



EMT – 4 June 2013
AUDIT COMMITTEE – 21 June 2013

CODE OF GOOD GOVERNANCE:
ANNUAL REPORT OF THE MONITORING OFFICER AND INTERNAL AUDIT MANAGER
2012/13

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 2012/13.

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 originally reported to Members in July 2012. Progress made against this action plan was reported back to EMT and Audit Committee in September 2012 with a further update made in March 2013.
- 2.3 The main areas identified for further improvement during this review are summarised below with detailed actions recommended in Appendix 2.
 - To review and update Financial Regulations (outstanding item from 2011/12)
 - Following the update to the Bribery Act policy, policies and procedures surrounding Employee declarations of interest and Gifts and Hospitality should be reviewed and updated where necessary.

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 2012/13, as recorded in Appendix 2.

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Background Papers:

New Code of Good Gov
- Standards Committee
28 March 2008

NFDC GOOD GOVERNANCE FRAMEWORK – EVIDENCE OF COMPLIANCE 2012/13

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	<p>The Corporate Plan - Development of Delivering for our Communities 2012-16 (website) (including new Values)</p> <p>Delivery Plan</p> <p>Local Development Framework – Core Strategy (Planning Development Control Committee and Planning & Transportation Review Panel 17/09/08).</p> <p>The Local Development Framework includes the Local Development Scheme, the Statement of Community Involvement (SCI) and Annual Monitoring Reports (AMR).</p>
1.2	Review on a regular basis the authority's vision for the local area and its impact on the authority's governance arrangements	<p>Code of Good Governance (28/03/08)</p> <p>Code of Good Practice for Good Governance – Annual Report (27/05/11)</p>
1.3	Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties	<p>Updated Partnership Register – EMT 11.12.12</p> <p>Review undertaken following last years recommendations</p>
1.4	Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance.	<p>Statement of Accounts and Annual Governance Statement - Audit Committee 21/09/2012</p> <p>External Audit Governance Report – Audit Committee 21/9/2012</p> <p>Review of Overview & Scrutiny Panels 2012/13 - Council 15.4.2013</p> <p>Annual Performance Report 2012/13 and Provisional Budget Outturn report- Cabinet 5.6.13</p>
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	<p>Review and changes to performance management and transparency reporting on the web.</p> <p>Delivery Plan</p> <p>Medium Term Financial Plan/Annual Budget 2013/14 Cabinet 06/2/13</p> <p>Development of Workstreams in support of MTFP including service reviews undertaken by Member Task and Finish Groups.</p>

No.	The code should reflect the requirement for local authorities to:	Evidence
		<p>Service Action Plans 2012/13</p> <p>Results all reported under Corporate Plan Priority's and Aims by Portfolio on the website</p>
1.6	Put in place effective arrangements to identify and deal with failure in service delivery	<p>Corporate Complaints Procedure and management arrangements</p> <p>Review of Business Continuity and ICT Disaster Recovery during the year. Desktop exercise undertaken</p>
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.	<p>Considered as part of all Committee Reports (ForestNet/Website)</p> <p>External Auditor Annual Report including Value for Money Conclusion</p> <p>Internal Audit Plan 2012/13 (Progress report 21/09/2012)</p> <p>Procurement Strategy 2012/16 Cabinet – 1.8.12</p>

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	<p>Council's Constitution (Website)</p> <p>Year Book 2012/13 (Website)</p> <p>New Standards Regime effective from 1.7.12 with new code of Conduct (Website)</p> <p>Organisational Responsibility Chart (Website)</p> <p>Local Code for Member/Officer Relations and Planning Code for Members</p>
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.	<p>Scheme of Delegation (ForestNet)</p> <p>Council's Constitution (Website)</p>
2.3	Make a chief executive or equivalent responsible and accountable to the authority for all aspects of operational management	<p>Job description and Performance Development Interview Process</p> <p>Council's Constitution</p>

No.	The code should reflect the requirement for local authorities to:	Evidence
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 control.	Job Description and Performance Development Interview Process Roles and Responsibilities of the Chief Finance Officer Protocol Financial Regulations
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 Performance 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 – Members Allowances Scheme (Constitution) Interim recommendation Council 22 October 2012
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. Delivery Plan Service Action Plans 2012/13 Review of Community Engagement and Practices – EMT 26.3.13
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 Updated Partnership Register

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	<p>Corporate Plan - Development of Delivering for our Communities 2012-16 (website) which includes new Values</p> <p>Induction programme</p> <p>Executive Management Team Autumn briefing sessions</p>
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	<p>Code of Conduct for Council Members (Website)</p> <p>Local Code for Member/Officer relations (Website)</p> <p>Local Code for Councillors and Officers dealing with Planning matters. (Website)</p> <p>Employee Handbook (ForestNet)</p> <p>Complaints Procedure (Website)</p> <p>Updated Anti-fraud, Bribery & corruption policies (ForestNet)</p> <p>Performance Development Interviews</p>
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	<p>Codes of Conduct (Website)</p> <p>Employees Handbook (ForestNet)</p> <p>Register of Interests (Democratic Services)</p> <p>Financial Regulations (ForestNet)</p> <p>Standing Orders (ForestNet)</p> <p>Procurement Strategy 2012/16 (Website)</p>
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	<p>Corporate Plan - Development of Delivering for our Communities 2012-16 (website)</p>
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	<p>Monitoring and Review of the Council's Ethical Framework 2008/09 – Standards Committee 24/09/10</p>
3.6	Develop and maintain an effective standards committee.	<p>New Standards Regime from 1/7/12. No longer requirement for Standards Committee the CEO and Mon Officer have enhanced roles in new regime for dealing with Member complaints</p>

No.	The code should reflect the requirement for local authorities to:	Evidence
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 and Finish Groups, supported by Heads of Service External Auditor Governance report. 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	New Audit Committee established 18/6/2012 with agreed Terms of Reference and work plan. The AGS and related recommendations reviewed during the year. Training program ongoing.
4.5	Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints	Complaints Procedure (Website) Annual Complaints Report EMT September 2012 and Councillors notified 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	Review of Risk Management Strategy and arrangements as a result of

No.	The code should reflect the requirement for local authorities to:	Evidence
	members and managers at all levels recognising that risk management is part of their jobs	last years review and action plan. To be published to Audit Committee in 2013. 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 updated –Audit Committee 22.3.13 New training package developed
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) Workforce and Sickness Absence annual reports
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)

No.	The code should reflect the requirement for local authorities to:	Evidence
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	External Auditor Reports Annual Overview & Scrutiny Panel Report 2012/13
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) Service Action Plans 2012/13

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 Development of Delivering for our Communities 2012-16 (website)
6.2	Produce an annual report on the activity of the scrutiny function	Report of the Overview and Scrutiny Review Panels 2012/13
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	Delivery Plan in support of Corporate Plan 2012-16

No.	The code should reflect the requirement for local authorities to:	Evidence
	about it's outcomes, achievements and the satisfaction of service users in the previous period	
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	<p>Constitution arrangement re management and operation of formal council meetings Website</p> <p>Corporate Plan Development of Delivering for our Communities 2012-16 (website)</p> <p>Service Equality Impact Assessments</p> <p>Equalities Standard Accreditation</p> <p>Approach to Equalities currently under review with Task and Finish Member group.</p>
6.7	Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making	<p>Reports showing employee side comments (Website)</p> <p>Intranet – eg One Site Project (Executive Director)</p>

Actions Arising from the Good Governance Review 2012/13**APPENDIX 2**

Topic	Action	Responsible Officer	Deadline
Financial Regulations	To review and update Financial Regulations.	Executive Director (S151) in consultation with the Head of Legal and Democratic Services	30 th September 2013
Employee Declaration of Interests	Following the update to the Bribery Act policy, policies and procedures surrounding Employee declarations of interest and Gifts and Hospitality should be reviewed and updated where necessary.	Head of Legal and Democratic Services and Head of Human Resources	31 st March 2014