

2017-2018

# Annual governance statement



*better for customers and better for business*

June 2018

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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.

1.4 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 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, internal and external audit reports plus third party assurance where relevant. 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 supported with business as usual governance related actions. These include but are not limited to;

- The development and implementation of a corporate action plan to work towards GDPR compliance.
- Annual council plan refresh

- Code of conduct and other employment declarations from all staff
- Audit Committee consideration of key governance frameworks i.e annual Health and Safety report and review of Safeguarding arrangements
- Improvements made to the client monitoring of the Ubico contract.
- Independent peer review of the internal audit function.
- Staff and member fraud awareness training.
- Cyber security awareness training.
- Review of the council's risk management arrangements.
- Formalisation of the Counter Fraud Unit work programme.
- Financial outturn reporting to Executive Committee.
- Implementation of Health and Safety related policies such as Occupational Road Risk and Managing Contractors Safely.

Progress on delivering previous year's significant governance issues and emerging issues identified during 2017/18 are: -

## Review of previous year's significant governance issues

Eight issues were identified and progress on delivering these have been reported to Audit Committee on a quarterly basis. A summary of progress in implementing these recommendations are as follows;

## 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. Initial work has commenced around the full review of the scheme of delegation. The revised target date of December 2018 remains a realistic date for completion of the review. This will be carried forward as a significant governance issue.

### **Risk Management**

The council's risk management arrangements are in the process of being reviewed. A new risk management strategy is being drafted supported with a new corporate risk register. Member awareness training has been held and there will be a follow up session specifically around the council's risk appetite. An established project management framework has been in place for a number of years which provides assurance that key projects and risks are effectively managed.

### **Business Continuity**

Supported by the Civil Protection Team, the majority of service plans have been updated. A corporate plan is at draft stage but needs to be finalised and tested. Until this exercise is complete this will remain 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 have undertaken training around their role, have held a 'meet the audit team' session and participated in a workshop on the outcome of the independent peer review of the

internal audit function. Recommendations from the peer review will inherently improve the effectiveness of and assurances given to committee. Further training for the committee will take place during 2018/19 including more training on its role and terms of reference. This action will be carried forward as a significant governance issue.

### **Ubico client monitoring**

This was previously included as a governance issue, following an unsatisfactory internal audit opinion. Since the conclusion of the audit, management have responded to the recommendations made and regular updates have been reported to the Audit Committee. Improvements to the client monitoring arrangements have been implemented including; improved financial reporting, development of new performance indicators, regular contract monitoring meetings and improved bin stock control procedures. Progress made in resolving the issues identified has also been recognised by external audit. They are satisfied with the progress made and are no longer reporting this as an exception item. Performance of Ubico in delivering the contract is subject to regular review by the council's Overview and Scrutiny Committee.

### **General Data Protection Regulations (GDPR) 2018**

Delivery of the project plan to achieve GDPR compliance has been a significant piece of work. The council's Senior Information Risk Owner has signed off the project plan actions as being broadly compliant with the requirements of GDPR, these being effective from 25 May 2018. On-going compliance with GDPR has been identified as a



governance matter. It is important the procedures and processes put in place remain under review to ensure compliance is maintained and improvements made where necessary.

### **Workforce Development Strategy**

During the year, initial work commenced on the development of a strategy. Moving this forward is now within the remit of the Interim HR Manager who is providing managerial cover for staff absence. The council takes workforce development seriously and has many practices in place to achieve this. The strategy will consolidate these and an action plan will be produced to assist the council and its workforce to deliver its future challenges.

### **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. This action remains outstanding and will be carried forward as a significant governance issue.

### **Identification of new governance issues**

The Chief Audit Executive’s annual audit opinion directly informs the AGS. From the work undertaken during the year by internal audit, the findings from individual audit assignments were overall, positive. The only exception was the ‘limited’ internal audit opinion on the council’s licensing arrangements. Recommendations for

improvement, include:

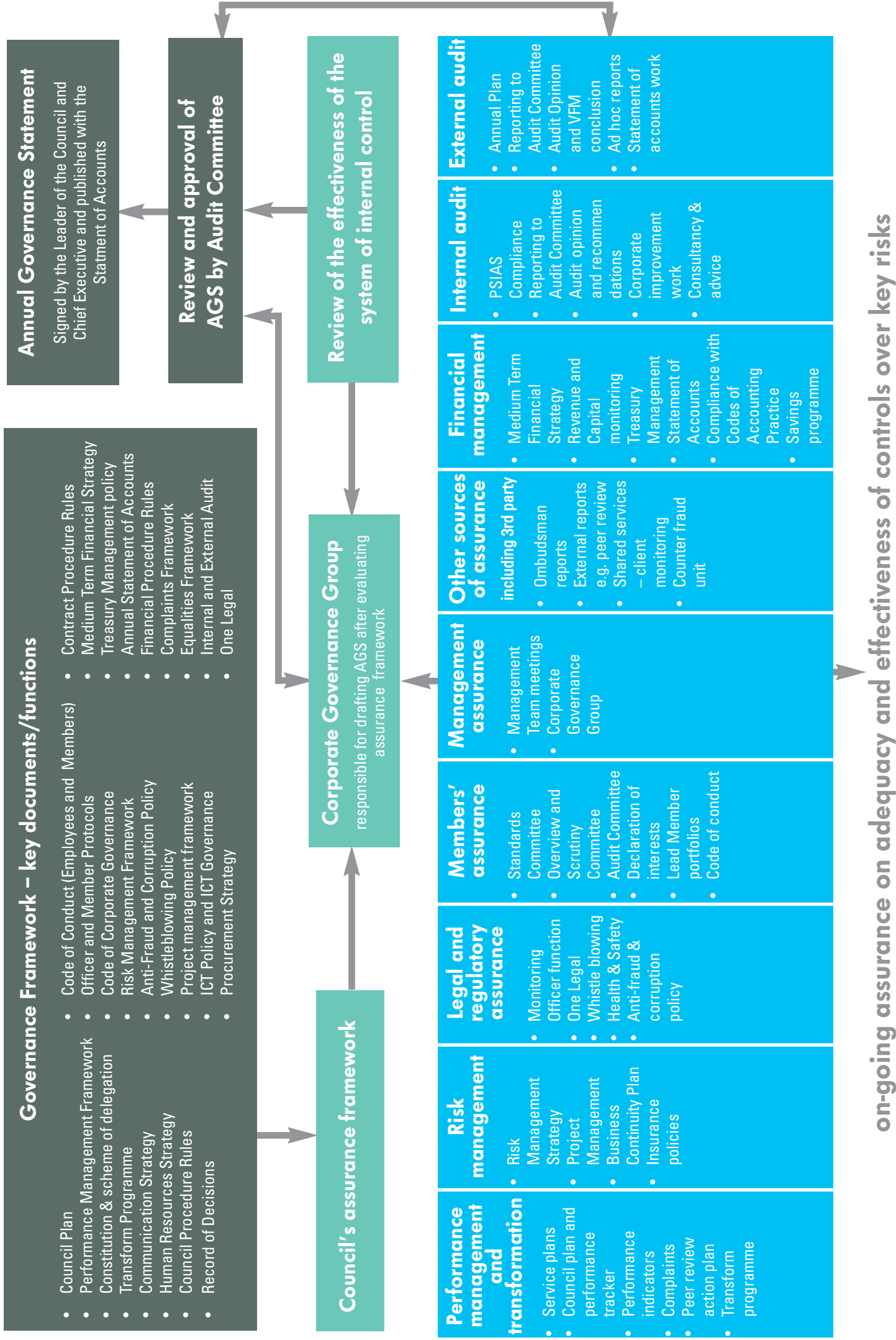
- Implementation of safeguarding requirements in relation to private hire/hackney licences.
- Using the Uniform system to accurately record licence data such as inspection details, payment information, receipt data and consultation details.
- Ensure all annual payments for premises licences are raised and collected.
- In order to comply with the council’s statement of licensing, all premises should be formally risk assessed.

There has been a positive management response to the findings and an action plan is in place to deliver implementations of the internal audit recommendations. The action plan has been presented to the licensing committee. Although a plan is in place, the corporate governance group are satisfied this should be included as a significant governance issue.

No other new significant issues were identified.

### **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 issue	Proposed action	Timescale	Responsible officer/group
1 Risk Management	<ul style="list-style-type: none"> <li>Develop and approve strategy</li> <li>Implement corporate risk register</li> <li>Member and senior officer session on risk appetite</li> </ul>	December 2018	Head of Corporate Services
2 Constitution	<ul style="list-style-type: none"> <li>Review and update the constitution</li> </ul>	December 2018	Head of Democratic Services
3 Business Continuity	<ul style="list-style-type: none"> <li>Finalise and test draft corporate plan</li> </ul>	September 2018	Head of Corporate Services
4 Audit Committee effectiveness	<ul style="list-style-type: none"> <li>'Role of the audit committee' training to be programmed</li> <li>Review terms of reference and name of committee</li> <li>Increase the profile of the audit committee eg production of annual report, six monthly newsletter</li> </ul>	March 2019	Head of Corporate Services
5 General Data Protection Regulations	<ul style="list-style-type: none"> <li>Respond to and resolve promptly any breaches</li> <li>Ongoing compliance monitoring through reviewing GDPR process and procedures</li> <li>Monitor Privacy Impact Assessment</li> <li>Monitor Action Plan</li> </ul>	March 2019	Head of Corporate Services
6 Workforce development strategy	<ul style="list-style-type: none"> <li>Develop and approve strategy</li> </ul>	December 2018	Human resources Manager
7 Local Code of Corporate Governance	<ul style="list-style-type: none"> <li>Develop and approve a new code of governance</li> </ul>	March 2019	Head of Corporate Services
8 Licensing	<ul style="list-style-type: none"> <li>Deliver licensing action plan</li> </ul>	April 2019	Head of Community

Signed on behalf of Tewkesbury Borough Council

Councillor Rob Bird  
Leader of the Council

Date

Mike Dawson  
Chief Executive

Date

**Mike Dawson**  
**Chief Executive**  
Tewkesbury Borough Council

