

LOCAL CODE OF GOOD GOVERNANCE REVIEW ANNUAL REPORT OF THE MONITORING OFFICER AND PRINCIPAL AUDITOR 2016/17

1. INTRODUCTION

- 1.1 During 2014 the Local Code of Good Governance framework was reviewed and updated by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the International Federation of Accountants (IFAC). Following further consultations it was identified that CIPFA and SOLACE would also develop a further joint Good Governance Framework for the Public Sector during 2015. As a result of their review, in April 2016 CIPFA/SOLACE published a new Code – “Delivering Good Governance in Local Government Framework 2016” with the key focus on governance processes and the achievement of sustainable social economic and environmental outcomes.
- 1.2 This Council approved the revised Code in April 2017.
- 1.3 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 2015.
- 1.4 This report brings together the outcomes of the review for 2016/17.

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 considered progress made against the prior year, 2015/16 action plan, which was reported to Audit Committee in June 2016. This previous year's action plan and reported progress can be found in Appendix 2.

2.4 The main areas identified for further improvement during 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 Principal Auditor 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 Executive Head of Governance & Regulation and the Principal Auditor and the actions set out in Appendix 3.

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Background Papers:

Local Code of Good Governance-
The New Framework March 2017

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Summary of the Council's compliance with its adopted Code of Good Governance

Principle	Assessment of Monitoring Officer and Principal Auditor 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. Good emphasis on Member Induction and Member Development generally. Sound rules on Procurement and Contract Standing Orders. Comprehensive Scheme of Delegations and transparent decision making processes. Robust financial procedures ensuring probity in decision making. Protocols in place for statutory Chief Officers in carrying out their functions. Member and Officer Codes of Conduct in place, and robust complaints procedures. Register of Gifts and Hospitality for Members and Officers. Up to date whistleblowing policy, ICT Security policy and equality & diversity training modules in place. Updating work required on Financial Regulations to ensure fit for purpose.
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. 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. Local Plan 2016 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, Annual Member Survey, Mystery Shopper; Annual User Survey; Council Tax leaflet survey. Partnership arrangements – needs to be reviewed to include Terms of reference, risks in collaborative working, added value of partnership working and up to date Partnerships Register. Engage with relevant charities to provide training on universal credit. We continue to work with libraries to assist with the digital champion programme and welfare reforms. Hometalk magazine produced twice a year.

<p>C. How does the organisation define outcomes in terms of sustainable economic, social and environmental benefits?</p>	<p>Good standard of Committee reports; Corporate Plan; The Delivery Plan 16/17; Local Plan 2016; 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.</p>
<p>D. How does the organisation determine how to best optimize the achievement of intended outcomes</p>	<p>Evidence of well thought out processes involving key officers including EMT at correct stages of new projects/initiatives. Well established reporting to Cabinet, Audit Committee and Overview and Scrutiny Committees in place with stakeholder engagement also achieved through the bespoke task and finish group process. 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. Delivery plan, supported by overview and scrutiny panels, sets clear service review objectives.</p>
<p>E. How does the organisation develop the entity's capacity, including the capability of its leadership and the individuals within it?</p>	<p>Detailed Constitution; good Member Induction and Member Development Programme; Annual Workforce report; Good emphasis on development of individuals generally. Well established annual appraisal process. Good emphasis on Secondments and Apprenticeship opportunities; Staff Performance Development Review; Continuing Professional Development Programmes; Benchmarking; Training programmes in existence including Health & Safety, Fire Safety, Safeguarding, Equalities, Social Media; Staff 1:1; Periodic staff surveys 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 site visits and monthly Chief Executive communications.</p>

<p>F. How does the organisation manage risks and performance through robust internal control and strong public financial management?</p>	<p>Detailed and up to date Constitution. Well established reporting to Audit Committee and Overview and Scrutiny Committees 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 require review to ensure they are suitable and fit-for-purpose. Robust financial procedures ensuring probity 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.</p>
<p>G. How does the organisation implement good practices in transparency, reporting and audit to deliver effective accountability?</p>	<p>Well established reporting to Cabinet, Audit Committee and Overview and Scrutiny Committees. 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. Principal auditor prepares and presents 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 will take place during 2017. Annual Governance Statement reviewed by Audit Committee and external audit.</p>

APPENDIX 2

Follow up to Actions Arising from the Local Code of Good Governance Review 2015/16

Topic	Action	Responsible Officer	Deadline	Follow Up as of June 2017
Governance Framework	That the Council's Good Governance Framework be reviewed and updated in line with the 2016 edition of the Good Governance Framework.	Executive Head of Governance & Regulation (Monitoring Officer) Principal Auditor	March 2017	Completed March 2017
Financial Regulations	To review and update Financial Regulations.	Financial Services Manager (S151 Officer)	December 2016	This review has been rescheduled to complete during 2017/18. This will give the S151 Officer a full year in post to fully assess the requirements of the Council prior to revising the Financial Regulations.
Counter Fraud	Review the Councils Counter Fraud and Whistleblowing arrangements	Principal Auditor/Corporate Fraud Officer	March 2017	Work in progress- to be presented to next Audit Committee
Management Structure	To update Financial Authorisations, Roles and Responsibilities to reflect the new Management structure of the Council	Financial Services Manager (S151 Officer) Executive Head of Governance & Regulation Principal Auditor	December 2016	Authorisations, Roles and Responsibilities have been updated and the actions resulting from this will also inform the update of Financial Regulations

APPENDIX 3**Actions Arising from the Good Governance Review 2016/17**

Topic	Action	Responsible Officer	Deadline
Financial Regulations	To review and update Financial Regulations.	Financial Services Manager (S151 Officer)	March 2018
Partnerships	To review partnership arrangements to include: terms of reference, identify risks in collaborative working, ensure added value of partnership working is explicit, produce accurate and up to date Partnerships Register	Executive Head – Resources working with EMT	March 2018