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CODE OF GOOD GOVERNANCE:

ANNUAL REPORT OF THE MONITORING OFFICER AND INTERNAL AUDIT MANAGER 2011/12

1.   INTRODUCTION

1.1   In 2008 the Council adopted a new Code of Good Governance, modelled on the framework recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

1.2   The Monitoring Officer and Internal Audit are responsible for annually reviewing the authority's compliance against the adopted Code and reporting their findings and recommended actions. This review also provides one of the assurance strands in support of the Annual Governance Statement, required under the Account and Audit Regulations 2011.

1.3   The code is intended to help and support Members and management and ensure that the Council achieves openness, inclusivity, accountability, integrity and effectiveness.

1.4   This report brings together the outcomes of the review for 2011/12.

2.   REVIEW OF COMPLIANCE

2.1   The good governance framework consists of six core principles:
- Focussing 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

2.2   The code has been assessed, a summary of the Council's compliance with its adopted Code of Good Governance is detailed in Appendix 1. This assessment also considered progress made against the prior year action plan, which was reported to Members in May 2011 and the six monthly action plan update which was reported to the Executive Management Team on 6 September 2011.

2.3   The main areas identified for further improvement during the review are summarised below with detailed actions recommended in Appendix 2.
- To complete the actions surrounding partnerships. This will involve updating the register following the changes made during the year and ensuring risks are evaluated and managed accordingly.
- Risk Management – to update the Corporate Risk Register and present to the Audit Committee for consideration
- To review and update Financial Regulations.

4.   FINANCIAL IMPLICATIONS

4.1   Although there are no direct financial implications arising from this report, good governance arrangements provide assurance in respect of financial management.

5. ENVIRONMENTAL MATTERS

5.1   There are no environmental matters arising directly from this report.

6. CRIME AND DISORDER IMPLICATIONS

6.1   Ethical behaviour in terms of avoiding fraud and corruption is an intrinsic element of corporate governance and this report provides assurance in that regard.

7. EQUALITY AND DIVERSITY IMPLICATIONS

7.1   There are no equality and diversity implications arising directly from this report.

8. CONCLUSIONS

8.1   It is the view of the Monitoring Officer and Internal Audit that the Council is able to have confidence in the effectiveness of its governance arrangements. This is illustrated by the few and relatively minor areas identified in appendix 2 for review.

9. RECOMMENDATIONS

9.1   The Audit Committee approve the actions arising from the review of compliance with the Council's Code of Good Governance for the financial year 2011/12, as recorded in Appendix 2.

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NFDC GOOD GOVERNANCE FRAMEWORK – EVIDENCE OF COMPLIANCE 2011/12

1.   Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

No.	The code should reflect the requirement for local authorities to:	Evidence
1.1	Develop and Promote the authority's purpose and vision	Corporate Plan – Leading our Forest Communities 2008-11 Development of Delivering for our Communities 2012-16 (new) (website) Sustainable Community Strategy 2008-2012 'Future Matters'. Local Development Framework – Core Strategy (Planning Development Control Committee and Planning & Transportation Review Panel 17/09/08)
1.2	Review on a regular basis the authority's vision for the local area and its impact on the authority's governance arrangements	Code of Good Governance (28/03/08) Code of Good Practice for Good Governance – Annual Report (27/05/11) Future Matters (SCS) 2008-12
1.3	Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties	Sustainable Community Strategy 2008-2012 'Future Matters'.
1.4	Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance.	Final Accounts Committee Report and minutes 23/9/11 and published accounts on website Annual External Audit Report - Cabinet 7/12/11 Annual Report 2010/11 (Website)
1.5	Decide how the quality of service to users is to be measured and make sure that the information needed to review service quality effectively and regularly is available	Review and changes to performance management and transparency reporting on the web. Medium Term Financial Plan 2011-2014 Cabinet 04/01/12 (MTFP) Annual Report 2010/11 (Website) Service Action Plans 2011/12 Development of Workstreams in support of MTFP including service reviews undertaken by Member Task and Finish Groups.
1.6	Put in place effective arrangements to identify and deal with failure in service delivery	Updated Corporate Complaints Procedure, with new management arrangements (Website)
1.7	Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions.	Key targets reported to Cabinet April 2011 with performance against targets reported individually throughout the year to relevant bodies. EMT/COP Focus on Performance Reports (ForestNet)

No.	The code should reflect the requirement for local authorities to:	Evidence
		Internal Audit Plan 2011/12
		External Auditor Annual Report including Value for Money Conclusion
		Procurement Strategy 2007/2011 (Website) and review papers (Head of Property Services). Task and Finish Group from COP formed to review.
		Annual Report 2010/11 (Website)
		Considered as part of all Committee Reports (ForestNet/Website)

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

No.	The code should reflect the requirement for local authorities to:	Evidence
2.1	Set out a clear statement of the roles and responsibilities of the executive and of the executive's members individually and the authority's approach towards putting this into practice Set out a clear statement of the respective roles and responsibilities of the other members, members generally and senior officers	Council's Constitution (Website) Year Book 2011/12 (Website) Standards Committee – 12/05/06 Organisational Responsibility Chart (Website) Local Code for Member/Officer Relations Standards Committee Terms of Reference (Year Book). New Standards regime effective from 1/7/12
2.2	Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required.	Scheme of Delegation (ForestNet) Council's Constitution (Website)
2.3	Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management	Job description and Personal Development Interview Process Council's Constitution
2.4	Develop protocols to ensure that the leader and chief executive (or equivalent) negotiates their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.	Regular meetings established between Leader/Cabinet and Chief Executive
2.5	Make a senior officer (S 151 officer) responsible to the authority for ensuring that appropriate advice is given for all financial matters, and for keeping proper financial records and accounts, and for maintaining an effective system of internal financial	Job Description and Personal Development Interview Process Roles and Responsibilities of the Chief Finance Officer Protocol Financial Regulations

No.	The code should reflect the requirement for local authorities to:	Evidence
	control.	
2.6	Make a senior Officer (usually the Monitoring Officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with	Job description and Personal Development Interview Process Roles and Responsibilities of the Monitoring Officer Protocol (Constitution) Scheme of Delegations
2.7	Develop protocols to ensure effective communication between members and officers in their respective roles	Local Code for Member/Officer Relations
2.8	Set out the Terms and Conditions for remuneration of members and officers and an effective structure for managing the process, including an effective remuneration panel (if applicable). Ensure that effective mechanisms exist to monitor service delivery	Pay and Reward Strategy Report of Independent Remuneration Panel on Members Allowances – Standards Committee 27/01/12
2.9	Ensure that the organisation'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.	Review and changes to performance management and transparency reporting on the web. Community Strategy 2008-2012 'Future Matters' (Website) Service Action Plans
2.10	When working in partnership: ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority ensure that there is clarity about the legal status of the partnership ensure that representatives and organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions	Established arrangements are in place for individual partnerships eg Project Integra (annually approved plan), Ringwood Gateway (management agreement in place) etc

3. **Promoting Values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

No.	The code should reflect the requirement for local authorities to:	Evidence
3.1	Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect	Corporate Plan – Leading our Forest Communities (Website) and development of new corporate plan 'Delivering for our communities' including new values Induction programme Executive Management Team Autumn briefing sessions
3.2	Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols	Statutory Model Code of Conduct (Website) Code of Conduct for Council Members (Website) Local Code for Member/Officer relations (Website) Local Ccode for Councillors and Officers dealing with Planning matters.

No.	The code should reflect the requirement for local authorities to:	Evidence
		(Website)
		Employee Handbook (ForestNet)
		Complaints Procedure (Website)
		Anti-fraud, Bribery & corruption policies (ForestNet)
		PDI's
3.3	Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice	Codes of Conduct (Website)
		Employees Handbook (ForestNet)
		Register of Interests (Democratic Services)
		Financial Regulations (ForestNet)
		Standing Orders (ForestNet)
		Procurement Strategy (Website)
3.4	Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners	Corporate Plan – Leading our Forest Communities (Website) and development of new corporate plan 'Delivering for our communities'
3.5	Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice	Monitoring and Review of the Council's Ethical Framework 2008/09 – Standards Committee 24/09/10
3.6	Develop and maintain an effective standards committee.	Standards Committee Terms of reference (Year Book) noting new regime change from 1/7/12
3.7	Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority	Employee comments in all Formal reports
3.8	In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values can be demonstrated by partner's behaviour both individually and collectively.	Partnership Framework

4. **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

No.	The code should reflect the requirement for local authorities to:	Evidence
4.1	Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible.	Introduced new enhanced and improved scrutiny arrangements following review and recommendations from South East Employers. New arrangements gives emphasis to detailed work being done by Task

No.	The code should reflect the requirement for local authorities to:	Evidence
		and Finish Groups, supported by Heads of Service. Audit Commission letter and review of governance. Transparency pages on website
4.2	Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based	Website- all Portfolio Holder decisions published as soon as made. Minutes of all formal meetings published as soon as available. Forward Plan of Key Decisions published as required by law.
4.3	Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice	Registers of interests (Democratic Services) Codes of Conduct (Website)
4.4	Develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee	Standards Committee Terms of Reference (Year Book) Final Accounts Committee Terms of Reference (Year Book) New Audit Committee established 18/6/2012
4.5	Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints	Revised Complaints Procedure (Website) Annual Complaints Report - Standards Committee 24/09/10 Codes of Conduct (Website)
4.6	Ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for the purpose- relevant, timely and gives clear explanations of technical issues and their implications	Report format/structure. Head of Service taking responsibility for content of reports
4.7	Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately	All reports are reviewed by the Monitoring Officer/Financial Officer Report format/structure
4.8	Ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognising that risk management is part of their jobs	Risk Management Strategy and Action Plan - Cabinet 04/02/09 Included within service action planning
4.9	Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access	Fraud Policies - Cabinet 05/04/06 Whistleblowing at work leaflet (ForestNet/Internal Audit)
4.10	Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities	Council's Constitution (Website)
4.11	Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law	Role of Monitoring Officer as set out in the Constitution
4.12	Observe all specific legislative requirements place upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law- rationality, legality and natural justice – into their procedures and decision making processes.	Role of Monitoring Officer as set out in the Constitution

5. Developing the capacity and capability of members and officers to be effective

No.	The code should reflect the requirement for local authorities to:	Evidence
5.1	Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis	Member and Officer Induction Programme Member Briefings and training programmes for Committees PDI Process (ForestNet) Training Budgets
5.2	Ensure 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	The Councils Constitution (Website). Support provided through EMT. Any issues relating to support are also addressed through the PDI process.
5.3	Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively	Member Development Programme (Democratic Services) List of topical briefing events (Democratic Services) Annual service training plans (HR) PDI training plans (HR)
5.4	Develop skills on a continuing basis to improve performance, including the ability to scrutinize and challenge and to recognise when outside expert advice is needed	PDI process for officers Member Development Programme (Democratic Services)
5.5	Ensure that effective 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	The Audit Commissions Governance Letter and Management Arrangements (Website) Annual Scrutiny Committee Report
5.6	Ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority	Corporate consultations (Website) including development of applications for mobile devices Future Matters Consultation and Response papers Community Engagement Framework. Equalities Framework Accreditation Approach to Equalities currently under review with Task and Finish Member group.
5.7	Ensure that career structures are in place for members and officers to encourage participation and development	People Strategy (HR) Workforce Planning (HR)

No.	The code should reflect the requirement for local authorities to:	Evidence
		Service Action Plans

6. Engaging with local people and other stakeholders to ensure robust public accountability

No.	The code should reflect the requirement for local authorities to:	Evidence
6.1	Make clear to themselves, all staff and the community to whom they are accountable and for what. Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required	Council's Constitution Corporate Plan – Leading our Forest Communities (Website) Sustainable Community Strategy 2008-2012 'Future Matters' (Website) Future Matters Consultation and Response papers
6.2	Produce an annual report on the activity of the scrutiny function	Report of the Review Panels 2010/11
6.3	Ensure that clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements to ensure that they operate effectively: Hold meetings in public unless there are good reasons for confidentiality Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands	Agendas and Minutes on Website Communications Strategy (HR) Member Briefings Formal report formats, avoiding confidentiality where possible
6.4	Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result	Consultation – Policy & Guidance (ForestNet) Communications Strategy (HR)
6.5	On an annual basis publish a performance plan giving information on the authority's vision, strategy, plans and financial statements as well as information about it's outcomes, achievements and the satisfaction of service users in the previous period	Annual Report 2010/11 (Website) Development of Delivery Plan in support of Corporate Plan 2012-16 - June 2012
6.6	Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it 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	Constitution arrangement re management and operation of formal council meetings Website Corporate Plan 2008-12 'Leading our Forest Communities' (Website) Service Equality Impact Assessments Equalities Standard Accreditation Approach to Equalities currently under review with Task and Finish Member group.

No.	The code should reflect the requirement for local authorities to:	Evidence
6.7	Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making	Reports showing employee side comments (Website) Intranet – eg One Site Project (Executive Director)

Actions Arising from the Good Governance Review 2011/12   **APPENDIX 2**

Topic	Action	Responsible Officer	Deadline
Partnerships	To update the partnership register following the changes made during the year and ensure risks are evaluated and managed accordingly.	Executive Director (S151)	31st March 2012
Risk Management	To update the Corporate Risk Register and present to the Audit Committee for consideration on a regular basis. Consider opportunities to further embed risk management across the Council.	Performance Improvement Manager	31st March 2012
Financial Regulations	To review and update Financial Regulations.	Executive Director (S151) in consultation with the Head of Legal and Democratic Services	31st March 2012