CODE OF GOOD GOVERNANCE REVIEW
ANNUAL REPORT OF THE MONITORING OFFICER AND CHIEF FINANCE OFFICER IN RESPECT OF 2019/20

1.   INTRODUCTION

1.1   The Council's Monitoring Officer and the Chief Finance Officer are responsible for annually reviewing the Council's compliance against the adopted CIPFA/SOLACE Code of Good Governance - *"Delivering Good Governance in Local Government Framework 2016*" and reporting their findings and recommended actions. This review provides one of the assurance strands in support of the Annual Governance Statement, required under the Account and Audit Regulations 2015.

1.2   This report brings together the outcomes of the review carried out for 2019/20.

2.   REVIEW OF COMPLIANCE

2.1   The good governance framework centres on the following 7 core principles.

A	Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
B	Ensuring openness and comprehensive stakeholder engagement.
C	Defining outcomes in terms of sustainable economic, social and environmental benefits.
D	Determining how to best optimize the achievement of intended outcomes
E	Developing the entity's capacity, including the capability of its leadership and the individuals within it.
F	Managing risks and performance through robust internal control and strong public financial management.
G	Implementing good practices in transparency, reporting and audit to deliver effective accountability.

2.2   The Council's compliance with the Code has been assessed, and a summary of the findings is detailed in **Appendix 1**.

2.3   This assessment also considers progress made against the previous year's (2018/19) Action Plan, which was reported to Audit Committee in June 2019. The reported progress can be found in **Appendix 2**.

2.4   The main areas identified for further improvement arising out of this review are summarised below with detailed actions recommended in **Appendix 3**.

3. FINANCIAL IMPLICATIONS

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

4. ENVIRONMENTAL MATTERS

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

5. CRIME AND DISORDER IMPLICATIONS

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

6. EQUALITY AND DIVERSITY IMPLICATIONS

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

7. CONCLUSIONS

7.1 It is the view of the Monitoring Officer and Chief Finance Officer 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 3** for review.

8. RECOMMENDATIONS

8.1 The Audit Committee notes the assessment carried out by the Monitoring Officer and the Chief Finance Officer and the actions set out in **Appendix 3**.

For Further Information Please Contact:
Grainne O'Rourke
Monitoring Officer
Tel: (023) 8028 5588
E-mail: grainne.orourke@nfdc.gov.uk

Alan Bethune
Chief Finance Officer (S151)
Tel: (023) 8028 5588
E-mail: alan.bethune@nfdc.gov.uk

Background Papers:
Local Code of Good Governance-
The New Framework March 2017

Summary of the Council's compliance with its adopted Code of Good Governance for period 2019/20

Principle	Assessment of Monitoring Officer and Chief Finance Officer and Evidence
A. How does the organisation behave with integrity, demonstrating strong commitment to ethical values, and respect the rule of law?	Detailed and up to date Constitution on decision making including expected standards of conduct of both Members and officers. Good emphasis on Member Induction and Member Development generally. Sound rules on Procurement procedures and Contract Standing Orders which were reviewed within the last 2 years to ensure they are fit for purpose - Procurement Strategy 2018 - http://www.newforest.gov.uk/article/1070/Procurement-Strategy. Comprehensive Scheme of Delegations and transparent decision making processes. Robust financial procedures ensuring probity and openness in decision making. Protocols in place for statutory Chief Officers in carrying out their functions. Member and Officer Codes of Conduct in place, as well as an established complaints procedure. Register of Gifts and Hospitality for Members and Officers. Up to date whistleblowing policy, equality & diversity and data protection training modules in place. Good emphasis on ICT security through the Council's Security Policy which keeps abreast of emerging cyber security risks. Up to date Financial Regulations governing financial framework.
B. How does the organisation ensure openness and comprehensive stakeholder engagement?	Detailed Constitution on how the Council makes decisions including rights of stakeholders. Well established overview and scrutiny panels open to the public. Council's website includes published calendar of meetings, including agendas, minutes and key decisions of both members and officers; good FOI policies in place and sound system for dealing with requests for information and good emphasis on compliance with deadlines. Draft Local Plan approved (involved significant public consultation); robust Transparency Code; Annual Financial Report and Annual Governance Statement published. Good positive use of Social Media for Council business purposes i.e. Facebook; H&L, Mystery Shopper; Annual User Survey. Good engagement with relevant charities/voluntary groups providing training on universal credit. Work with libraries to assist with the digital champion programme and welfare reforms continues. Hometalk magazine produced twice a year ensuring good liaison with Council tenants. Well established Tenants' Involvement Group to discuss housing matters. Multi-Agency Forum for homelessness established bringing together community groups and other public sector groups to ensure wider and better engagement on the key issue of homelessness. Employee survey conducted 19/20. Draft Partnership Register produced, which was a key action from last year's (18/19) review.

C. How does the organisation define outcomes in terms of sustainable economic, social and environmental benefits?	Good standard of reports; Corporate Plan; Corporate Framework; Draft Local Plan ; risk management strategy; Annual Performance and Budget Outturn report; Procurement rules, Regulations and Contract Standing Orders; good compliance with Environmental Information Regulations (EIR); Medium Term Financial Plan; Capital Programme – all add to the achievement of positive economic, social and environmental benefit. Significant work ongoing in Planning to ensure schemes enhance the environment. The Economic Development Section supports sustainable development and works with the local community to facilitate new businesses with upskilling and supporting measure to improve the skills of the existing workforce.
D. How does the organisation determine how to best optimize the achievement of intended outcomes	Evidence of well thought out processes involving key officers including EMT at relevant stages of new projects/initiatives. Well established reporting to Cabinet, Audit Committee and Overview and Scrutiny Panels in place with stakeholder engagement also achieved through bespoke Task and Finish Groups. Clear decision making protocols in place. Corporate Plan sets out the overall Council strategy and key priorities. Publication of annual performance reporting including key performance indicators. Regular Medium Term Financial Planning sets overall context of financial challenges. Risk Register sets overall context for risk management. The Corporate Framework, supported by Overview and Scrutiny Panels, articulates how the Council's priorities are to be delivered through strategies that will help support that delivery.
E. How does the organisation develop the entity's capacity, including the capability of its leadership and the individuals within it?	Cabinet of 8 Members, each with distinct areas of responsibility. Good use of Task and Finish Groups to utilise 'Back Bencher' Members on bespoke projects/issues; detailed Constitution; good Member Induction and Member Development Programme; Annual Workforce report; Good emphasis on development of individuals generally through continuous professional learning programmes and opportunities for self-development. Well established annual appraisal process. Opportunities for secondments and apprenticeships; benchmarking; training programmes in existence including Health & Safety, Fire Safety, Safeguarding, Equalities, Social Media; Staff 1:1s; Employee Survey 19/20. In recent years, reviews of senior management and structures have brought about positive changes to meet the challenges of the future with emphasis remaining on the delivery of quality services to the community. Regular EMT visits to teams within the organisation and Chief Executive communications.

F. How does the organisation manage risks and performance through robust internal control and strong public financial management?	Detailed and up to date Constitution. Well established reporting to Audit Committee and Overview and Scrutiny Panels in place with good emphasis on member induction and input. Risk Management Strategy in place, as well as Strategic and Service Risk Registers. Strong emergency response plan and suitable training of key officers on emergency planning scenarios. Financial Regulations have recently undergone extensive review to ensure they are suitable and fit-for-purpose. Robust financial procedures ensuring probity and openness in making decisions. Detailed Medium Term Financial Planning and Financial Monitoring reporting throughout the year. Suitable level of expertise within the finance and audit functions. External Audit of Annual Financial Report including value for money opinion. Risk based internal auditing service/planning, with progress regularly reviewed by the Audit Committee. Key strategies and policies in place; Anti-Fraud and Corruption Strategy; Information Governance Policy; Information Asset Register; ICT Security Policy; GDPR Action Plan. Good testing of business continuity in light of COVID-19 has demonstrated that the Council can react to working remotely and in very different ways to deliver services to the community.
G. How does the organisation implement good practices in transparency, reporting and audit to deliver effective accountability?	Well established reporting to Cabinet, Audit Committee and Overview and Scrutiny Panels. Council website includes published calendar of meetings, including agendas, minutes and key decisions of both members and officers. Transparency pages on website gives information on contracts, payments to suppliers, access to information and other useful information. Clear decision making protocols and detailed Scheme of Delegation so that accountability for decisions is clear. Financial responsibility and accountability understood by senior management and members alike. Auditors prepare and present independent Annual Opinion Report, and regular updates on audit plan progress. Sound and suitably resourced internal audit service. Detailed Medium Term Financial Planning and Financial Monitoring reporting throughout the year. Regular financial updates provided by Finance Service to accountable officers. Peer review undertaken within last 3 years which provided positive feedback along with recommended actions. These have been considered and actioned appropriately. Annual Governance Statement reviewed by Audit Committee and external audit. New approach to the provision of Internal Audit through the Southern Internal Audit Partnership (hosted by Hampshire County Council) going very well.

Progress against Actions arising from the previous year's Code of Good Governance Review

Topic	Action	Responsible Officer	Deadline	Follow up status
Business Continuity Arrangements	To review Business Continuity arrangements	Executive Heads with Service Managers	End of March 2019	Good joint work underway with Hampshire County Council to test the Council's approach to business continuity. Also the Council's response to the Covid-19 pandemic starting March 2020 enabled it to fully test its business continuity arrangements with positive results. The new Covid-19 Task and Finish Groups will examine the outcome of the Council's response and will consider future ways of working and make appropriate recommendations.
ICT Security Policy/ Cyber Risk	Ongoing review of the ICT Security Policy to include emerging Cyber Security risks	Rob Beere/Executive Head	End of March 2019	As with any organisation, the Council is at risk of external attempts to breach its security. The Council has dedicated extra resources to focus on reducing its exposure to such risks as far as reasonably practicable. The key attack risks are phishing, password attacks, malware, interception of messages and SQL injection. To mitigate each risk the Council has installed monitoring software which aims to ensure attempted attacks are blocked, registered and analysed. In addition, the Council has signed up to Beazley's cyber insurance policy. This provides financial compensation and practical help in dealing with the consequences and impacts of a serious cyber-attack. In addition, the Council has in place mandatory training modules for all staff to ensure they understand how to avoid becoming victim to an attack or exposing the Council to vulnerabilities through email or insecure websites.

Partnership Register	An accurate and up to date Partnership Register is required to ensure fit for purpose terms of reference, risks of collaborative working and the added value of partnerships all of which should be suitably documented	Beccy Drummond/Executive Heads	End of March 2019	A draft Partnership Register now produced. The Partnership Register will be finalised by the Monitoring Officer and the Chief Finance Officer prior to it proceeding through the decision making process.
PCI Accreditation	To agree the Council's strategy with regards to achieving the necessary accreditation	Alan Bethune	End of March 2019	Work is underway on PCI accreditation in light of the recent changes to the Finance System and Telephone Payment System.

APPENDIX 3

Actions arising from the Good Governance Review 2019/20

Topic	Responsible Officer	Deadline
To review the robustness and adequacy of governance arrangements and decision making in respect of the Council's HRA development programme including the development of a Housing Development Plan.	Executive Heads/EMT	March 2021
To review the robustness and adequacy of governance arrangements and decision making in connection with the Council's Commercial Property Investment Strategy	Executive Heads/EMT	March 2021
To review the implementation of the Council's performance development framework with particular emphasis on the production of Service specific 'performance dashboards' to complement Portfolio Holder dashboards to ensure consistency across the Council.	Executive Heads/EMT	March 2021