as a significant governance issue.

Audit Committee effectiveness

It is good practice that the value of the Audit Committee is maximised. During the course of the year, internal audit has undertaken training around it’s role and further training for the committee is programmed. A formal review of the effectiveness of the committee will take place during 2017/18. As the formal review has yet to be carried out this will be carried forward as a significant governance issue.

The corporate governance group then considered areas of governance that emerged during the course of the year, using the sources of assurance highlighted in diagram 1. The following significant governance issues were identified:

Ubico client monitoring

An internal audit report presented at Audit Committee on 14 December 2016 concluded a combination of ‘limited’ and ‘unsatisfactory’ level of control regarding the internal arrangements to effectively manage aspects of the Ubico contract (Ubico is the local authority controlled company which delivers the council’s direct services such as waste and recycling, street cleaning and grounds maintenance). Recommendations have been made and accepted by management and these include; the review of performance indicators, the provision of financial information, grounds maintenance monitoring and fleet management. Based upon the internal audit findings, this has also been identified as a significant value for money risk by the council’s external auditors. Given the value of the contract and the profile of the service the lack of effective monitoring by Tewkesbury Borough Council is recognised as a significant governance issue.

General Data Protection Regulations (GDPR) 2018

GDPR’s builds upon the current Data Protection Act, introducing new elements and significant enhancements. The approach to GDPR compliance requires support from all levels of the council. GDPR places greater emphasis on the documentation that data controllers must keep to demonstrate their accountability. Overall,

“We propose over the coming year to take steps to address the above matters to **further enhance our governance** arrangements.”

information governance arrangements will need to be reviewed as to how the council holds, retains, monitors and processes personal data. The Information Commissioner identifies 12 key steps for the review including awareness, communication, individual’s rights, legality, children’s data, designation of roles and responsibilities and data breaches. Non-compliance with GDPR can potentially result in significant fines.

Local Code of Corporate Governance

To achieve good governance, the council should be able to demonstrate that its governance structures comply with the core and sub-principles contained within the ‘Delivering good governance framework 2016’. To achieve this, the council’s local code of governance should reflect these principles. The local code therefore needs to be updated to reflect these principles.

Significant governance issues

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness. Progress in delivering the issues identified will be reported to both corporate management team and Audit Committee on a quarterly basis. The Lead Member for Corporate Governance will also be updated through portfolio briefings;

Governance Framework – key documents/functions

- Council Plan
- Performance Management Framework
- Constitution & scheme of delegation
- Transform Programme
- Communication Strategy
- Human Resources Strategy
- Council Procedure Rules
- Record of Decisions
- Code of Conduct (Employees and Members)
- Officer and Member Protocols
- Code of Corporate Governance
- Risk Management Framework
- Anti-Fraud and Corruption Policy
- Whistleblowing Policy
- Project management framework
- ICT Policy and ICT Governance
- Procurement Strategy
- Contract Procedure Rules
- Medium Term Financial Strategy
- Treasury Management policy
- Annual Statement of Accounts
- Financial Procedure Rules
- Complaints Framework
- Equalities Framework
- Internal and External Audit
- One Legal

Council's assurance framework

Corporate Governance Group
responsible for drafting AGS after evaluating assurance framework

Review of the effectiveness of the system of internal control

Review and approval of AGS by Audit Committee

Annual Governance Statement

Signed by the Leader of the Council and Chief Executive and published with the Statement of Accounts

Performance management and transformation

- Service plans
- Council plan and performance tracker
- Performance indicators
- Complaints
- Peer review action plan
- Transform programme

Risk management

- Risk Management Strategy
- Project Management
- Business Continuity Plan
- Insurance policies

Legal and regulatory assurance

- Monitoring Officer function
- One Legal
- Whistle blowing
- Health & Safety
- Anti-fraud & corruption policy

Members' assurance

- Standards Committee
- Overview and Scrutiny Committee
- Audit Committee
- Declaration of interests
- Lead Member portfolios
- Code of conduct

Management assurance

- Management Team meetings
- Corporate Governance Group

Other sources of assurance including 3rd party

- Ombudsman reports
- External reports e.g. peer review
- Shared services – client monitoring
- Counter fraud unit

Financial management

- Medium Term Financial Strategy
- Revenue and Capital monitoring
- Treasury Management Statement of Accounts
- Compliance with Codes of Accounting Practice
- Savings programme

Internal audit

- PSIAS
- Compliance
- Reporting to Audit Committee
- Audit opinion and recommendations
- Corporate improvement work
- Consultancy & advice

External audit

- Annual Plan
- Reporting to Audit Committee
- Audit Opinion and VFM conclusion
- Ad hoc reports
- Statement of accounts work

on-going assurance on adequacy and effectiveness of controls over key risks

Governance issue	Proposed action	Timescale	Responsible officer/group
1 Constitution	<ul style="list-style-type: none"> Review and update the constitution 	December 2018	Head of Democratic Services
2 Risk Management	<ul style="list-style-type: none"> Review and update strategy Risk management awareness training Introduce new corporate risk register 	December 2017	Head of Corporate Services
3 Business Continuity	<ul style="list-style-type: none"> All service plans to be updated Review of corporate plan Identify and prioritise key systems Desktop exercise to test new plan 	March 2018	Head of Corporate Services
4 Audit Committee effectiveness	<ul style="list-style-type: none"> Audit Committee training Undertake a review of the effectiveness of the committee 	March 2018	Head of Corporate Services
5 Workforce development strategy	<ul style="list-style-type: none"> Develop and approve strategy 	September 2017	Head of Corporate Services
6 Ubico Client Monitoring	<ul style="list-style-type: none"> Review of current arrangements and produce improvement plan 	September 2017	Head of Community Services
7 General Data Protection Regulations	<ul style="list-style-type: none"> Deliver implementation action plan 	May 2018	Head of Corporate Services
8 Local Code of Corporate Governance	<ul style="list-style-type: none"> Review and update current code 	March 2018	Head of Corporate Services

Signed on behalf of Tewkesbury Borough Council

Councillor Dave Waters
Leader of the Council

Mike Dawson
Chief Executive

Date

Date

Mike Dawson
Chief Executive
Tewkesbury Borough Council

